



Surrey and Sussex Probation Trust

**Annual Report and Accounts
2013–2014**



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2013–2014

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Vision, Mission & Values

Our Vision

To transform lives and communities by cutting crime.

Our Values

- We believe people should take responsibility for their actions and that they have the ability to change
- We believe in being accountable to our communities and working with our criminal justice partners
- We will work with integrity and be informed by evidenced-based practice
- We value diversity and difference and treat people with respect.

Our Goals

Public Protection

- To protect the public
- To reduce the level of repeat victimisation
- To promote the well-being and safeguarding of children.

Offender Management

- To improve the efficiency of our services to the Courts
- To reduce re-offending by enhancing offender management
- To reduce re-offending by commissioning services for offenders based upon need.

Interventions

- To improve public confidence in the effectiveness of Community Payback
- To reduce re-offending by delivering interventions which are good value, are effective and which meet offender need as specified by the Local Delivery Units.

As an organisation

- To create a workforce that takes pride in its work and delivers to high professional standards
- To increase public confidence through our positive impact in cutting crime
- To drive up performance by achieving and establishing trust status and ensuring that our organisation works efficiently
- To strengthen the relationship between the probation service, the communities we serve and our civic partners.

Foreword

Surrey and Sussex Probation Trust was formed in April 2010 through the merger of Surrey Probation Area and Sussex Probation Area. We are one of 35 Probation Trusts who came into being on that date. The Trust covers the three counties of Surrey, West Sussex and East Sussex and the city of Brighton and Hove.

We manage more than 7,200 offenders who have either been released from prison on licence or been sentenced to a community order. Offenders under our supervision carried out over 222,000 hours of Unpaid Work in the community this year. We employ over 600 individual members of staff and have offices in the main population centres and two approved premises. We serve nine Magistrates' Courts and two Crown Courts. Staff are also based in prisons, co-located in some police stations or working in one of our two approved premises.

We have designed our service to ensure risk is managed appropriately and effective offender management is achieved. Offenders who have committed more serious crimes, including all sex offenders, are managed by our specialist Public Protection Teams. Our Violence Against the Person Teams manage our domestic violence and other violent cases. Our Community Rehabilitation Teams manage our lower risk cases and are supported by a volunteering service. Our accredited programme staff are integrated into our operational teams.

We employ a Partnerships Manager to manage interventions provided by our external partners from the voluntary sector, e.g. support with basic education, job finding and drug treatment. Our Victim Liaison Team supports the victims of serious crime. This team has a statutory duty under the "Code of Practice for Victims of Crime" to contact victims of offenders who have received a 12 month or more custodial sentence for a schedule 15 sexual or violent offence. The service is entirely optional and victims can opt in or out at any stage of the offender's sentence. Referrals to the Victim Liaison Team come from a number of sources including Witness Care Units, Crown Court Liaison Officers, other out of area Victim Liaison Units and Offender Managers.

In 2013–14 we produced more than 4,000 reports for courts – an essential service helping judges and magistrates to reach their sentencing decisions. Our court officers represent us in court if an offender fails to comply with the requirements of their sentence. We liaise with many other public sector bodies including the police, social services and housing organisations. In many cases we jointly work with these agencies to manage the higher risk offenders through formal Multi Agency Public Protection Arrangements.

This report summarises the performance of the Surrey and Sussex Probation Trust in 2013–14. It describes the actions taken to deliver the objectives of the 2013–14 Business Plan and our performance against the targets and measures in that plan as well as providing information about the Trust's workload and Final Accounts.

Leighe Rogers

Chief Executive Officer
16 June 2014

1. Operational & Performance Review 2013–14

Leadership

Management of change

2013–14 was a period of major change for the Trust. The Government's proposals, 'Transforming Rehabilitation', required us to prepare for the separation of the service into a National Probation Service covering seven geographical areas and the creation of 21 Community Rehabilitation Companies (CRC). Surrey and Sussex is part of the CRC for Kent, Surrey and Sussex. The changes have led to a separation of staff and offender caseloads, which will come into full effect from 1 June 2014.

In order to keep staff and stakeholders well informed about these changes, SSPT Senior Managers have implemented a comprehensive communications strategy.

Aiming To Be an Excellent Organisation

We have held Recognised for Excellence 5* (issued by The British Quality Foundation) for six years, the Government Standard for Customer Service Excellence, awarded by the Cabinet Office, for three years.

In 2013–14 we continued with our track record of achievements, with two members receiving recognition from the Butler Trust and one of these also receiving a National Probation Award for her work in public protection.

The Trust has also been re-confirmed as a good employer (liP), achieving the 'Silver' level of accreditation in June 2013. We seek continuous improvement in the way we develop and manage our staff.

Policy and Strategy

Service User Engagement

Effective offender engagement is one of our strategic aims. During 2013–14 the Chief Executive chaired a service user engagement group that steers this work. During the course of last year, the group began to deploy a holistic framework for quality assurance that we had locally developed. This framework aligns our quality assurance to the HM Inspectorate of Probation (HMIP) benchmark and HMIP inspectors trained some of our staff to be able to train other quality assures to understand and consistently apply this standard. We also revised our peer review process and deployed a practitioner portfolio to capture individual learning and feedback.

Diversity

We are firmly committed to providing equal opportunities for all existing and prospective employees, casual staff, volunteers and service users. We strive to create an environment in which there is respect for every individual and recognition of their aspirations, regardless of issues such as race, colour, ethnic or national origins, citizenship, religion or political belief, class, gender, HIV status, relationship or family status, dependants, sexual orientation, disability, age, trade union membership, employment status and non relevant previous convictions.

A highlight from last year was working with LGBT (lesbian, gay, bisexual & transgender) staff to improve our employment practice in line with the Stonewall framework and we moved 50 places up the Good Employer Index.

The Surrey and Sussex Liaison and Diversion Scheme, which aims to successfully divert offenders away from the criminal justice system where appropriate, continued to go from strength to strength. It is now successful in getting offenders speedy access to treatment and we have been a major player in making it a success. Our work with women offenders, in partnership with Inspire in Sussex and with the Woking Women's Centre in Surrey, also continues to have a positive impact on the lives of female offenders.

People Management

Investing in Quality – Continuous Professional Development

We ensure our reception staff undertake the Level 2 or 3 VQ in Customer Service and we also offer access to Level 2 and 3 VQs in Business & Administration for all administration roles. Over 75% of our Probation Service Officer group has either gained or started the Level 3 Diploma in Probation Practice. During 2013–14 we supported 11 staff to start the Probation Qualification Framework and gain their Probation Officer qualification. During last year, 12 managers completed the ILM and another 13 commenced studying for this qualification. Excel training in all three levels proved as successful as ever allowing staff to increase their proficiency and skills.

One of our recent focuses has been on the provision of training in “Developing Professional Curiosity in Assessing Risk to Children”. This provides practitioners and managers the opportunity to learn new techniques to respond to the challenges inherent in protecting children within an adult oriented service to their own practice. Participants are encouraged to assess the situation of children from the children and families point of view rather than simply that of the offender. This training constituted part of the Trust's Child Protection training to which we and all members of Local Safeguarding Children Board members committed.

We also continued to provide a full range of comprehensive core training and development for operational and support service staff.

Other important initiatives over the last year included:

- The roll out of role specific nDelius (offender case management system) Training for all staff in the Trust and partner agencies who used our legacy case management systems.
- SEEDS (Skills for Effective Engagement, Development and Supervision) Part 2 training was coordinated for all practitioners, which looked at refreshing, developing and introducing new skills to staff for use with their cases.
- Events associated with Supporting Change in light of the Transforming Rehabilitation (TR) Agenda have been available for all staff to access. These include CV and Interview Skills Workshops, a Supporting Change seminar and a Developing Emotional Resilience Workshop. TR Briefings have been arranged for all operational areas, which have been mandatory for the majority of operational staff groups. Managers have also been given access to professional coaching to support them personally and professionally in readiness for decisions and pressures ahead from external influences and from within teams.
- Team development days, specialist training and action learning sets for managers were also run during the year.

Achieving Low Levels of Absence

We have continued to promote positive health initiatives such as free health screenings and flu jabs to all our staff. The level of staff absence this year was an average of 8.1 days per person (2012–13: 9.3 days) and this is lower than our target of an average of 10 days.

Internal and External Communication

The focus for communications in 2013–14 was on increasing our public profile through traditional media, emerging digital channels, direct engagement with local communities and helping our staff, service users and partner agencies to understand the Transforming Rehabilitation changes. The BBC documentary,

“Out of Jail and on the Streets”, featuring the work of our staff, was awarded Best Single Documentary at the Royal Television Southern Awards.

We have significantly improved and developed our digital media presence and our website is fully integrated with the increasingly-popular social media outlets. We also have established corporate presences on Twitter and Facebook.

Partnerships and Resources

Delivering Services in Partnership

Our strong history of partnership working puts us in a good position to further develop the work of our delivery units. We have worked with Police, Local Authorities and others to deliver excellent results through our Integrated Offender Management, Public Protection and Mental Health schemes.

During the year, SSPT embedded a new Trust wide partnership arrangement with PACT (Registered Charity) to use volunteers to enhance the service provided to those under supervision, particularly to promote the re-integration of offenders into their communities.

We also work with voluntary, statutory and independent sector partners to deliver services in respect of accommodation, education, training and employment, alcohol and drugs. Our targets for offenders completing their planned activities in all these areas were exceeded. All of this activity is central to reducing levels of re-offending and the rehabilitation of offenders into society.

We continue to work with Police, the Prison Service and a range of others to manage the Multi-Agency Public Protection Arrangements. These are the statutory arrangements for the relatively small number of offenders who pose a potential risk to others.

Commissioning Services

Our Local Delivery Unit structure empowers local managers to work more closely with partners to identify opportunities for joint commissioning to meet the local needs of offenders. We have a middle manager linked to each Crime and Disorder Reduction Partnership. This approach promotes value for money and efficient targeting of resources through joint working.

Increase Efficiencies

We implemented the changes to support services following a review in early 2013. This yielded some saving and also allowed for re-investment in some roles e.g. Support Services Assistants.

We continued to refine our operational processes and practices to ensure they are fit for purpose and sufficiently flexible to take us through this period of change.

Processes

Process Improvement

The most significant change in 2013–14 was the introduction of a new case management system, nDelius. In addition to the technical elements of this project, it also involved training for all of our staff, changes to our business processes and effective communication.

A new role was created in the ICT team to lead on training and to coach staff post nDelius implementation.

Results

Customer Results

Ref	Description of Performance Target or Performance Measure	National Target 2013–14	Performance 2013–14
OM07	The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence, or a relevant hospital order	90%	62%
INT09	The percentage of offenders in employment at termination of their order or licence to be at least X%	50%	52.90%
INT08	The number of offenders under supervision who find and sustain employment to be at least X	500	361 (72%)

People Results

Ref	Description of Performance Target or Performance Measure	National Target 2013–14	Performance 2013–14
IPPF08	Average days lost due to sickness per employee per annum	10	8.11
IPPF14	Ethnic minority staff for the NOMS Agency, expressed as a proportion of the workforce who have declared their ethnicity, is at least X%	N/A	7.53%

Society Results

Ref	Description of Performance Target or Performance Measure	National Target 2013–14	Performance 2013–14
	Hours worked by offenders during the year	N/A	222,392

Key Performance Results

Ref	Description of Performance Target or Performance Measure	National Target 2013–14	Performance 2013–14
OM21	Reduce the rate of proven reoffending whilst under the management of provider of probation services	No Significant Reduction	+2.86% (Published February 2014)

Ref	Public Protection	National Target 2013–14	Performance 2013–14
OM04	X% of licence recall requests to reach NOMS Public Protection Casework Section (PPCS) within 24 hours of the decision by the Offender Manager	90%	96.45%
OM27	Generic Parole Process – PAROM1 Return timeliness	80%	98.35%
OM32	Victim Feedback	90%	100%
OM26	OASys quality audit	90%	90.29%

Ref	Re-offending	National Target 2013–14	Performance 2013–14
OM20	The proportion of orders and licences successfully completed	75%	81.07%
OM29	Offender Feedback – % of offenders with overall positive experiences of engagement	67%	70.33%
OM39	At least X% of OASys final reviews (terminations) to be completed within the appropriate timescales for all Tier 2, 3, 4 and PPO offenders	90%	76.45%
OM17	At least X% of offenders in settled and suitable accommodation at the end of their order or licence	70%	80.64%
OM40	The percentage of PSRs completed within the timescales set by the court	95%	97.95%
OM05	The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	83.19%

Ref	Sentence Delivery	National Target 2013–14	Performance 2013–14
INT01	The number of accredited sex offender programme completions to be at least X	52	50
INT13	The percentage of accredited sex offender treatment programmes to be successfully completed	80%	89.29%
INT02	The number of accredited domestic violence programme completions to be at least X	150	115
INT14	The percentage of accredited domestic violence programmes to be successfully completed	67%	68.04%
INT03	The number of accredited offending behaviour programme completions to be at least X (excluding sex offender and domestic violence)	60	43
INT15	The percentage of accredited offending behaviour programmes to be successfully completed (excluding sex offender and domestic violence programmes)	65%	51.19%
INT07	The number of ATR completions to be at least X	120	158
INT16	ATR completion rates	50%	69.60%
INT06	The number of DTTO/DRR completions to be at least X	200	191
INT17	DTTO/DRR completion rates	50%	58.95%
INT05	The number of UPW (Community Payback) completions to be at least X	1,700	1,662
INT18	UPW (Community Payback) completion rates	75%	80.56%
INT11	The proportion of UPW (Community Payback) offenders days which are lost because of stand-downs on the day or notified in advance	3%	1.45%

Workload and Activity Statistics 2013–14

Commencements of Orders and Sentences

Order / Sentence	2013–14	2012–13	2011–2012
Community Orders	3,675	3,866	4,445
Suspended Sentence Orders	1,516	1,343	1,520
Pre Release	949	1,101	1,180
Post Release	1,067	1,223	1,184
Total	7,207	7,533	8,329
<i>Unpaid Work Only*</i>	1,671	1,711	2,156
<i>Unpaid Work & Supervision*</i>	757	872	1,061

* Included in All Community Orders & Suspended Sentence Orders above

Commencements refer to all probation court orders made during the course of the year.

Caseload by type of Order/Licence

Order Type	31/03/2014	31/03/2013	31/03/2012
Community Orders	2,561	2,576	2,869
Suspended Sentence Orders	1,119	1,047	1,204
Pre Release	1,924	1,978	2,052
Post Release	1,210	1,237	1,185
Total	6,814	6,838	7,310
<i>Unpaid Work Only*</i>	864	880	1,105
<i>Unpaid Work & Supervision*</i>	779	809	1,014

* Included in All Community Orders & Suspended Sentence Orders above

Caseload is a snapshot figure of current cases.

Court Reports produced by type

Report Type	2013–2014	2012–2013	2011–2012
Standard Delivery PSR for Crown Court	364	701	891
Standard Delivery PSR for Magistrates	431	947	1,024
Fast Delivery PSR	802	734	956
Oral Delivery PSR	2,466	3,006	3,187
Total	4,063	5,388	6,058

The volume of Standard Delivery Pre Sentence Reports (PSRs) or Youth and Other Courts is included in Magistrates' Court figures. Our policy over recent years has been to increase oral reports and decrease the number of standard delivery reports.

Community Payback (Unpaid Work)

	2013–2014	2012–2013	2011–2012
Hours ordered by the courts	259,099	320,258	383,131
Hours worked by offenders during the year	222,392	274,042	305,409

We have a policy of “resource follows risk” and the reduction in unpaid hours is an element of this. This policy seeks to minimise the number of low risk cases with which we work so that we can dedicate more resource to higher risk cases. To this end, we have invested in specialist Probation Officer time in Courts with a brief to intervene actively to manage demand. This has been achieved at the pre-Court stage by screening out cases that may not require reports or supervision and at the report stage by targeting effectively and proposing credible alternatives for those who do not require a Community Order with Probation delivered requirements.

Victim Contact Scheme

	2013–2014	2012–2013	2011–2012
Number of victims contacted within 8 weeks of sentence	411	472	455

Victim contact is a nationally set measure.

Leighe Rogers
Chief Executive Officer
16 June 2014

2. Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the Offender Management (OM) Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). Surrey and Sussex Probation Trust was formed in April 2010 through the merger of Surrey Probation Board and Sussex Probation Board. (Surrey and Sussex Probation Boards were established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 61, issued by the Secretary of State under the OM Act.

Principal activities

Surrey and Sussex Probation Trust covers the Surrey and Sussex police area, as defined in Schedule 1 of the Police Act 1996, serving a population of over 2.6 million. During the year, the Board employed, on average, 562 full time equivalent staff that worked from 12 main office locations, 7 prisons and 2 hostels across the area as well as serving Magistrate and Crown Courts. Of these staff, 39 staff were seconded to other organisations, primarily the prisons.

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

The discharge of policies as established by 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 (CE) is the Accountable Officer for the Trust Board and is accountable to the CEO of NOMS who is the Agency Accounting Officer for Prisons and Probation. The Agency Accounting Officer, in turn, is accountable to the Principal Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 10.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 29. The Statement of Changes in Taxpayers' Equity is shown on page 32.

Operating costs

The net operating cost before tax for 2013–14 stands at £1,502,000 compared with £817,000 for 2012–13 (restated). The reason for the increase is due to an increase in pension costs.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 30 and 31.

The net liabilities position has increased from £27,888,000 at 31 March 2013 to £33,826,000 at 31 March 2014. The largest single movement in net liabilities is £6,028,000 due to increased pension liabilities.

Payment of creditors

In the year to 31 March 2014, the Trust paid 5,745 trade invoices with a value of £7.36 million. The percentage of undisputed invoices paid within 30 days by the Trust was 89% compared to 86% in 2012–13. The target was 90%.

Treatment of Pension Liabilities

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

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

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

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 8.1 days across the Trust (2012–13: 9.3 days).

Personal data related incidents

The Trust did not have any significant personal data related incidents in 2013–14, which needed to be reported formally to the Information Commissioner's Office (ICO).

The ICO undertook an audit of Surrey and Sussex Probation Trust's information assurance arrangements in July 2012 and at that time the ICO's opinion was that there was reasonable assurance that processes and procedures were in place and were being adhered to. The ICO identified some scope for improvement in existing arrangements, and the Trust responded to these recommendations positively. The ICO undertook a follow up audit in April 2013, where it was confirmed that of the recommendations made in July 2012, over 80% had either been completed or were 'work in progress'.

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.

- Nick Smart ceased to be the Chief Executive and Accountable Officer of SSPT on the 31 March 2014, and Leighe Rogers was appointed as Accountable Officer as from 1 April 2014.

- The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service (NPS) and a Community Rehabilitation Company (CRC), both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 27** of the Accounts for further details. The proportion of staff transferring to the CRC/NPS is approximately 53%:47%.

Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 63 to 67.

Future developments

The year ahead will see the implementation of a major change programme that the government intends to complete by 2015. The Trust has been and will continue to engage with the Ministry of Justice (MoJ) in the delivery of this programme and will seek to ensure that the transition is managed in a way that promotes the best possible outcomes for service users and for staff.

The Trust will also ensure that service delivery during the transition period is maintained and improved.

SSPT retains as its 3 strategic priorities:

- Quality of Offender Engagement
- Engagement with Stakeholders
- Development of the organisation and its staff.

Ways in which the Trust will seek to deliver on these priorities and further improve the level of service delivered include:

- Working with the voluntary sector provider, PACT, to use volunteers to enhance the service provided to those under supervision, particularly to promote the re-integration of offenders into their communities.
- Working with partners in Surrey and Sussex to develop the availability of Restorative Justice for victims of crime.
- Developing effective means for service users to contribute to the design of the services SSPT delivers, to produce better outcomes.
- Continuing to develop, with partners, the Liaison and Diversion Scheme pilot to ensure that those with a mental disorder can be diverted from the criminal justice system into treatment at the appropriate stage.

Mutuals

SSPT management and staff members, together with Kent Probation Trust, have contributed to the development of a bid for the CRC, as a mutual to be called Co:here. As a consequence of this, 'ethical walls' were put in place to ensure there were no conflicts of interest, the details of these steps are described in detail in the Governance statement on page 23.

The new mutual organisation was intended to be a member-owned, democratically controlled mutual organisation. It was committed to carrying on business for the public benefit, its assets would have been permanently locked into serving the public benefit, and any surpluses would have been re-invested to improve or expand the services.

The mutual was bidding for the CRC at the prime level, as part of a consortium with A4e and Bridges Ventures. The consortium was bidding under the name of Chalk Ventures. The mutual, together with its joint venture business partners, decided to withdraw from the Transforming Rehabilitation competition and informed the Ministry of Justice on the 9th June 2014 of this decision.

Going Concern

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

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

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

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

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

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

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

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

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 27.

Total audit fees reported in the Accounts are £61,000. The audit fees for 2013–14 are made up of:

- Internal audit fees £22,000 and
- External audit fees £39,000.

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 Surrey and Sussex Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 were carried out by the Trust Board, which consisted of the following members:

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Nick Smart	31 March 2014
Chair	John Steele	N/A
Member	Charles Everett	N/A
Member	Chris Grimes	N/A
Member	John Jeffery	N/A
Member	Jacqueline Pendleton	N/A
Member	Stewart Neal	N/A

The Chair and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments “Guidance on Appointments to Public Bodies”. Nick Smart ceased to be the Chief Executive and Accountable Officer of SSPT on the 31 March 2014, and Leighe Rogers was appointed as Accountable Officer as from 1 April 2014.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 16 and 17.

There were no conflicting interests for individual Trust Board members.

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.

Leighe Rogers
Accountable Officer
16 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 Commissioner for Public Appointments “Guidance on Appointments to Public Bodies”.

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

A) REMUNERATION – AUDITED

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Nick Smart	85–90	75–80	-	-	-	-	88	69	170–175	140–145
John Steele	15–20	15–20	-	-	-	-	-	-	15–20	15–20
Charles Everett	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Chris Grimes	0–5	0–5	-	-	-	-	-	-	0–5	0–5
John Jeffery	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Jacqueline Pendleton	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Stewart Neal	0–5	0–5	-	-	-	-	-	-	0–5	0–5

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2008, with the exception of the Chief Executive and the Chair. The Trust at its discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (annual pay band)	£80,000–£85,000	£75,000–£80,000
Median for other staff	£27,373	£27,102
Pay multiple ratio	3.1:1	2.9:1

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

Salary

‘Salary’ includes the gross salary; 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 HM Revenue and Customs as a taxable emolument. The benefits received are in respect of costs for accommodation, travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

Staff Mutual – Co:here

One member of the Senior Management Team has been involved in the mutual bid and thus has not undertaken any duties relating to SSPT since June 2013. No other senior member of staff has been involved in the mutual bid. As a consequence of this, 'ethical walls' were put in place to ensure there were no conflicts of interest, the details of these steps are described in detail in the Governance statement on page 23.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2014 £000s	CETV at 31 March 2013 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Nick Smart	153	6	782	680	67

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

Cash Equivalent Transfer Value (CETV)

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

Real increase in CETV

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

Leighe Rogers
Accountable Officer
16 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 Surrey and Sussex Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

5. Governance Statement

Introduction

Probation Services are contracted by the Secretary of State for Justice to local Probation Trusts pursuant to the Offender Management Act 2007. The Surrey and Sussex Probation Trust has such a contract, which commenced in April 2010 and came to an end on the 31 May 2014.

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 Finance Manual mandated by the Secretary of State. The Standing Orders and Finance Manual 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 Chief Executive 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 Surrey and Sussex Probation Trust'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 (published by HM Treasury) requirements.

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.

The governance framework

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 the 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 seven members including the Chair and Chief Executive. The Trust operates Audit, Health & Safety and Remuneration & Nominations Committees.

The Trust's Audit Committee comprises three Board members. The Chief Executive shall not be an ex officio member of the Committee. The Chair cannot be a member of the Audit Committee but has the right to attend, except, where matters relating to themselves are being discussed. The Committee

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

The Trust's Health and Safety Committee consists of five members from the employees' side (a minimum of two NAPO and two UNISON appointed safety representatives) and five members from the employer's side including two members of the Surrey and Sussex Probation Trust Board, the SSPT Health and Safety Adviser and a Human Resources Director. The Committee meets quarterly, usually two weeks before a quarterly Board meeting so that the Board can review the Committee Minutes

The Trust's Remuneration & Nominations Committee's purpose is to act on behalf of the Board as the employer of the Chief Executive and, as appropriate, members of the senior management. The Committee consists of three non-executive Board members including the Board Chair. Appointments to the Committee are made annually. The Committee is advised by a Human Resources Director and meets once a year on a date as soon after the 1 April as is practicable.

The Trust Board is scheduled to meet eight times a year to consider governance and strategy matters, and in 2013–14 the Board convened eight times. The Audit Committee met on four occasions in 2013–14 to review internal and external audit reports and action plans and also to review the organisation's risk register and the annual financial statements.

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 Chief Executive are separate. Full minutes of all Board meetings, except those deemed to be confidential by the Board, are available on the Trust website at www.surreysussexprobation.gov.uk. The Trust Secretary maintains a register of financial and personal interests of the Board members. The register is available for inspection at the Head Office of the Trust on request.

Review of effectiveness of Trust Board

The Surrey and Sussex Probation Boards merged on 1 April 2010 to form the Surrey and Sussex Probation Trust. On an on-going basis the effectiveness of the Trust's governance framework, including the way the Board operates, is informed by the work of the Internal Auditor and any comments made by the External Auditor and other review agencies and inspectorates.

Highlights from Trust Board meetings

The Board has for some years been 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 National Probation Trust Rating System, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. During this financial year, the Board has also received regular updates on the Government's proposals to Transforming Rehabilitation and on the Trusts progress in ensuring the safe transition in relation to the separation of the service into the National Probation Service and the Community Rehabilitation Company. The Chief Executive is held to account by the Board at these meetings.

The Trust Board and the Trust Executive Team contributed to the development of a three year Business Plan for the period from 2012 to 2015. This is reviewed each year.

The 2013–14 Business Plan was updated to incorporate the Transforming Rehabilitation (TR) agenda, and it was endorsed by the Trust Board in May 2013. The plan sets out how the Trust proposed to deliver services during 2013–14 to achieve its vision of "Inspiring public confidence through our ability to rebuild lives and communities by cutting crime". In addition, the plan incorporated work relating to the implementation of the major TR change programme. SSPT has been and will be engaging with the

Ministry of Justice in the delivery of this programme and will seek to ensure that the transition is managed in a way that promotes the best possible outcomes for service users and for staff.

Since its inception the Trust has made the quality of its service delivery one of the top priorities. The Trust holds the 5 Star “Recognised for Excellence” mark; issued by the British Quality Foundation, a coveted rating held by only a handful of organisations across the private, public and third sectors. The Trust has also been re-confirmed as a good employer (liP), achieving the ‘Silver’ level of accreditation in June 2013.

The Trust allocates its resources according to the level of risk and needs of service users. Those offenders who may present a risk to others and/or are at highest risk of re-offending received the most input. Whilst no longer wishing to be a lead provider in the management of low risk offenders, the Trust has continued to strongly support local schemes to prevent individuals from entering or progressing within the Justice System. This has been achieved through membership of the Criminal Justice Boards and Community Safety Partnerships.

As mentioned in the Operational and Performance review, the Trust’s long history of partnership working has put it in a strong position to develop Local Delivery Units and the Area Delivery Unit for Public Protection. The aim is to enhance the ability to target work at those offenders who create the most impact on the communities. Working together with Police, Local Authorities, the Health Service, the Voluntary Sector and others helps to “join up” our efforts to have maximum impact. Examples of this approach include:

- Working with our voluntary sector provider, PACT, to use volunteers to enhance the service we provide to those under supervision, particularly to promote the re-integration of offenders into their communities;
- Continuing to develop, with partners, the Liaison and Diversion Scheme pilot to ensure that those with a mental disorder can be diverted from the criminal justice system into treatment at the appropriate stage;
- Working with partners in Surrey and Sussex to develop the availability of Restorative Justice for victims of crime;
- Work with other agencies to manage the risk of the relatively small number of offenders who pose a risk to others (Multi Agency Public Protection Arrangements) and who pose the highest risk of reoffending (Integrated Offender Management).

The Local Delivery Unit structure empowers local managers to work more closely with partners to identify opportunities for joint commissioning to meet the local needs of offenders. SSPT has a middle manager linked to each Crime and Disorder Reduction Partnership (CDRP). This approach promotes efficient targeting of resources through joint working to achieve value for money. A small Commissioning Unit assists the Delivery Units to identify the most effective providers of services to meet local needs.

Board Attendance

Board member attendance at Trust Board meetings was as follows:

John Steele (Chair)	88%
Nick Smart (Chief Executive)	100%
Charles Everett	88%
Chris Grimes	75%
John Jeffery	100%
Jacky Pendleton	100%
Stewart Neal	88%

As mentioned earlier in this report, Nick Smart ceased to be the Chief Executive and Accountable Officer of SSPT at the end of the financial year, and Leighe Rogers was appointed as Accountable Officer as from 1 April 2014.

Highlights from Audit Committee meetings

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 recommends the programme of Internal Audit for the approval of the Board.

In 2013–14 Internal Audits requested related to the financial control framework, MAPPA, complaints handling, the staff workload management tool and the implementation of the national offender case management system (nDelius). During the year the Audit Committee included for regular reporting the consideration of LDU, PPDU and TR Risk Registers.

The Information Commissioner's Office (ICO) undertook a follow up audit in April 2013, and this report was also considered by the Audit Committee.

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 has reported issues of internal control to the Board and has alerted 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. The Committee has systematically reviewed the Balanced Scorecard at each of its quarterly meetings to test the overall 'health' of the organisation. Any concerns are reported to the Board for consideration by all Board members. In January 2014 the Committee also received the annual Gifts and Hospitality Assurance Report.

Health and Safety Committee

The Health and Safety Committee promotes co-operation on all aspects of Health & Safety. It is actively engaged as appropriate in the approval and review of SSPT Health & Safety management systems, manuals, policies and protocols. It monitors and reviews general health & safety performance; in particular:

- Accidents, incidents and notifiable diseases
 - Audit and inspection reports
 - The effectiveness of health & safety training programmes
 - The effectiveness of the safety content of employee training.
 - The adequacy of health & safety communication and publicity in the workplace
- and makes recommendations/reports to the Board and/or the Chief Executive on improvement opportunities, areas of concern, issues for possible inclusion in the Annual Plan and any other related matters.

Remuneration & Nominations Committee

The Board has delegated authority to the Remuneration and Nominations Committee to:

- take note of the objectives set, by the Chair of the Board, in respect of the Chief Executive against which performance will be reviewed;
- review the performance of the Chief Executive;
- review and determine any discretionary elements of the salary (including performance related pay), terms and conditions (and if appropriate, severance payments) of the Chief Executive;
- review the recommendations of the Chief Executive in terms of any discretionary elements of salary (including performance related pay where applicable), terms and conditions (and if appropriate severance payments) of the Senior Management Team members;
- ensure that appropriate procedures are in place for, the nomination, selection, training, development, monitoring, evaluation and remuneration of the Chief Executive, and Directors having proper regard

to the financial and commercial health of the organisation and of the provisions of any national agreements for such staff where appropriate.

Mutual

As mentioned above, SSPT management and staff members, together with Kent Probation Trust, have contributed to the development of a bid for the CRC, as a mutual that was to be called Co:here.

All individuals involved in Transforming Rehabilitation (TR) work or mutual work were aware of their responsibilities as laid out in the Principles of Competition document and had signed the relevant declaration. Staff required to sign Declarations A (Trust/TR related work) or B (Mutual related work) were been provided with an Explanatory Note explaining the implications of signing the Declaration. A Register of the Declarations was maintained and updated as necessary and published on the Trust Intranet. As at 31 March 2014, a total of 51 members of staff had signed a Declaration. The maintenance of the Register was the responsibility of the Trust Secretary. Declarations were scrutinised to ensure that staff members had not signed both Declaration A and B.

Prior to the commencement of the 'ethical wall' the Chief Executive Officer provided an email briefing to all staff and published the "Principles of Competition" Guidance on the SSPT intranet. Additionally, all staff were provided with an internally produced Guidance document on the principles of engagement for staff with potential bidders that they might encounter in their day to day work and how they were expected to interact with staff members who had signed Declarations.

The SSPT staff members directly involved in the Mutual bid were limited to three. Those involved relinquished their responsibilities with SSPT and held no operational or strategic role in the Trust since signing their Declarations. The Mutual bid had its own Project Board and governance arrangements. As the bid process developed other staff were invited by the Mutual to work on specific bid elements. These staff also signed Declaration B. As at 31 March 2014, 12 members of staff had signed Declaration B.

A Board member of the Trust was also designated to provide 'critical friend' support to the Project. This Board member signed Declaration B. This did not have any implications to the Board's quorum or its ability to deliver proper governance for the Trust. Board Agendas were designed to ensure that the designated Board member did not have access to competition sensitive information before it was made available to potential bidders. All other Trust Board members signed Declaration A.

Operational Directors were excluded from the Transforming Rehabilitation Programme work. Executive Team meetings were split into TR and non-TR sections to enable the day-to-day work of the Trust to continue.

Discrete, secure IT facilities were provided for the mutual bid team, which could not be accessed by other SSPT staff. Staff who were working on the mutual bid and had therefore signed Declaration B have also had access rights removed from shared SSPT data held either electronically or on paper.

The mutual, together with its joint venture business partners, decided to withdraw from the Transforming Rehabilitation competition and informed the Ministry of Justice on the 9th June 2014 of this decision.

Risk Management and Oversight and Assurance arrangements

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 Ministry of Justice based on Cabinet Office requirements and the Corporate Governance Code for Central Government Departments.

The Trust Board has in place a Governance Handbook, Finance Manual and Scheme of Delegation, which define and documents the roles and responsibilities of the Chief Executive, the Board Chair and the Trust Board. The Scheme of Delegation also provides clear delegation arrangements and protocols for decision making for Trust Board members and staff. Codes of conduct defining the standards of

behaviour for members and staff are also in place along with an Anti-Fraud, Bribery and Corruption policy and a Whistleblowing policy.

To ensure that there is a shared understanding of the organisation's business, the Chair and Chief Executive meet regularly to discuss strategic and operational matters. Board members also 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's Executive Team comprises the Chief Executive, Finance Director, HR Director, Trust Secretary and operational Directors. This Team meets fortnightly and considers operational and non-operational matters affecting the Trust.

Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. The Anti-fraud, Bribery and Corruption policy, Whistleblowing policy and Code of conduct 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

The Trust maintains a risk-based approach to decision-making, which has been embedded across the organisation. Local Delivery Units, the Public Protection Delivery Unit and Corporate Services maintain their own Risk Registers, which are used to inform the Organisational Corporate Risk Register.

Organisational risk has been managed as part of the core responsibilities of the Trust's Executive Team, which reviews the risk register at its fortnightly meetings. Ownership of particular risks is delegated to members of the Executive Team. The reviewed and revised Corporate Risk Register is submitted to the Trust's Audit Committee quarterly meeting where it is scrutinised to identify emerging trends and potential new risks. The Committee then reports to the Board.

Board Meeting Agendas place the management of risk and the balanced scorecard at an early point on the Agenda, along with matters for decision and performance, in order to promote effective decision making. The Board also devotes four meetings a year primarily to discuss strategic issues to inform its Strategic and Business Planning and consider the associated risks.

Approach to the Management of Risk

The Board's approach to risk management has been aimed at:

- Identifying the risks which might impact on the business objectives of the Board;
- Analysing and ranking each risk in terms of impact and likelihood;
- Identifying and assessing existing counter measures which contribute to controlling the risk;
- Analysing and ranking the remaining risk in terms of impact and likelihood;
- Determining the action required with a view to eliminating the risk (termination), reducing the risk (treat), accepting the risk (tolerate) or pass on the risk i.e. insurance or indemnities (transfer);
- Identifying individuals responsible for monitoring and reporting on risks identified i.e. changes in the nature of the risk, level of exposure and the on-going effectiveness of internal controls that are in place for managing or mitigating the risk;
- Identifying individuals responsible for taking action in connection with the risk identified and the date by which action is required; and
- Monitoring and reporting on progress in connection with action.

At an operational level, at the start of the year business risks have been considered as part of the discussions about team plans, which are derived from the Business Plan's key objectives. These have included any specific risks affecting contracted out services. In addition, managers' personal objectives

incorporate references to business risk, and progress is reviewed regularly, including discussion at Business Review meetings.

During the year the Executive Team has met frequently to consider the strategic direction of the Trust and to consider the key risks facing the organisation. It has undertaken a thorough review of all aspects of performance on a quarterly basis including a review of its key risks. The outcomes of these reviews are reported regularly to the Audit Committee. New risks were incorporated into the Risk Register during the year, in relation to the budget for the implementation of the new offender case management system (nDelius), the operation of the new offender case management and assessment systems, local reoffending data and the delivery and performance of group work Programmes.

Review of the effectiveness of risk management and internal control

The Chief Executive, 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/her 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 Executive Team has reviewed its risk management arrangements regularly to ensure that the controls that have been put in place are effective. It has also considered the implications of any recommendations made by independent assessors regarding the Trust's compliance with national policies and regulations.

The Trust Board, having approved the Organisational Risk Management Strategy, is responsible for promoting risk awareness across the organisation. It considers which risks are acceptable and which are not and scrutinises the risk register to ensure there are no omissions. The Board also approves major decisions affecting the Trust's risk profile, and monitors the management of significant risks to reduce the likelihood of unwelcome surprises. In conjunction with its sub-groups, it satisfies itself that less significant risks are being actively managed, with appropriate and effective controls in place.

The Internal Auditors help and advise the Accountable Officer and the Audit Committee in improving the Trust's internal control and risk management processes, and provide assurance to the Director of Probation regarding the adequacy of the risk management arrangements that have been put in place. In order to determine which areas to focus internal audit resources, the auditors refer to the organisational risk registers and review the arrangements SSPT has put in place to manage and control the most significant business risks.

The 2013–14 internal audit assignment report in respect of MAPPA was rated 'green'. The audit assignment reports for the workload management tool, and the implementation of the national offender case management system (nDelius), complaints handling and the financial control framework were rated 'amber/green'. For the audits rated 'amber/green', the Auditors concluded that although there were some weaknesses in control design or operation of controls, they did not require significant improvement in order to manage risks to the achievement of system objectives. In all cases actions were agreed to remedy any identified weaknesses in risk management and were incorporated in an agreed action plan.

The internal auditor also monitored the extent to which agreed actions stemming from internal audit reports in 2012–13 had been implemented and they were satisfied that the majority had been implemented by due dates.

The Information Commissioner's Office (ICO)'s undertook a follow up audit in April 2013, where it was confirmed that of the recommendations made in the previous July, over 80% had either been completed or were 'work in progress'. The Trust did not have any significant personal data related incidents in 2013–14, which needed to be reported formally to the Information Commissioner's Office (ICO).

Internal Audit stated in its Annual Report that although their work had identified a number of moderate and significant rated findings, they were isolated to specific systems and processes and when taken in aggregate they believed they were not pervasive to the system of internal control as a whole. Consequently, the Internal Auditor gave a reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Significant Issues

The most significant risk to the Trust was the Government’s response to the Transforming Rehabilitation review and the rapid pace of implementing national changes to Probation, and the associated impact this has had on staff morale and performance. This risk was being managed as well as is possible through regular communication with the Ministry of Justice, and Surrey and Sussex Probation staff and trade unions. In addition, initiatives and other measures were adopted to support staff through this period of change and to help them to continue to focus on ‘keeping the show on the road’, emphasising an ongoing commitment to service users and local communities.

Leighe Rogers
Accountable Officer
16 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 Surrey and Sussex 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 Surrey and Sussex Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

Without qualifying my opinion, I draw attention to the disclosures in **Note 1.4** to the financial statements regarding going concern. The Trust closed on 1 June 2014 with its functions, assets and liabilities being transferred to new public sector entities. In accordance with the Government Financial Reporting Manual the financial statements have been prepared on a going concern basis.

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
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7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	18,724	18,568
Other expenditure	6	6,487	7,312
Total Expenditure		25,211	25,880
Income	7	(25,013)	(26,143)
Net operating costs		198	(263)
Net interest cost on pension scheme	4(c)	1,304	1,080
Net operating costs before taxation		1,502	817
Taxation	5	(52)	51
Net operating costs after taxation		1,450	868

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	8	(1)	(14)
Re-measurement of post employment benefits	23	4,489	5,427
Total comprehensive expenditure for 31 March 2014		5,938	6,281

The notes on pages 33 to 60 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Non-current assets			
Property, plant and equipment	8	166	259
Trade and other receivables	12(a)	-	3
Total non-current assets		166	262
Current assets			
Trade and other receivables	12(a)	2,965	3,283
Cash and cash equivalents	13	703	1,394
Total current assets		3,668	4,677
Total assets		3,834	4,939
Current liabilities			
Trade and other payables	14(a)	(1,510)	(2,130)
Provisions	15	(64)	(641)
Taxation payables	14(a)	(1,179)	(1,177)
Total current liabilities		(2,753)	(3,948)
Non-current assets plus/less net current assets		1,081	991
Non-current liabilities			
Pension liability	4(c)	(34,907)	(28,879)
Total non-current liabilities		(34,907)	(28,879)
Liabilities less assets		(33,826)	(27,888)
Taxpayers' equity			
General fund	23	(33,899)	(27,960)
Revaluation reserve – property, plant and equipment	24(a)	73	72
		(33,826)	(27,888)

The financial statements on pages 29 to 32 were approved by the Board on 16 June 2014 and were signed on its behalf by

Leighe Rogers – Accountable Officer

16 June 2014

The notes on pages 33 to 60 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(1,450)	(51)
Adjustments for non-cash transactions	6	34	384
Adjustments for pension cost	4(c)	1,539	28
(Increase)/decrease in receivables	12(a)	321	(1,168)
Increase/(decrease) in payables	14(a)	(618)	408
Utilisation of provisions	15	(517)	(521)
Less movements in property, plant and equipment payable	14(a)	-	-
Net cash outflow from operating activities		(691)	(920)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	-	(17)
Proceeds on disposal of property, plant and equipment	8	-	1
Net cash outflow from investing activities		-	(16)
Net decrease in cash and cash equivalents in the period			
		(691)	(936)
Cash and cash equivalents at the beginning of the period	13	1,394	2,330
Cash and cash equivalents at the end of the period	13	703	1,394
Decrease in cash		(691)	(936)

The notes on pages 33 to 60 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

		General Fund	Revaluation Reserve	Total
	Notes	£000	£000	£000
Balance as at 1 April 2012		(21,665)	58	(21,607)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(868)		(868)
Net gain on revaluation of property, plant and equipment	24(a)		14	14
Re-measurement of post employment benefits	23, 28	(5,427)	-	(5,427)
Balance as at 31 March 2013		(27,960)	72	(27,888)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,450)		(1,450)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		1	1
Re-measurement of post employment benefits	23, 28	(4,489)	-	(4,489)
Balance as at 31 March 2014		(33,899)	73	(33,826)

The notes on pages 33 to 60 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

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

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

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

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

1.2 Accounting convention

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

1.3 Changes in accounting policies and restatement of comparatives

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

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

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

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

Those that impact on the Trust are:

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

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

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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

1.5 Property, plant and equipment

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost and is restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £10,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

Revaluation

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

in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation 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
Plant & equipment	5 to 7 years depending on individual asset type
Vehicles	7 years
Furniture, fixtures & fittings	5 years

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 does not have any intangible non-current assets.

1.9 Non-current assets held for sale

The Trust does not have any non-current assets held for sale.

1.10 Inventories

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

1.11 Operating income

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

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

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

1.12 Other Expenditure

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

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

1.13 Pensions

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

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

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

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

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

1.14 Leases

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

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

Finance leases

The Trust currently does not have any finance leases.

Operating leases

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

1.15 Provisions

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

1.16 Value Added Tax

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

1.17 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS 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.

1.18 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.

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

The Trust does not hold any assets belonging to third parties.

2. Statement of Operating Costs by Operating Segment

	2013–14	2012–13
	Net Expenditure	Net Expenditure (restated)
Operational Unit	£000	£000
Public Protection	4,209	4,064
Community Payback & Prisons	2,070	3,096
LDU OM West Sussex	2,503	2,555
LDU OM East Sussex	1,650	1,578
LDU OM Brighton	2,341	1,852
LDU OM Surrey	2,800	2,877
LDU OM Total	9,264	8,862
Trust Wide Services	298	342
Case Management Software Upgrade	-	68
Supernumerary PSOs & PQF	438	349
Total “Frontline” Spending	16,309	16,781
Finance and ICT Staff	673	742
Service Support & Facilities	1,398	1,407
HR, Training	1,285	1,196
Commissioning, Service Redesign	90	154
Performance & Communications	443	368
Central Management & Board	1,055	1,385
Support Total	4,944	5,252
NOMS Estate Recharge	1,259	1,405
NOMS ICT Recharge	956	1,059
Pension Interest Charge	1,304	1,080
Redundancy Costs	157	277
Overheads Total	3,676	3,821
Total Expenditure	24,929	25,854
Income	(23,427)	(25,037)
Net Overspend	(1,502)	(817)

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013-14			2012-13
	Total £000	Permanently- employed staff £000	Others £000	Total £000
Wages and salaries	16,176	15,741	435	16,632
Social security costs	1,169	1,169	-	1,234
Other pension costs	3,087	3,087	-	2,617
Sub-total	20,432	19,997	435	20,483
Less recoveries in respect of outward secondments	(1,708)	(1,708)	-	(1,915)
Total staff costs	18,724	18,289	435	18,568

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

1 person (2012-13: nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year were met by the pension fund.

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	Total
	523	509	536

3c. Reporting of compensation schemes – exit packages

	2013–14			2012–13		
Exit packages cost band	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	4	4	8	1	17	18
£10,000–£25,000	1	9	10	1	10	11
£25,000–£50,000	1	-	1	1	1	2
Total number of exit packages by type	6	13	19	3	28	31
Total resource cost £000	78	148	226	60	289	349

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

The full year annual savings expected to arise from the staff restructuring is in the region of £480,000.

4. Pensions costs

Surrey and Sussex Probation Trust's Pension Scheme is administered by East Sussex County Council and is a contributory pension scheme. Employer contributions by Surrey and Sussex Probation Trust were 20.1% for 2013–14. The figures shown in these accounts for asset returns are taken from the actuaries report. Hymans Robertson has developed a proprietary stochastic asset and the returns given in their report are based on this model (Hymans Robertson Asset Model – HRAM). The general formulation for this is:

Equity (property) total return in month t = cash return in month t + risk premium in month t + random component in month t

4a. Pension costs

The schemes' Actuary reviews employer contribution rates every three years following a full scheme valuation. A full actuarial valuation was carried out at 31 March 2013 by Hyman Robertson LLP. For 2013–14, employers' contributions of £2,967,000 were payable to the LGPS (2012–13 £3,102,000). The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience 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**.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.5%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase for pensions in payment and deferred pensions	2.8%	4.5%
Discount rate	4.3%	4.5%

Mortality Assumptions:

Life expectancy is based on the Fund's Vitacurves, with improvements in line with the CM1 2010 model assuming the current rates of improvements has peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average future life expectancies at age 65 are:

- current pensioners 22.2 years (male) 24.4years (female);
- future pensioners 24.2 years (male) 26.7 years (female).

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	-	86,433	86,433
Funded liabilities	(115,312)	-	(115,312)
Opening balance at 1 April	(115,312)	86,433	(28,879)
Current service costs	(3,075)	-	(3,075)
Past service costs (including curtailments)	(127)	-	(127)
	(3,202)	-	(3,202)
Net Interest (cost)/income	(5,210)	3,906	(1,304)
Re-measurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	-	(4,539)	(4,539)
Gain/(loss) from change in demographic assumptions	(2,403)	-	(2,403)
Gain/(loss) from change in financial assumptions	(3,004)	-	(3,004)
Experience gains/(losses)	5,457	-	5,457
	50	(4,539)	(4,489)
Contributions			
Employers	-	2,967	2,967
Plan participants	(907)	907	-
Payments from plans			
Benefit payments	2,998	(2,998)	-
Closing balance at 31 March	(121,583)	86,676	(34,907)
Plan assets	-	86,676	-
Funded liabilities	(121,583)	-	-
Closing balance at 31 March	(121,583)	86,676	(34,907)

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	-	73,052	-
Funded liabilities	(95,659)	-	-
Opening balance at 1 April	(95,659)	73,052	(22,607)
Current service costs	(2,547)	-	(2,547)
Past service costs (including curtailments)	(320)	-	(320)
	(2,867)	-	(2,867)
Net interest (cost)/income	(4,646)	3,566	(1,080)
Re-measurements			
Returns on plan assets, excluding amounts included in interest cost	-	7,300	7,300
Gain/(loss) from change in financial assumptions	(12,888)	-	(12,888)
Experience gains/(losses)	161	-	161
	(12,727)	7,300	(5,427)
Contributions			
Employers	-	3,102	3,102
Plan participants	(964)	964	-
Payments from plans			
Benefit payments	1,551	(1,551)	-
Closing balance at 31 March	(115,312)	86,433	(28,879)
Plan assets	-	86,433	86,433
Funded liabilities	(115,312)	-	(115,312)
Closing balance at 31 March	(115,312)	86,433	(28,879)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted prices in active markets	Quoted prices not in active markets	Total	%	Quoted prices in active markets	Quoted prices not in active markets	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	4,222	-	4,222		2,873	-	2,873	
Energy and utilities	2,259	-	2,259		1,888	-	1,888	
Financial institutions	4,755	-	4,755		4,348	7	4,355	
Health and care	2,564	-	2,564		2,032	-	2,032	
Information technology	2,338	-	2,338		1,918	-	1,918	
Manufacturing	2,147	-	2,147		1,166	-	1,166	
Other	1,234	6,960	8,194		1,566	7,390	8,956	
	19,519	6,960	26,479	31%	15,791	7,397	23,188	27%
Debt instruments								
UK Government	-	1,219	1,219		-	1,298	1,298	
Other	-	1,150	1,150		-	1,085	1,085	
	-	2,369	2,369	3%	-	2,383	2,383	3%
Property								
UK	479	7,331	7,810		855	6,229	7,084	
Overseas	-	-	-		-	-	-	
	479	7,331	7,810	9%	855	6,229	7,084	8%
Derivatives								
Foreign exchange	-	50	50		-	(41)	(41)	
Other	-	-	-		-	-	-	
	-	50	50	0%	-	(41)	(41)	0%
Cash and cash equivalents	-	2,626	2,626	3%	-	2,148	2,148	2%
Investment funds								
Equities	103	41,187	41,290		173	45,217	45,390	
Bonds	3,294	2,332	5,626		1,726	4,064	5,790	
Hedge funds	171	-	171		-	48	48	
Commodities	255	-	255		443	-	443	
	3,823	43,519	47,342	54%	2,342	49,329	51,671	60%
Total	23,821	62,855	86,676	100%	18,988	67,445	86,433	100%

4e. Sensitivity analysis

IAS19 requires the disclosure of the sensitivity of the results to the assumptions and methods used.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate increase Employer Liability	Approximate monetary amount
	%	(£000)
Change in assumptions at 31 March 2014:		
0.5% decrease in the Real Discount Rate	11%	13,316
1 year increase in member life expectancy	3%	3,647
0.5% increase in the Salary Increase Rate	4%	4,256
0.5% increase in the Pension Increase Rate	7%	8,848

In order to quantify the impact of a change in the financial assumptions used, calculations have been prepared and compared the value of the scheme liabilities as at 31 March 2014 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided in the actuary's report and with last year.

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	(52)	51
Total	(52)	51

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	
	£000	£000	£000	£000
Rentals under operating leases	21		31	
Accommodation, maintenance and utilities	1,461		1,919	
Travel, subsistence and hospitality	602		670	
Professional services	239		331	
IT services	1,125		1,219	
Communications, office supplies and services	427		576	
Other staff related	717		640	
Offender costs	345		400	
Other expenditure	1,455		1,068	
External Auditors' remuneration – statutory accounts	36		39	
External Auditors' remuneration – other	-		10	
Internal Auditors' remuneration	25		25	
		6,453		6,928
Non-cash items				
Depreciation of tangible non-cash assets	84		91	
Profit/(loss) on disposal of tangible non-cash assets	10		5	
Other provisions provided for in year	(60)		288	
		34		384
Total		6,487		7,312

7. Income

Income receivable from the sponsoring department – NOMS

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

Total interest received

Total income

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	23,697		24,971	
		23,697		24,971
Other EU income		11		41
Other income received from Probation Trusts		16		34
Other income from NOMS		223		233
Other income from rest of MoJ Group		20		-
Other income from other Government departments		621		646
Miscellaneous income		424		214
		25,012		26,139
Interest received:				
From bank	1		2	
From car loans	-		2	
Total interest received		1		4
Total income		25,013		26,143

Restatement of comparatives

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

8. Property, plant and equipment

	2013-14					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2013	-	424	439	-	-	863
Disposals	-	(143)	-	-	-	(143)
Indexation/revaluation	-	2	2	-	-	4
As at 31 March 2014	-	283	441	-	-	724
Depreciation						
As at 1 April 2013	-	325	279	-	-	604
Charge in year	-	37	47	-	-	84
Disposals	-	(133)	-	-	-	(133)
Indexation/revaluation	-	2	1	-	-	3
As at 31 March 2014	-	231	327	-	-	558
Carrying value as at 31 March 2014	-	52	114	-	-	166
Carrying value as at 31 March 2013	-	99	160	-	-	259
Asset financing						
Owned	-	52	114	-	-	166
Carrying value as at 31 March 2014	-	52	114	-	-	166

8. (Continued)

	2012-13					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2012	-	442	396	-	-	838
Additions	-	-	17	-	-	17
Disposals	-	(34)	-	-	-	(34)
Indexation/revaluation	-	16	26	-	-	42
As at 31 March 2013	-	424	439	-	-	863
Depreciation						
As at 1 April 2012	-	296	217	-	-	513
Charge in year	-	45	46	-	-	91
Disposals	-	(28)	-	-	-	(28)
Indexation/revaluation	-	12	16	-	-	28
As at 31 March 2013	-	325	279	-	-	604
Carrying value as at 31 March 2013	-	99	160	-	-	259
Carrying value as at 31 March 2012	-	146	179	-	-	325
Asset financing						
Owned	-	99	160	-	-	259
Carrying value as at 31 March 2013	-	99	160	-	-	259

9. Intangible assets

There were no intangible assets held during the year.

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Deposits and advances	12	23
Receivables, Accrued Income and Prepayments due from NOMS Agency	2,777	3,188
Receivables, Accrued Income and Prepayments due from MoJ Group	26	-
Receivables, Accrued Income and Prepayments due from other Government departments	149	42
Other receivables	1	5
Prepayments	-	22
Accrued income	-	3
	2,965	3,283
Amounts falling due after more than one year		
Other receivables	-	3
	-	3
Total	2,965	3,286

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)	2,803	3,208	-	-
Balances with local authorities	149	22	-	-
	2,952	3,230	-	-
Balances with bodies external to Government	13	53	-	3
Total	2,965	3,283	-	3

13. Cash and cash equivalents

	2013–14 £000	2012–13 £000
Balance at 1 April	1,394	2,330
Net change in cash and cash equivalents	(691)	(936)
Balance at 31 March	703	1,394
The following balances at 31 March are held at:		
Government Banking Service	0	-
Commercial banks and cash in hand	703	1,394
Balance at 31 March	703	1,394

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	620	401
Other payables	52	68
Accruals	366	871
Deferred income	-	331
Payables due to Probation Trusts	4	1
Payables, Accruals and Deferred Income due to NOMS Agency	8	5
Payables, Accruals and Deferred Income due to other Government departments	139	11
Unpaid pensions contributions due to the pensions scheme	321	442
	1,510	2,130
Tax falling due within one year		
VAT	854	752
Corporation tax	-	52
Other taxation and social security	325	373
	1,179	1,177
Total amounts falling due within one year	2,689	3,307
Total	2,689	3,307

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)	1,195	1,463	-	-
Balances with local authorities	134	69	-	-
Balances with NHS bodies	-	1	-	-
Balances with public corporations and trading funds	1	1	-	-
	1,330	1,534	-	-
Balances with bodies external to Government	1,359	1,773	-	-
Total	2,689	3,307	-	-

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	-	-	284	357	641
Provided in year	-	-	4	18	22
Provisions not required written back	-	-	(82)	-	(82)
Provision utilised in the year	-	-	(194)	(323)	(517)
Balance as at 31 March	-	-	12	52	64

	2013–14				
Analysis of expected timing of discount flows	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Not later than one year	-	-	12	52	64
Current liability	-	-	12	52	64
Balance as at 31 March	-	-	12	52	64

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	-	-	277	597	874
Provided in year	-	-	16	277	293
Provisions not required written back	-	-	(5)	-	(5)
Provision utilised in the year	-	-	(4)	(517)	(521)
Balance as at 31 March	-	-	284	357	641

	2012–13				
Analysis of expected timing of discount flows	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Not later than one year	-	-	284	357	641
Current liability	-	-	284	357	641
Balance as at 31 March	-	-	284	357	641

Other provisions include legal cases not covered by NOMS insurance and restructuring costs.

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
Other		
Not later than one year	-	1
Later than one year and not later than five years	-	36
Total	-	37

The operating leases disclosed in 12–13 have all terminated during the 13–14 year, either by natural expiry or by notice from the Trust.

17b. Finance leases

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

18. Other financial commitments

There are no 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

On 31 March 2001 West Sussex Probation Committee (WSPC) amalgamated with the East Sussex Probation Committee (ESPC) to form Sussex Probation Board (SPB). As a result West Sussex Probation Board employees transferred their pension benefits to the East Sussex County Council (ESCC) Pension Scheme with effect from 31 March 2001. Under the Pension Regulations at the time liabilities attributable to active and deferred pensioner members remained with the Old Fund in West Sussex County Council (WSSC).

Since 2001 Sussex Probation Board has ceased to contribute to the West Sussex Pension Scheme and during 2005 a bulk transfer of assets was made from the West Sussex Scheme to the East Sussex scheme.

In 2009 the Government issued a consultation in respect of draft proposals to amend the Local Government (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 to comply with the Fair Deal for Staff Pensions for staff transferring from the Learning and Skills Council to Local Education Authorities on 1 April 2010, and to manage the transfer of assets and liabilities in administering authorities affected by the merger of Probation Boards to Probation Trusts.

As a result of the above it is possible that Sussex Probation Board had an obligation arising from the amalgamation of West Sussex Probation Committee and East Sussex Probation Committee to form Sussex Probation Board in relation to the active and deferred pensioner members that remained with the Fund at West Sussex County Council. For the reason SSPT is disclosing this as a contingent liability. The amount of any liability is unknown.

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	-	-	-	-
Claims abandoned	32	5	33	4
Administrative write-offs	11	-	-	-
Fruitless payments	-	-	-	-
Store losses	-	-	-	-
Total	43	5	33	4

There were no cases over £300,000 (2012–13 £nil).

22b. Special payments schedule

There were no Special Payments (2012–13 £nil).

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(27,960)	(21,665)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,450)	(868)
Re-measurement of post employment benefits	(4,489)	(5,427)
Balance at 31 March	(33,899)	(27,690)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	72	58
Arising on revaluations of PPE during the year (net)	1	14
Balance at 31 March	73	72

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

24b. Intangibles

There is no revaluation reserve in respect of intangibles (2012–13 £nil).

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. In total from the Ministry of Justice and its related parties, the Trust received £25,568,000 (2012–13: £27,044,000) of income and spent £2,643,000 (2012–13: £3,200,000) on service recharges.

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Trust, with the exception of transactions with East Sussex County Council. The related party link is that one member of the Trust Executive team is married to a former chief executive of East Sussex County Council (ESCC). As a major local organisation within the area covered by the Trust, there were many interactions between the two bodies. These amounted to income to the Trust received from ESCC of £26,000 (2012–13: £27,000) and expenditure by the Trust, payable to ESCC, of £155,000 (2012–13: £43,000).

Staff Mutual

As noted above within the Management Commentary and the Governance Statement, SSPT management and staff members, together with Kent Probation Trust, have contributed to the development of a bid for the CRC, as a mutual to be called Co:here. Full details of the 'ethical walls' put in place to ensure there were no conflicts of interest are described in the Governance statement on page 23 of the Annual Report.

The new mutual organisation was intended to be a member-owned, democratically controlled mutual organisation. It was committed to carrying on business for the public benefit, its assets would have been permanently locked into serving the public benefit, and any surpluses would have been re-invested to improve or expand the services.

The mutual was bidding for the CRC at the prime level, as part of a consortium with A4e and Bridges Ventures. The consortium was bidding under the name of Chalk Ventures. The mutual, together with its joint venture business partners, decided to withdraw from the Transforming Rehabilitation competition and informed the Ministry of Justice on the 9th June 2014 of this decision.

26. Third-party assets

There are no third-party assets (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 each member is transferred.

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

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

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	51
Other comprehensive expenditure	6,230
Total comprehensive expenditure	6,281
Restatement:	
Increase in programme expenditure (interest costs)	817
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(817)
	-
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	868
Other comprehensive expenditure	5,413
Total comprehensive expenditure	6,281

Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(27,960)
Restatement:	
Increase in net operating expenditure	(817)
Decrease in re-measurement of defined benefit obligation (previously actuarial loss)	817
General fund balance as at 31 March 2013 after restatement	(27,960)


Administration and programme income and expenditure

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

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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

This report covers 13 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC¹)

CRC¹ is managed by MoJ and associated carbon allowances are accrued by MoJ Corporate Estates.

Carbon Management Plan (CMP)

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

deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

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

Social and environmental awareness

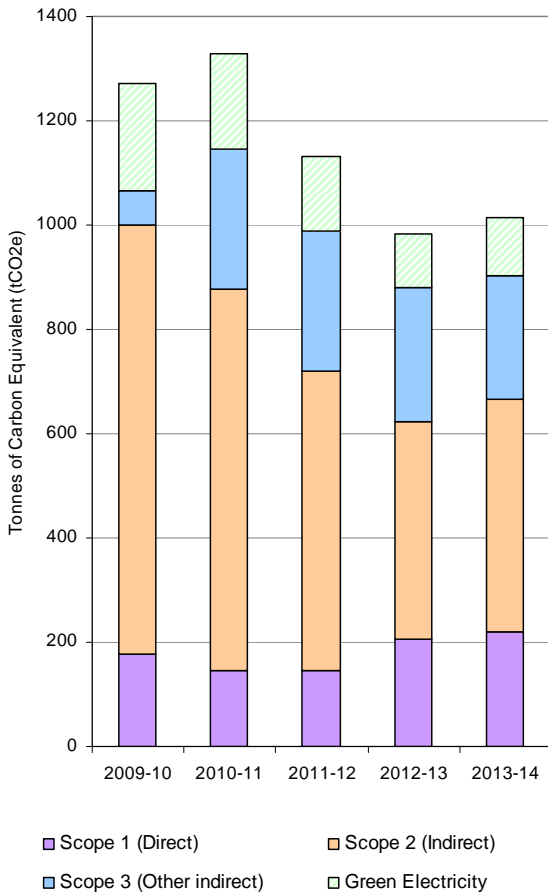
SSPT has, through its environmental policy, encouraged staff to take action to reduce their impact on the environment. Steps have also been taken, where possible, to introduce energy efficient measures, and to re-cycle and re-use materials and products.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	178.4	144.8	146.9	206.3	219.8
	Scope 2 (indirect): Supplied energy (electricity and heat)	822.0	732.3	574.4	416.3	446.9
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	65.1	268.3	266.0	257.5	236.5
	Total gross GHG emissions	1,065.5	1,145.3	987.3	880.1	903.2
	Electricity: green/renewable	205.5	183.1	143.6	104.1	111.7
	Total net GHG emissions	860.0	962.2	843.7	776.0	791.5
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	1,248,396	1,232,860	967,089	700,84	752,349
	Electricity: renewable	416,132	410,953	322,363	233,614	250,783
	Gas	969,818	786,547	636,314	846,143	925,034
	Total energy	2,634,346	2,430,360	1,925,766	1,780,598	1,928,166
Financial indicators	Expenditure on energy (£)	£194,704	£174,216	£164,800	£115,052	£153,607
	Expenditure on official business travel (£)	n/a	£569,013	£613,980	£558,019	£407,175

Greenhouse Gas Emission by source



Performance commentary (including targets)

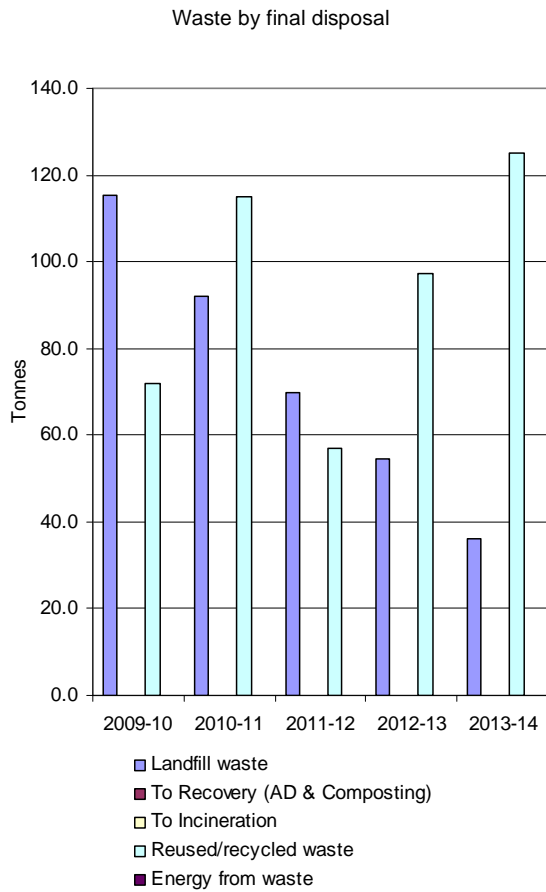
Reported carbon dioxide emissions from our buildings have remained similar over the last two years and are lower than the 2009–10 baseline. Emissions from travel have remained broadly unchanged over the last few years, although the cost of travel has decreased due to the full year effects of a reduction in head count and a change in the staff mileage rate. Energy use from our buildings has fallen since the 2009–10 baseline.

Waste

Non-financial indicators (tonnes) Non-hazardous waste Landfill waste Reused/recycled waste
Total waste arising

2009–10	2010–11	2011–12	2012–13	2013–14
115.3	92.0	70.0	54.6	36.0
72.0	115.0	57.0	97.4	125.0
187.3	207.0	127.0	152.1	161.0

Waste cost data is not available at this stage.



Performance commentary (including targets)

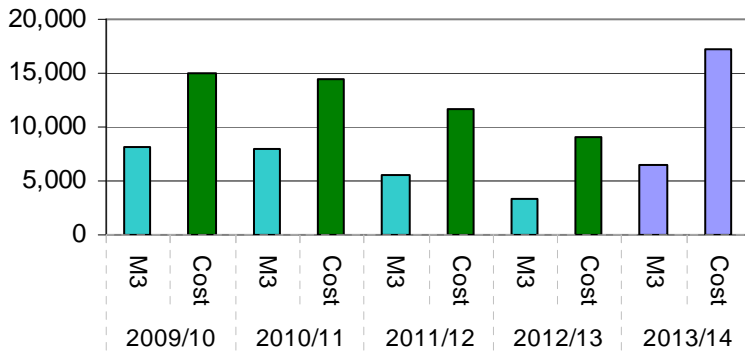
The quantity of waste which has been deposited in landfill sites has reduced over the last few years. Around three quarters of our waste was re-used or recycled in 2013–14.

Water

Non-financial indicators **Total water consumption (cubic metres: m³)**
 Financial indicators **Total water supply costs (£)**

2009–10	2010–11	2011–12	2012–13	2013–14
8,180	7,997	5,648	3,331	6,564
£15,065	£14,474	£11,714	£9,064	£17,269

Water (consumption and costs).



Performance commentary (including targets)

Reported water use from our buildings has fallen against the 2009/10 baseline but the small number of reported buildings and uneven billing periods make detailed analysis difficult at this point.

Paper

Cost (excluding VAT)

2009–10	2010–11	2011–12	2012–13	2013–14
n/a	£21,613	£18,391	£19,047	£16,096

The cost of paper purchased has declined over the period for a variety of reasons, including a reduction in usage due to increased use of electronic means of document storage.

Glossary

AD	Anaerobic Digestion
ATR	Alcohol Treatment Requirement
CDRP	Crime and Disorder Reduction Partnership
CE	Chief Executive
CETV	Cash Equivalent Transfer Value
CHP	Combined Heat and Power
CIFPA	The Chartered Institute of Public Finance and Accountancy
CMP	Carbon Management Plan
CP	Community Punishment/Payback
CRC	Community Rehabilitation Company
CRC ¹	Carbon Reduction Commitment
CT	Corporation Tax
DCLG	Department for Communities and Local Government
DRR	Drug Rehabilitation Requirement
DTTO	Drug Treatment & Testing Order
EMS	Environmental Management System
ESCC	East Sussex County Council
ESF	European Social Fund
EU	European Union
FReM	Government Financial Reporting Manual
GHG	Greenhouse Gas
GMPF	Greater Manchester Pension Fund
HMIP	Her Majesty's Inspectorate of Probation
HMT	Her Majesty's Treasury
HR	Human Resources
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICO	Information Commissioner's Office
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
liP	Investors in People
ILM	Institute of Leadership and Management
LCCS	Local Crime: Community Sentence Project
LDU	Local Delivery Unit
LGBT	Lesbian Gay Bisexual and Transgender
LGPS	Local Government Pension Scheme
LLP	Limited Liability Partnership
MAPPA	Multi-Agency Public Protection Arrangements
MoJ	Ministry of Justice
MoJ SDT	Ministry of Justice Sustainable Development Team
NAPO	National Association Of Probation Officers
NDPB	Non Departmental Public Body
NHS	National Health Service
NOMS	National Offender Management Service
NVQ	National Vocational Qualification
nDelius	National Offender Case Management System
OASys	Offender Assessment System
OM	Offender Management
OM Act	Offender Management Act 2007
OMI	Offender Management Inspection
PAO	Principal Accountable Officer

PO	Probation Officer
PPDU	Public Protection Delivery Unit
PPO	Prolific and Priority Offender
PPR	Public Protection Register
PQF	Probation Qualification Framework
PSR	Pre-Sentence Report
PSO	Probation Service Officer
SDT	Sustainable Development Team
SEEDS	Skills for Effective Engagement, Development and Supervision
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SSPT	Surrey and Sussex Probation Trust
TR	Transforming Rehabilitation
UNISON	The Public Service Union
UPW (UW)	Unpaid Work
VAT	Value Added tax
VQ	Vocational Qualification
WSCC	West Sussex County Council

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