



# **York and North Yorkshire Probation Trust**

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





**York and North Yorkshire Probation Trust**  
**Annual Report and Accounts**  
**2013–2014**

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# Vision, Mission, Values and Equalities Statement

## Mission

Making communities safe.

## Vision

To reduce reoffending by providing effective and efficient probation services which meet local needs.

## Values

### **People can change**

We believe in the ability of every individual to make positive change.

### **Integrity**

We will be clear and open, and demonstrate honesty and fairness in all our dealings.

### **Dignity and Respect**

We will treat everyone with dignity and respect.

### **Effective use of resources**

We are committed to best use of public money, harnessing the innovation and creativity of our staff and partners.

### **Everybody counts**

We believe everyone's contribution adds value and together we can make a difference.

## Equalities statement

Diversity underpins every aspect of our work and we aim to provide a responsive and accessible service for all. We believe this can be achieved through creating an environment built on mutual respect, fairness, a willingness to learn and one that is free from discrimination, harassment and victimisation.

We believe diversity is about valuing, respecting and celebrating differences. We support all individuals to use their talents and experiences, and to recognise their potential in order for them to maximise their contribution to the Trust.

Our overall aim is to provide equality of opportunity and outcome for all those connected with the Trust.

## Foreword

### **We would like to welcome you to the fourth and final Annual Report and Accounts for the York and North Yorkshire Probation Trust for 2013–14.**

Change has become the norm for the Trust and in the past year has been even more marked with the government's Transforming Rehabilitation (TR) agenda. This has required us to undertake the preparation for separating the Trust into two new organisations, the National Probation Service (NPS) and one of 21 Community Rehabilitation Companies (CRCs) across the country, in our case joining with Humberside and Lincolnshire.

The extent of these changes and the exceptionally tight timescale for their completion has produced an inescapable and understandable air of organisational uncertainty. It is a tribute to the professionalism and resilience of the staff, therefore, that high performance levels have been maintained.

On the 31 May 2014 our Trust contract will cease. Instead, from 1 June 2014, the rehabilitation of offenders across England and Wales will be managed and delivered by 21 regional CRCs and the new NPS. CRCs and the NPS will work collaboratively but the focus of each, and the types of cases they manage, will differ.

The NPS will directly manage offenders who pose a high risk of serious harm to the public (including those whose risk has escalated to high during the course of their sentence) or those released from custody who have committed the most serious offences and all Multi-Agency Public Protection Arrangements (MAPPA). The CRCs will manage low and medium risk offenders. By 2015 ownership of these companies is expected to transfer to a new provider following competition. All our existing staff will be transferred to either the Humberside, Lincolnshire and North Yorkshire CRC or the NPS.

It is highly pleasing that during such a period of significant additional activity and uncertainty, performance standards have remained high. Contract targets have been achieved where possible and the feedback from a visit by Her Majesty's Inspectorate of Probation (HMIP) in October/November focussing on Safeguarding Children and Adults was that high quality work was being delivered.

The lead inspector spoke about how impressed they had been with the levels of professionalism shown by our staff, their exceptional commitment to their work and their overall engagement with the Inspection process. We are delighted that the HMIP team confirmed a very healthy set of results across all five key areas. The Inspection team also highlighted many areas of good practice across the Trust, which included effective partnership arrangements and strong strategic leadership. Such external recognition, in the important and sensitive aspect of safeguarding children, is highly valued and deserved recognition for all concerned.

Despite the changes surrounding us, it remains most assuring that sound and effective local partnerships have continued to flourish. Indeed relationships and collaborative understanding have expanded during the year as the role of the Police and Crime Commissioner has become embedded and the Health and Well Being Board, along with related Clinical Commissioning Groups have become more firmly established following their equally fundamental reordering in the National Health Service. The value of sound local partnership working cannot be over-emphasised and we are determined will be maintained in the new delivery landscape.

We remain of the view that strong partnership arrangements with our criminal justice partners remain key to the delivery of effective services. This organisation has traditionally played an active role with our partners and is working to ensure this can be maintained under the new arrangements. We are particularly conscious of the importance of strong and well established working relationships with sentencers which must be maintained over this period.

As we move rapidly towards the establishment of the new delivery mechanisms for probation services, we understand the uncertainty and concern many feel about the future. However we believe that the Trust vision and values provide a firm base from which to approach the future and we are confident the dedication, resilience and professionalism of the staff will ensure that effective probation services will continue to be delivered in the coming year and beyond.

Equally, we have confidence that the Trust's well founded legacy of high standards of probation services will be preserved and sustain the well recognised and effective contributions made towards reducing reoffending, reducing crime and its victims – and securing safer communities throughout North Yorkshire and the City of York.

**Ken Bellamy CBE**  
Trust Board Chair  
13 June 2014

**Pete Brown**  
Chief Executive Officer  
13 June 2014

# 1. Operational & Performance Review 2013–14

## Performance against targets

As part of our commitment to deliver more for less the Trust agreed a contract with the National Offender Management Service for 2013–14. It is pleasing to be able to report a good level of success in delivering against the challenging targets – achieving the ‘Level 3’ on the Probation Trust Rating System (PTRS), which benchmarks our performance directly with other Trusts.

### Probation Trust Rating System (PTRS) 2013–14

Overall PTRS metric	<b>3</b>
Public Protection	<b>3</b>
Reducing Reoffending	<b>3</b>
Sentence Delivery	<b>3</b>

### PTRS Metrics Results 2013–14

Measure:	Target	Performance	PTRS
<b>Public Protection</b>			
Victim Feedback	90.0%	95.2%	3
MAPPA Effectiveness	88.8%	99.8%	3
OASys QA	90.0%	90.6%	3
<b>Reducing Reoffending</b>			
Employment at Termination	45.0%	54.6%	3
Accommodation at Termination	85.0%	89.1%	3
OASys QA	90.0%	90.8%	3
Offender Feedback	67.0%	76.0%	3
Significant Reduction in Reoffending	10.71% (predicted)	-3.1%	3
<b>Sentence Delivery</b>			
Orders/Licences Successfully Completed	73.0%	75.8%	3
Offender Feedback	67.0%	76.0%	3

#### Performance Key

Exceptional Performance	<b>4</b>
Good Performance	<b>3</b>
Requiring Development	<b>2</b>
Serious Concerns	<b>1</b>

#### Glossary

MAPPA	–	Multi-Agency Public Protection Arrangements
OASys	–	Offender Assessment Systems
OMI	–	Offender Management Inspection



## Results: what we delivered 2013–14

**1487** offenders were either in custody, on Licence, or on an Order under our supervision, as at the 31 March 2014.

**325** offenders started supervision on licence, on initial release from prison.

**1,202** Community Orders, supervised by York and North Yorkshire Probation Trust, were started during the year.

**247** of those Community Orders required the offender to complete an accredited programme – designed to tackle the way in which offenders think and behave.

**22** Drug Rehabilitation Requirements and **13** Alcohol Treatment Requirements were successfully completed by offenders during the year.

**30** offenders completed a Domestic Violence programme and a further **93** offenders completed a general Offender Behaviour Programme; ultimately helping to reduce reoffending and make communities safer.

**1,764** Pre-Sentence Reports were produced for courts to assist them with their sentencing decisions. Of these **98.6%** were on time. Of the reports produced, **1,341** were fast/oral reports, helping to substantially speed up the court process.

**96.3%** of victims of serious sexual or violent offenders (sent to custody for one year or more), were contacted by our staff within eight weeks of the sentence date. Our work gives victims a strong voice in the Criminal Justice arena.

**769** offenders completed a Community Payback (Unpaid Work) Requirement during the year.

**106,232** hours of Community Payback were worked on projects that might not otherwise be completed.

## 2. Management Commentary

### Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from North Yorkshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 50, issued by the Secretary of State under the OM Act.

### Principal activities

York and North Yorkshire Probation Trust covers the North Yorkshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of around 750,000. During the year, the Trust employed some 193 full time staff that worked from 10 buildings and 1 approved premise across the area.

The Chief Executive, as the Accountable Officer for York and North Yorkshire Probation Trust is personally responsible for safeguarding the public funds for which he has charge; for ensuring propriety and regularity in the handling of those public funds and for the day to day operations and management of the organisation.

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

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

In accordance with Section 1 of the OM Act 'the probation purposes' means the purposes of providing for:

- Courts to be given assistance in determining the appropriate sentences to pass, and making other decisions, in respect of persons charged with or convicted of offences.
- The giving of assistance to persons determining whether conditional cautions should be given and which conditions to attach to conditional cautions.
- The supervision and rehabilitation of persons charged with or convicted of offences including in particular:
  - giving effect to community orders and suspended sentence orders
  - assisting in the rehabilitation of offenders who are being held in prisons
  - supervising persons released from prison on licence
  - providing accommodation in approved premises
- The giving of assistance to persons remanded on bail.
- The supervision and rehabilitation of persons to whom conditional cautions are given.
- The giving of information to victims of persons charged with or convicted of offences.

These aims are therefore the basis on which the Secretary of State will contract with any provider for the provision of probation services. York and North Yorkshire Probation Trust has a contract with the Secretary of State for the provision of probation services for York and North Yorkshire. In providing the

services the Trust is required to work collaboratively with the Secretary of State having regard to the aims set out above.

### Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on page 5.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 23.

The Statement of Changes in Taxpayers' Equity is shown on page 26.

### Operating costs

The net operating cost before tax for 2013–14 stands at £632k compared to the net operating cost of £341k for 2012–13. The main reason for the increase is due to higher current service costs and interest charges associated with the Local Government Pension Scheme (LGPS).

### Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 24 and 25.

The net liabilities position has decreased from £12.59m at 31 March 2013 to £3.91m at 31 March 2014. The largest single movement in net liabilities is £9.32m due to pension actuarial gain.

### Payment of creditors

In the year to 31 March 2014, the Trust paid 1,094 trade invoices with a value of £2.99m. The percentage of undisputed invoices paid within 30 days by the Trust was 88.2% compared to 91.9% in 2012–13.

### Treatment of Pension Liabilities

Past and present employees of the Trust are covered by the provisions of the 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). From 1 June 2014 the Trust will only be required to pay employer contributions for the Chief Executive until July 2014.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS transferred with the employee to the new employer – the CRC or the NPS. The Ministry of Justice (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 7.6 days across the Trust (2012–13 7.3 days).

### Personal data related incidents

No personal or non personal data related incidents occurred in 2013–14, and therefore none were reported to the Information Commissioner’s Office (ICO).

Should an incident arise, a risk assessment would be carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. All staff are expected to undertake a compulsory Information Assurance training course.

### Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the NPS and a 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: 45% CRC and 55% NPS.

### 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 52 to 55.

### Mutuals

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

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

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

The remaining services are divided in to 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new CRCs. They are fully owned by the Secretary of State for Justice on behalf of the MoJ.

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 and are to be settled as soon as practically possible.

MoJ/NOMS have 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.

### **Communications and employee involvement**

The Trust has a strong record of communications, having an excellent website, effective relations with the local press and a growing presence on social media for the Trust and our three Community Payback teams.

We have successful articles promoting our work in many local outlets, have used City of York Council facilities to promote our work to every home in York and now have over 700 followers on twitter.

We have a well developed and effective Sentencer Liaison Strategy and we are heavily involved in the production of the MAPPA Strategic Management Board Annual Report and communications.

The TR Programme has been the main focus of our employee communications over the last year. We introduced a highly effective TR Bulletin for staff in the early autumn which provides staff with important updates every week.

This has been supported by regular office visits by the Chair and Chief Executive (three times per year), monthly staff briefings issued by the Chief Executive and a Team Briefing process by which information is shared with staff and they are able to raise issues with management. Staff are also actively involved in the development of the Trust's Business Plan and the work in pursuit of our equalities objectives.

In terms of employee involvement, we have well established formal and informal communications and meetings structures with our local Trades Unions.

We closed the year – and the marked the end of the Trust – with a very successful staff conference which was attended by over 150 members of staff.

### **Staff diversity**

The Trust operates an Equality and Diversity Policy which reflects our responsibilities in relation to the Equality Act 2010. This gives us particular duties in relation to people and groups with the protected characteristics of age, disability, marriage and civil partnership, maternity and pregnancy, race, religion and belief, sex (formerly known as gender) and sexual orientation. This includes a requirement to publish equalities information (published via the Trust website) and develop equality objectives, to enable the elimination of discrimination and harassment, the advancement of equality of opportunity and fostering of good relations.

## Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General of the National Audit Office 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 21.

Total audit fees reported in the Accounts are £20,900 and relate to the statutory accounts audit only.

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
- There is no relevant audit information of which the Auditor is unaware

## The York and North Yorkshire Probation Trust Management Board

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

- A board of independent members nominated by the Secretary of State to set the strategic direction and hold the Chief Executive to account.
- An Audit Committee to provide the Chief Executive with assurance regarding transparent governance, risk management and financial accountability and to challenge decisions where appropriate.
- The Chairman and Chief Executive have quarterly meetings with the Regional Community Services Manager representing the Commissioner to monitor performance and outcomes.
- An annual audit plan of work related topics scrutinised by the MoJ Internal Audit Team.
- An annual audit of our accounts conducted by our External Auditors, the National Audit Office.

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

The Lord Chancellor appointed Judge Stephen Ashurst to the Trust from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

Details of the remuneration of the Board are set out in the Remuneration Report on pages 12 to 14.

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Peter Brown	
Chair	Kenneth Bellamy	
Board Member	Bill Ferguson	
Board Member	David Bramhall	
Board Member	Mike Murphy	Left July 2013
Board Member	Ruth Dyble	

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.

.....  
 Pete Brown  
 Accountable Officer  
 13 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.

The salary and pension entitlements of the senior managers and non-executive directors of the York and North Yorkshire 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. The value of pension benefits is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual).

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits £		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Peter Brown – Chief Executive	75–80	75–80	-	-	-	-	26,000	20,000	100–105	95–100
Ken Bellamy – Chair	15–20	15–20	-	-	-	-	-	-	15–20	15–20
Bill Ferguson	0–5	0–5	-	-	-	-	-	-	0–5	0–5
David Bramhall	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Mike Murphy	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Ruth Dyble	0–5	0–5	-	-	-	-	-	-	0–5	0–5

As a result of the closure of the Trust, an exit package for the Chief Executive has been determined and agreed nationally by NOMS, and is effective in July 2014. The cost of this departure (£123,000) is reported in **Note 3(c)** to the Accounts.

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

The Trust maintains a Register of Interests which can be obtained from the Trust (or from NOMS after the Trust is dissolved).

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£75,000–£80,000	£75,000–£80,000
Median for other staff	£27,373	£27,102
Pay multiple ratio	2.8:1	2.8:1

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 (Chair and Chief Executive) and hourly rates (Board Members).

## Benefits in kind

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

## Mutuals

Michael Ryan is a senior staff member from York and North Yorkshire Probation Trust who has been involved in the development of a bid for the Humberside, Lincolnshire and North Yorkshire CRC.

## 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
Peter Brown	45–50	2	787	735	52

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.

.....  
Pete Brown  
Accountable Officer  
13 June 2014

## 4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1) (b) of the OM Act, the Secretary of State has directed the York and North Yorkshire 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 FReM and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain material departures in the financial statements.
- 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 HMT.

## 5. Governance Statement

This Statement sets out for our staff and stakeholders the basis on which the Trust has been established; the way in which it is governed and managed; and how it is accountable for what it does.

The York and North Yorkshire Probation Trust was established on 1 April 2010 under the OM Act. The Trust is required to operate within the provisions of the Act and relevant subordinate legislation. It must also comply with any directions given by the Secretary of State for Justice. The Secretary of State is ultimately accountable to Parliament for the activities and performance of the York and North Yorkshire Probation Trust. The Chief Executive for NOMS, as Accountable Officer for the whole Service, designates the Chief Executive of the Trust to undertake the role of Accountable Officer for the Trust.

The year 2013–14 has been a particularly challenging one for the Trust as it has been preparing to separate out its functions and staff into the new configuration described in the Offender Rehabilitation Act which was passed in March. Essentially we are separating our staff and work into the NPS which will deal with high risk work and the CRC which will deliver all our other activity. This process has been undertaken whilst delivering business as usual and has required additional governance and assurance activity which is detailed within this statement.

### Robust Corporate Governance

The Trust deploys robust corporate governance that where relevant and practical are in line with the Corporate Governance Code.

It is not considered that there are any significant internal control problems. The Internal Auditor's overall opinion for 2013–14 is that the Trust Board's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Trust Board are being effectively managed. The Internal Auditor's Annual Report stated *'our work identified moderate/significant rated findings that are isolated to specific systems and processes and when taken in aggregate we believe they are not pervasive to the system of internal control as a whole. Consequently we can give reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.'* Therefore the Internal Auditor's Annual Report included no issues of sufficient importance that would require highlighting in this Statement.

### Governance Framework

As Accountable Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of MoJ policies, aims and objectives, set by Ministers, whilst safeguarding the public funds and Department's assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money and in the Governance Handbook for Probation Trusts.

The Governance Handbook and Finance Manual for Probation Trusts are produced by NOMS. They set out the managerial and financial framework within which all Probation Trusts are expected to operate.

The Trust Board agreed a Contract for Offender Management and Interventions with NOMS. This Contract was reviewed formally with NOMS on a quarterly basis. We were able to demonstrate and evidence good governance, excellent performance against targets and robust financial management.

Governance arrangements are in place around the joint shared Human Resources (HR) and Finance service with West Yorkshire Probation Trust. This includes me, together with the Chair of the Trust and the West Yorkshire Probation Trust Chair and Chief Executive, holding bi-annual accountability meetings with the Directors of Finance & ICT and HR.

As the Trust's Accountable Officer, I as Chief Executive am personally responsible for propriety and regularity in the management of public funds for which I have charge and for the day to day operations and management of the York and North Yorkshire Probation Trust. I am also personally responsible for this Governance Statement.

The values that underpin our work are:

- People can change – we believe in the ability of every individual to make positive change.
- Integrity – we will be clear and open, and demonstrate honesty and fairness in all our dealings.
- Dignity and respect – we will treat everyone with dignity and respect.
- Effective use of resources – we are committed to best use of public money, harnessing the innovation and creativity of our staff and partners.
- Everybody counts – we believe everyone's contribution adds value and together we can make a difference.

### The Trust Board's Performance and Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of Her Majesty's Inspection of Probation, the Internal Auditors, the Audit Committee, the Trust Board Members and the Directors, who all have a responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their Management Letter and other reports. Letters of Assurance are provided by Senior Managers to attest to the adequacy of the internal controls within their areas of responsibility. We have a fully developed Controls Assurance Map and an agreed Scheme of Delegation for budgets.

Using these sources, and informed by the effective operation of processes up to the reporting date, my assessment is that governance and the system of internal control are sound.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and Audit Committee. In seeking to continuously improve systems the Board has established the following processes:

- The Trust Board meets formally at least six times per year (but more frequently on an informal basis) to consider the plans and strategic direction of the Trust Board, and the Audit Committee meets at least four times per year. All meetings were quorate with the following attendance:

Name	Position	Board Attendance	Audit Committee Attendance
Kenneth Bellamy	Chair	6 out of 6	4 out of 4
Pete Brown	Chief Executive	6 out of 6	4 out of 4
Bill Ferguson	Board Member	5 out of 6	2 out of 4
David Bramhall	Board Member	4 out of 6	4 out of 4
Mike Murphy	Board Member	1 out of 6	1 out of 4 Left 5/7/13
Ruth Dyble	Board Member	6 out of 6	4 out of 4

- The Trust Board receives detailed minutes of each meeting of the Audit Committee together with periodic routine verbal reports on its work, by the Chair of the Audit Committee. These contain full details of the reports prepared in relation to Trust activity by MoJ Audit and their subsequent improvement plans. Risk Management undertaken by a sub group of the Audit Committee comprising of myself and two Board Members. This group reports to the Audit Committee and from there to the Trust Board. I also have sight of the annual report prepared by the Audit Chair.
- Regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Trust Board's system of internal control together with recommendations for improvement.

- A comprehensive performance management system is in place based upon publication of monthly local performance reports and twice yearly national PTRS reports. Staff and managers' access to performance information is via an on-line performance database on our intranet throughout the year.
- The Trust was subject to an inspection by HMIP in October/November 2013, the report being published in February 2014. The findings were very positive across all the domains in the report which highlighted that "the Trust provided strong strategic leadership and enjoyed the respect and confidence of its partners and staff. Managers throughout the Trust encourage innovative practice and their quality performance arrangements had clearly contributed to the encouraging findings of this inspection". We were not required to produce a consequent action plan.

This report provided a strong level of assurance in relation to the Trust's delivery of its core operations.

- I report the performance and financial results each quarter to the Board Strategic Group at which detailed discussion takes place. A subsequent report is then submitted to the Trust Board. Monthly performance on a full range of assurance information and budget reports are received at Senior Leadership Group from operational Directorates and reported to the Board on an exceptions basis.
- I lead monthly reviews of performance with the Senior Leadership Group. I also hold six business meetings per year with each Director in which we review performance both in relation to their responsibilities for the corporate business plan and in relation to their own directorate business plans. Personal objectives throughout the organisation are linked to the corporate business plan and reviewed regularly in supervision which takes place every six weeks.
- The Trust has had in place the following procedures throughout the year in order to maintain a robust internal control mechanism for Corporate Governance:
  - Governance Handbook for Probation Trusts
  - Standing Financial Instructions
  - Standing Orders
  - Register of Interests
- Budget control in York and North Yorkshire is delegated to a range of budget holders and this is tightly managed by the Director of Finance on behalf of the Chief Executive and supported by formal documentation for the management of delegated budgets together with associated virement procedures. A Scheme of Delegation is in place and has been agreed by the Board.
- The Trust Board maintains a comprehensive suite of policies which is regularly reviewed. This is made available to all staff via its Intranet and includes policies in relation to Anti Fraud, Theft and Corruption and Public Interest Disclosure (The "Whistleblower" Policy). Additionally we have a full range of operational processes mapped and available to staff on PROMS which is on staff members' desk tops.
- The Trust Board deploys the European Foundation for Quality Management (EFQM) Framework to identify strengths and areas for improvement in its processes and the results they deliver. A number of awards were achieved, but these have run out during the latter part of 2013/14. A decision was taken not to apply for renewal given the imminent ending of the organisation. Whilst this was a reduction in the sources of assurance for the Board, it was not felt that this was an issue of significant concern given the relatively short time that the Trust will remain in existence.
- No Staff Survey was due to be conducted during 2013–14 as we complete these on a two year cycle. The work from the last action plan which stems from the December 2012 survey was reviewed by a cross grade working group in early 2013/14 and all the required actions were included in the Trust's Business Plan for that year and are monitored in the normal way.

## Health and Safety

The Trust has continued to ensure a safe and healthy working environment for staff and service users.

For the second year in succession, a RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable frequency rate of zero was achieved, compared to one just three years ago. This means that no member of staff suffered severe injury whilst at work.

A similar reduction in accident frequency rate involving service users was also achieved, from 3.4 last year to less than 1.0 just three years ago. In the last half year of 2013/14 there were no RIDDOR reportable accidents involving service users.

## Staff Mutual

Since the 6<sup>th</sup> August 2013 the Trust has released staff and some limited resources to work on the development of the staff mutual across our contract package area. This also includes Humberside and Lincolnshire Trusts. Our joint arrangements were initially discussed and agreed with Ian Poree, NOMS competition lead.

The three Trusts have developed an Alliance Board to which the mutual lead reports, although we are careful that this does not include any commercially sensitive information. Additionally a Board Member from the Lincolnshire Trust became a member of the Mutual Project Board to provide a further level of assurance.

Internally this Trust has implemented in full the ethical walls guidance from 6 August. We have maintained a register of staff required to sign Declaration A (i.e. assisting the competition) or Declaration B (i.e. developing a bid) with individual sign off being monitored since then. We have also developed bespoke communication processes to ensure competition sensitive material would not be shared across these boundaries.

As Chief Executive I have provided assurance about the probity, governance and compliance of the Trust with the above to the Board Chair, Board and Audit Committee.

## Risk Management

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March, 2014 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The York and North Yorkshire Probation Trust Board is committed to an effective process of risk management. The approach taken involves systematically:

- Identifying objectives
- Identifying business risks
- Analysing and Evaluating the risks
- Treating the risk
- Recording, monitoring and reviewing the risks

The Risk Sub Group of the Board this year recognised that there was no requirement to produce a three year risk plan because of the forthcoming closure of the organisation, but undertook an exercise to identify the key risks to the organisation during this year of transformation. These proposals were accepted by the Board. The principal risks were as follows:

- Sustainability through a period of organisational change
- Maintenance of performance
- Maintaining the level of reduction in reoffending
- Staffing relations during change

- Financial sustainability

This year, the Committee judged that the risk to the organisation presented by the TR implementation period was sufficiently high that the Board Risk Group should meet monthly to monitor and review the ongoing risks. These are then reported to the Audit Committee and ultimately to the Board. During the last quarter we moved to holding Board Risk Assurance Group meetings on a four weekly basis to ensure we are actively managing the Trust and the increased risk levels consequent on this.

A range of mitigating activities have been developed in relation to the risks identified including:

- A comprehensive Exit Management Plan
- A TR Strategic Board to oversee change activity
- Increased level of consultation and negotiation with Trade Unions
- A comprehensive Communication Strategy with staff and stakeholders
- An increased focus on budget management and activity throughout the year

Throughout the year the risk register has been routinely reviewed at quarterly intervals by the Senior Leadership Group. Each Directorates Business Plan has an accompanying Risk Register and this is reviewed on a quarterly basis by me in business meetings with the Directors. There is an agreed protocol for the escalation for any developing risks which would see it brought into the Risk Sub Group and then onto the Audit Committee and Trust Board.

Where the Board considers the consequences of the risks may be severe, the counter-measure would be incorporated into the Trust Business Plan as an improvement project.

The Internal and External Audit Plans for 2013–14 were influenced by the Trust Business Plan and the Risk Register, and revised as determined by the dynamic risk environment. Counter measures are monitored through regular performance accountability reviews undertaken by Senior Leadership Group and ultimately the Trust Board.

It is from the robust application of risk management that the Trust Board has been able to maintain both its good performance and performance reporting timeliness during the year.

### Information Security

Controls have been further enhanced to improve information security compliance with specific Government Secure Intranet connection requirements and to incorporate requirements for the processing of confidential data. All staff completed training in the new Government's security classifications in March 2014.

.....  
Pete Brown  
Chief Executive  
York and North Yorkshire Probation Trust  
13 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 York and North Yorkshire 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 York and North Yorkshire Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.



### Opinion on other matters

In my opinion:

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

### Matters on which I report by exception

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

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

### Report

Without qualifying my opinion, I draw attention to the disclosures in **Note 1.4** to the financial statements regarding going concern. The Trust closed on 31 May 2014 with its functions, assets and liabilities being transferred to new public sector entities. In accordance with the Government Financial Reporting Manual the financial statements have been prepared on a going concern basis.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**Date: 30<sup>th</sup> June, 2014**

## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	Restated £000
<b>Expenditure</b>			
Staff costs	3(a)	7,284	7,055
Other expenditure	6	2,530	2,455
<b>Total Expenditure</b>		<b>9,814</b>	<b>9,510</b>
Income	7	(9,688)	(9,653)
<b>Net operating costs</b>		<b>126</b>	<b>(143)</b>
Net interest cost on pension scheme	4(c)	506	484
<b>Net operating costs before taxation</b>		<b>632</b>	<b>341</b>
Taxation	5	0	0
<b>Net operating costs after taxation</b>		<b>632</b>	<b>341</b>

### Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	Restated £000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	8	(1)	0
Re-measurement of post employment benefits	23	(9,319)	1,761
<b>Total comprehensive expenditure for 31 March 2014</b>		<b>(8,688)</b>	<b>2,102</b>

The notes on pages 27 to 49 form part of these accounts.

## Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8	0	3
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
<b>Total non-current assets</b>		<b>0</b>	<b>3</b>
<b>Current assets</b>			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	517	589
Cash and cash equivalents	13	251	505
<b>Total current assets</b>		<b>768</b>	<b>1,094</b>
<b>Total assets</b>		<b>768</b>	<b>1,097</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(474)	(688)
Provisions	15	0	0
Taxation payables	14(a)	(310)	(426)
<b>Total current liabilities</b>		<b>(784)</b>	<b>(1,114)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>(16)</b>	<b>(17)</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(3,889)	(12,576)
<b>Total non-current liabilities</b>		<b>(3,889)</b>	<b>(12,576)</b>
<b>Assets less liabilities</b>		<b>(3,905)</b>	<b>(12,593)</b>
<b>Taxpayers' equity</b>			
General fund	23	(3,921)	(12,608)
Revaluation reserve – property, plant and equipment	24(a)	16	15
Revaluation reserve – intangible assets	24(b)	0	0
		<b>(3,905)</b>	<b>(12,593)</b>

The financial statements on pages 23 to 26 were approved by the Board on 13 June 2014 and were signed on its behalf by

.....  
Pete Brown  
Accountable Officer

13 June 2014

The notes on pages 27 to 49 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 Restated
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(632)	(341)
Adjustments for non-cash transactions	6	4	4
Adjustments for pension cost	4(c)	632	341
(Increase)/decrease in receivables	12(a)	72	4
Increase/(decrease) in payables	14(a)	(330)	27
Utilisation of provisions	15	0	(35)
Less movements in property, plant and equipment payable	14(a)	0	0
<b>Net cash outflow from operating activities</b>		<b>(254)</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	0	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	0
Proceeds on disposal of intangibles	9	0	0
<b>Net cash outflow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Net financing received in year	23	0	0
<b>Net financing</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<b>(254)</b>	<b>0</b>
Cash and cash equivalents at the beginning of the period	13	505	505
Cash and cash equivalents at the end of the period	13	251	505
<b>Increase/(decrease) in cash</b>		<b>(254)</b>	<b>0</b>

The notes on pages 27 to 49 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2012</b>		<b>(10,506)</b>	<b>15</b>	<b>(10,491)</b>
<b>Changes in taxpayers' equity for 2012–13 (restated)</b>				
Net operating cost after taxation	SocNE	(341)		(341)
Re-measurement of post employment benefits	23	(1,761)	0	(1,761)
<b>Balance as at 31 March 2013</b>		<b>(12,608)</b>	<b>15</b>	<b>(12,593)</b>
<b>Changes in taxpayers' equity for 2013–14</b>				
Net operating cost after taxation	SocNE	(632)		(632)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		1	1
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)			
Re-measurement of post employment benefits	23	9,319	0	9,319
<b>Balance as at 31 March 2014</b>		<b>(3,921)</b>	<b>16</b>	<b>(3,905)</b>

The notes on pages 27 to 49 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 FReM issued by HMT. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements is the pension liability, which is informed by actuarial advice.

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 MoJ. They are administered by a new NPS and 21 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 OM Act, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

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

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

### 1.5 Property, plant and equipment

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

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

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is

included within **Note 6**, other expenditure under “accommodation, maintenance & utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

### Revaluation

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

### 1.6 Depreciation

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

Asset lives are currently in the following ranges:

Plant & equipment	5 to 10 years depending on individual asset type
-------------------	--

### 1.7 Impairment

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

## 1.8 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.

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

## 1.9 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 HMT. Administration costs reflect the costs of running the Probation Trust together with associated operating income. For York and North Yorkshire Probation Trust all expenditure in both 2013–14 and 2012–13 is classified as Administration.

## 1.10 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 Statement of Financial Position 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 HMT. The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures.

## 1.11 Leases

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

### Finance leases

The Trust has no finance leases.

### Operating leases

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

## 1.12 Provisions

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

## 1.13 Value Added Tax

For the Probation Trust most of the activities are within the scope of Value Added Tax (VAT) and, in general, output tax is charged and input tax on



purchases is recoverable. Capitalised purchase cost of non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

#### 1.14 Corporation Tax

The Trust is a “corporate body” in accordance with the OM Act supplying court work and offender management services to NOMS and the MoJ, and as a result, Her Majesty Revenue & Customs has confirmed that it is subject to Corporation Tax (CT). The Trust is therefore subject to CT on its profits and ‘profit’ for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

#### 1.15 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.

#### 1.16 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.

#### 1.17 Segmental analysis of spend as reported to the Management Board

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

## 2. Statement of Operating Costs by Operating Segment

Operational Unit	2013-14	2012-13
	Net Expenditure	Net Expenditure
	£000	£000
York & North Yorkshire Probation Trust	£9,370	£9,382
<b>Total Net Expenditure</b>	<b>£9,370</b>	<b>£9,382</b>
<b>Contract Income</b>	<b>(£9,370)</b>	<b>(£9,382)</b>
<b>Overspend/(Underspend)</b>	<b>£0</b>	<b>£0</b>

Financial monitoring is reported to the Board for the Trust as a whole. The income above relates to the income receivable from the sponsoring department (see **Note 7**).

## 3. Staff numbers and related costs

### 3a. Staff costs consist of:

	2013-14			2012-13
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	5,891	5,789	102	5,912
Social security costs	416	416	0	429
Other pension costs	1,150	1,150	0	1,023
<b>Sub-total</b>	<b>7,457</b>	<b>7,355</b>	<b>102</b>	<b>7,364</b>
Less recoveries in respect of outward secondments	(173)	(173)	0	(309)
<b>Total staff costs</b>	<b>7,284</b>	<b>7,182</b>	<b>102</b>	<b>7,055</b>

The LGPS 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**.

No persons (2012-13: 0 persons) retired early on ill-health grounds.

### 3b. Average number of persons employed

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

2013–14			2012–13
Total	Permanently-employed staff	Others	Total
Number	Number	Number	Number
193	189	4	195
<b>193</b>	<b>189</b>	<b>4</b>	<b>195</b>

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

	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<b>Exit packages cost band</b>						
<£10,000	0	0	0	0	4	4
£10,000–£25,000	0	0	0	0	2	2
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	1	1	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>123</b>	<b>123</b>	<b>0</b>	<b>38</b>	<b>38</b>

Redundancy and other departure costs have been paid in accordance with the Trust's compensation scheme. Exit costs for staff leaving in 2013–14 and 2014–15 are accounted for in full where agreements have been reached in 2013–14. The additional costs of any early departures are met from the Trust and not the pension scheme and are included in the above figures. These costs are included in **Note 6** – Other Expenditure (Other staff related).

## 4. Pensions costs

Pension benefits are provided through the North Yorkshire LGPS. This is a statutory, and intended to be a fully funded, scheme which provides benefits on a 'final salary' basis at a normal retirement age of 65, but an employee is eligible to go at 60 under the 85 year rule with no loss of pension entitlement. Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service. Members pay contributions ranging from 5.5% to 7.5% dependant upon the level of pensionable earnings. Pensions payments are increased in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at the rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension, which depends on length of service. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

### 4a. Pension costs

- A full actuarial valuation was carried out at 31 March 2013 by Mercer Human Resource Consultancy Limited.
- For 2013–14, employers' contributions of £1,024,363 were payable to the LGPS (2012–13 £1,164,085) at a rate equivalent to 20% of pensionable pay in both years.
- The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.
- On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the GMPF. The Trust will then only be required to pay employer contributions for the Chief Executive until July 2014.
- Future contributions are referred to in **Note 27**.

The approximate employer's pension contributions for 2013–14 were 11.5% of salaries plus a deficit contribution (estimated 20% total).

The approximate employer's pension contributions for 2014–15 (April & May) will be 14.1% plus a deficit contribution (estimated 23% total).

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

	2013–14	2012–13
	%	%
Inflation assumption	2.4%	2.4%
Rate of increase in salaries	3.9%	4.2%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.4%
Discount rate	4.5%	4.2%

For current pensioners aged 65 the life expectancy is assumed to be 23 years (male) and 25.5 years (female) as at 31st March 2014. For future pensioners aged 65 in 20 years time the life expectancy assumption is 25.3 years (male) and 27.8 years (female) as at 31st March 2014.

## 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	0	27,740	27,740
Funded liabilities	(40,316)	0	(40,316)
<b>Opening balance at 1 April (restated)</b>	<b>(40,316)</b>	<b>27,740</b>	<b>(12,576)</b>
Current service costs	(1,111)	0	(1,111)
Past service costs (including curtailments)	(1)	0	(1)
	<b>(1,112)</b>	<b>0</b>	<b>(1,112)</b>
Net Interest (cost)/income	<b>(1,674)</b>	<b>1,168</b>	<b>(506)</b>
Re-measurements			
Gain/(loss) from change in demographic assumptions	78	0	78
Gain/(loss) from change in financial assumptions	3,963	0	3,963
Experience gains/(losses)	1,676	3,602	5,278
	<b>5,717</b>	<b>3,602</b>	<b>9,319</b>
Contributions			
Employers	0	986	986
Plan participants	(338)	338	0
Payments from plans			
Benefit payments	1,188	(1,188)	0
<b>Closing balance at 31 March</b>	<b>(36,535)</b>	<b>32,646</b>	<b>(3,889)</b>
Plan assets	0	32,646	32,646
Funded liabilities	(36,535)	0	(36,535)
<b>Closing balance at 31 March</b>	<b>(36,535)</b>	<b>32,646</b>	<b>(3,889)</b>

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	23,276	23,276
Funded liabilities	(33,750)	0	(33,750)
<b>Opening balance at 1 April</b>	<b>(33,750)</b>	<b>23,276</b>	<b>(10,474)</b>
Current service costs	(956)	0	(956)
Past service costs (including curtailments)	(67)	0	(67)
	<b>(1,023)</b>	<b>0</b>	<b>(1,023)</b>
Net interest (cost)/income	<b>(1,640)</b>	<b>1,156</b>	<b>(484)</b>
Re-measurements			
Gain/(loss) from change in demographic assumptions	(399)	0	(399)
Gain/(loss) from change in financial assumptions	(4,047)	0	(4,047)
Experience gains/(losses)	0	2,685	2,685
	<b>(4,446)</b>	<b>2,685</b>	<b>(1,761)</b>
Contributions			
Employers	0	1,166	1,166
Plan participants	(348)	348	0
Payments from plans			
Benefit payments	891	(891)	0
<b>Closing balance at 31 March</b>	<b>(40,316)</b>	<b>27,740</b>	<b>(12,576)</b>
Plan assets	0	27,740	27,740
Funded liabilities	(40,316)	0	(40,316)
<b>Closing balance at 31 March</b>	<b>(40,316)</b>	<b>27,740</b>	<b>(12,576)</b>

## 4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equities	21,873	0	21,873	67.0	17,755	0	17,755	64.0
Government bonds	4,048	0	4,048	12.4	3,828	0	3,828	13.8
Other bonds	2,449	0	2,449	7.5	2,579	0	2,579	9.3
Property	1,534	0	1,534	4.7	1,026	0	1,026	3.7
Cash and cash equivalents	163	0	163	0.5	139	0	139	0.5
Other	2,579	0	2,579	7.9	2,413	0	2,413	8.7
<b>Total</b>	<b>32,646</b>	<b>0</b>	<b>32,646</b>	<b>100.0</b>	<b>27,740</b>	<b>0</b>	<b>27,740</b>	<b>100.0</b>

#### 4e. Sensitivity analysis

	<b>+0.1%</b> <b>£000</b>	<b>0%</b> <b>£000</b>	<b>-0.1%</b> <b>£000</b>
<b>Adjustment to discount rate</b>			
Present value of total obligation	35,859	36,535	37,211
Projected service cost	948	978	1,008
	<b>+1yr</b> <b>£000</b>	<b>none</b> <b>£000</b>	<b>-1yr</b> <b>£000</b>
<b>Adjustment to mortality age rate assumption</b>			
Present value of total obligation	37,236	36,535	35,834
Projected service cost	1,001	978	955
	<b>+0.1%</b> <b>£000</b>	<b>0%</b> <b>£000</b>	<b>-0.1%</b> <b>£000</b>
<b>Adjustment to inflation</b>			
Present value of total obligation	37,224	36,535	35,846
Projected service cost	1,010	978	946

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

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

## 5. Taxation

	<b>2013–14</b> <b>£000</b>	<b>2012–13</b> <b>£000</b>
UK corporation tax	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Probation Trusts are corporate bodies under the OM Act, supplying court work and offender management services to the MoJ. The Trust is therefore subject to CT on its profits and 'profit' for this purpose means income and chargeable gains.



## 6. Other Expenditure

Rentals under operating leases	3
Accommodation, maintenance and utilities	934
Travel, subsistence and hospitality	201
Professional services	323
IT services	324
Communications, office supplies and services	126
Other staff related	228
Offender costs	351
Other expenditure	4
External Auditors' remuneration – statutory accounts	21
Internal Auditors' remuneration	11

### Non-cash items

Depreciation of tangible non-cash assets	4
--	---

### Total

2013–14		2012–13	
£000	£000	£000	£000
3		3	
934		893	
201		190	
323		340	
324		324	
126		179	
228		89	
351		378	
4		24	
21		21	
11		10	
	2,526		2,451
4		4	
	4		4
	2,530		2,455

## 7. Income

Income receivable from the sponsoring department – NOMS

Other income received from Probation Trusts  
 Other income from NOMS  
 Other income from other Government departments  
 Miscellaneous income

Interest received:

From bank

**Total interest received**

**Total income**

	2013-14		2012-13	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	9,370		9,382	
		<b>9,370</b>		<b>9,382</b>
Other income received from Probation Trusts		30		59
Other income from NOMS		12		11
Other income from other Government departments		233		134
Miscellaneous income		40		65
		<b>9,685</b>		<b>9,651</b>
Interest received:				
From bank	3		2	
<b>Total interest received</b>		<b>3</b>		<b>2</b>
<b>Total income</b>		<b>9,688</b>		<b>9,653</b>

## 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	
<b>Cost or valuation</b>						
As at 1 April 2013	0	66	0	0	0	66
Disposals	0	(13)	0	0	0	(13)
Indexation/revaluation	0	1	0	0	0	1
<b>As at 31 March 2014</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>
<b>Depreciation</b>						
As at 1 April 2013	0	63	0	0	0	63
Charge in year	0	4	0	0	0	4
Disposals	0	(13)	0	0	0	(13)
<b>As at 31 March 2014</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Asset financing</b>						
Owned	0	0	0	0	0	0
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
As at 1 April 2012	0	66	0	0	0	66
As at 31 March 2013	0	66	0	0	0	66
<b>Depreciation</b>						
As at 1 April 2012	0	59	0	0	0	59
Charge in year	0	4	0	0	0	4
As at 31 March 2013	0	63	0	0	0	63
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Asset financing</b>						
Owned	0	3	0	0	0	3
Carrying value as at 31 March 2013	0	3	0	0	0	3

## 9. Intangible assets

There were no intangible assets.

## 10. Impairments

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

## 11. Assets held for sale

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

## 12. Trade receivables and other current assets

### 12a. Analysis by type

#### Amounts falling due within one year

Trade receivables	4	18
Deposits and advances	3	4
Receivables due from Probation Trusts	0	9
Receivables due from NOMS Agency	404	539
Receivables due from other Government departments	98	13
Prepayments	8	6

#### Amounts falling due after more than one year

**Total**

	2013–14	2012–13
	£000	£000
	4	18
	3	4
	0	9
	404	539
	98	13
	8	6
		<b>0</b>
	<b>517</b>	<b>589</b>

### 12b. Intra-Government receivables

Balances with other central Government bodies (inc. parent department)

Balances with local authorities

Balances with bodies external to Government

**Total**

	Amounts falling due within one year	
	2013–14	2012–13
	£000	£000
	404	548
	98	13
	<b>502</b>	<b>561</b>
	15	28
	<b>517</b>	<b>589</b>

## 13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	505	505
Net change in cash and cash equivalents	(254)	0
<b>Balance at 31 March</b>	<b>251</b>	<b>505</b>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	251	505
<b>Balance at 31 March</b>	<b>251</b>	<b>505</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2013–14	2012–13
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	114	209
Accruals	193	49
Deferred income	26	20
Staff payables	60	51
Payables due to Probation Trusts	2	84
Payables, Accruals and Deferred Income due to NOMS Agency	0	196
Payables, Accruals and Deferred Income due to other HM Government	79	41
Unpaid pensions contributions due to the pensions scheme	0	38
	<b>474</b>	<b>688</b>
<b>Tax falling due within one year</b>		
VAT	310	420
Other taxation and social security	0	6
	<b>310</b>	<b>426</b>
<b>Total amounts falling due within one year</b>	<b>784</b>	<b>1,114</b>
<b>Amounts falling due after more than one year</b>		
Staff payables	0	0
Other payables	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>784</b>	<b>1,114</b>

## 14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	390	731	0	0
Balances with local authorities	1	16	0	0
	<b>391</b>	<b>747</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	393	367	0	0
<b>Total</b>	<b>784</b>	<b>1,114</b>	<b>0</b>	<b>0</b>

## 15. Provisions for liabilities and charges

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

	2012–13				
	Early retirements costs	Leasehold Property Dilapidations	Other Provisions	Voluntary Early Departure	Total
	£000	£000	£000	£000	£000
Balance at 1 April	0	0	0	35	35
Provided in year	0	0	0	0	0
Provision utilised in the year	0	0	0	(35)	(35)
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 16. Capital commitments

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

## 17. Commitments under leases

### 17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
<b>Other</b>		
Not later than one year	2	1
Later than one year and not later than five years	3	5
<b>Total</b>	<b>5</b>	<b>6</b>

Operating leases refer to a vehicle.

### 17b. Finance leases

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

## 18. Other financial commitments

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

## 19. Deferred tax asset

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

## 20. Financial instruments

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

## 21. Contingent liabilities

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



## 22. Losses and special payments

### 22a. Losses statement

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Administrative write-offs	5	1	1	0
<b>Total</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Details of cases over £300,000</b>				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

There were no losses over £300,000.

### 22b. Special payments schedule

There were no Special Payments in 2013–14 or in 2012–13.

## 23. General fund

	2013–14 £000	2012–13 £000
<b>Balance at 1 April</b>	<b>(12,608)</b>	<b>(10,506)</b>
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(632)	(187)
Re-measurement of defined benefit obligation	9,319	(1,915)
<b>Balance at 31 March</b>	<b>(3,921)</b>	<b>(12,608)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2013–14 £000	2012–13 £000
Balance at 1 April	15	15
<b>Balance restated at 1 April</b>	<b>15</b>	<b>15</b>
Arising on revaluations of PPE during the year (net)	1	0
<b>Balance at 31 March</b>	<b>16</b>	<b>15</b>

Movement due to indexation of PPE

## 25. Related party transactions

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

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

### Mutuals

Please refer to Section 2 – Management Commentary – page 9.

The Trust contributed £3,000 to Humberside Probation Trust towards the administrative costs incurred.

## 26. Third-party assets

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

## 27. Events occurring after the reporting period

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

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

### Dissolution of the Trust

The Trust ceased trading on 1 June 2014. A Statutory Instrument to dissolve the Trust, under section 5(1) (c) of the OM Act, 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 NPS and a CRC, 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 GMPF.

The Trust will then only be required to pay employer contributions for the Chief Executive until July 2014.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS 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 MoJ.

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

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
Net operating expenditure after taxation	187
Other comprehensive expenditure	1,915
Total comprehensive expenditure	<b>2,102</b>
Restatement:	
Increase in programme expenditure (interest costs)	154
Decrease in re-measurement of defined benefit obligation (previously actuarial loss)	(154)
	<b>0</b>
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	341
Other comprehensive expenditure	1,761
Total comprehensive expenditure	<b>2,102</b>

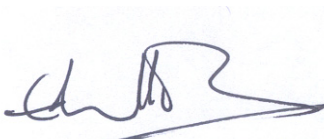
### Extract from the Statement of Changes in Taxpayers' Equity

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
General fund balance as at 31 March 2013	<b>12,608</b>
Restatement:	
Increase in net operating expenditure	23
Decrease in re-measurement of defined benefit obligation (previously actuarial loss)	(23)
General fund balance as at 31 March 2013 after restatement	<b>12,608</b>

## Accounts Direction

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

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



Edward Kirby

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

## Appendix 1

35 Probation Trusts:

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

It has been mandatory since 2012 for all central government bodies that produce Annual Reports and Accounts in accordance with the Government FReM to include a discrete section of sustainability information and related costs.

This is our third Sustainability Report and it forms part of the MoJ consolidated Annual Report and Accounts.

We focus on the environmental challenges that most affect our estate. This includes environmental impact of our energy and water use, waste generation and recycling together with the costs associated with each of these. Our priority is to reduce our carbon dioxide emissions from both our estate and our business travel.

### Scope

For energy, water and waste use, this report covers all locations occupied by the Trust where we pay for utilities via a central charging mechanism with NOMS. Travel data includes travel by all our staff regardless of their location. We have continued to work with the MoJ Sustainability Team to provide more detailed and accurate performance data in future years which will enable us to provide a commentary against each category.

### Environmental Strategy

Our Environmental Strategy and related action plan supports the Trust's goal to make effective and efficient use of all energy resources. We engage with staff, service users, Board Members and partners to support our actions with the aim of continuously improving our energy efficiency.

NOMS commissioned regional environmental audits during 2013/14 and the Hawra Crescent, Harrogate property was included in this project. Unfortunately all recommendations had a 2 year or more pay back, therefore, due to the uncertainty about the future of the Probation Estate no works were commissioned.

### Targets 2013–2014

The Trust set itself the target during 2013/14 of reducing greenhouse gas emissions and energy use by 5%. The feedback we have received outlined a reduction in the use of greenhouse gas emissions of 17% on the previous year and a reduction in energy use of 11% over the same timescales. These figures relate to an estate which has been reduced slightly during the year with the closure of our P2K office at the end of August 2013, however notwithstanding this it's pleasing to note that we have delivered on our target this year.

## Achievements 2013/2014

In order to deliver on the above targets we established Local Delivery Unit delivery plans as part of the work of the Trust's Green Group. These plans detailed how, in day to day business, we would engage all our staff in reducing our use of resources. We focussed on the use of recycled paper and double sided printing, the installation of lighting on timer switches, close attention to office temperatures and to where achievable commission work on insulation window frames across the estate. We have also expanded our use of pool cars and vans, the latter particularly aimed at reducing the costs of our community payback activity. We have achieved a 2% reduction in carbon emissions across the Trust and a 12.5% reduction in rail travel. We have been supported in this by a conscious effort to expand our use of video and telephone conferencing technology. We have also achieved a drop of water consumption in the Trust of 14%. Overall this has been a solid year of achievement in our efforts to use resources efficiently as an organisation.

### Detailed Estates Performance Data

#### Description of Terms, Scope and Data Quality

For energy, water and waste use, this report covers all locations occupied by us where the costs for utilities are met through the NOMS' outsourced Estate and Facilities contract.

We continue to work with the MoJ Sustainability Team to improve the quality of the data we receive to be able to publish more accurate figures.

2009/10	8 buildings reported electricity use 6 gas use and 5 water use
2010/11	8 buildings reported electricity use 6 gas use and 5 water use
2011/12	8 buildings reported electricity use 6 gas use and 5 water use
2012/13	7 buildings reported electricity use 5 gas use and 4 water use
2013/14	7 buildings reported electricity use 5 gas use and 4 water use

It should be noted that P2K York closed for business on 31 August 2013 and operations were transferred to the existing estate.

### Performance summary

#### Greenhouse gas (GHG) emissions

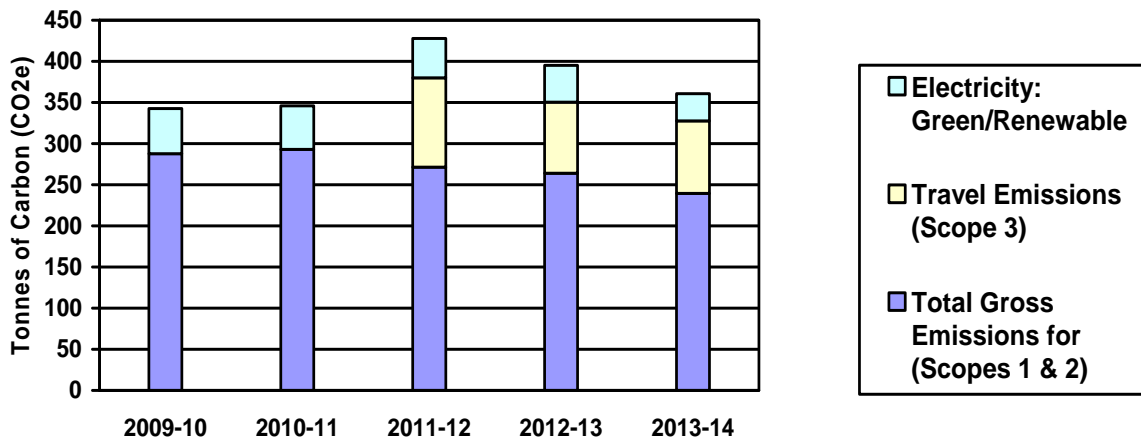
		2009–10	2010–11	2011–12	2012–13	2013–14
Non-Financial Indicators (tCO <sub>2</sub> e)	Total gross emissions for (scopes 1 & 2)	342.6	345.9	319.3	308.8	239.5
	Electricity: green/renewable	54.9	52.9	47.9	44.7	33.0
	<b>Total net emissions (scopes 1 &amp; 2)</b>	<b>287.7</b>	<b>293.0</b>	<b>271.4</b>	<b>264.1</b>	<b>206.5</b>
	Travel – emissions (scope 3)	0.0	0.0	108.5	86.3	88.2
	<b>Total gross GHG emissions (all scopes)</b>	<b>342.6</b>	<b>345.9</b>	<b>427.8</b>	<b>395.1</b>	<b>327.7</b>
Non-Financial Indicators (kWh)	Electricity: Grid, CHP & non-renewable	316,530	305,190	276,242	257,804	221,949
	Electricity: renewable	105,510	101,730	92,080	85,934	73,982
	Gas	664,043	724,255	681,498	663,175	585,184
	Other energy sources	0	0	0	0	0
	<b>Total energy</b>	<b>1,086,083</b>	<b>1,131,175</b>	<b>1,049,820</b>	<b>1,006,913</b>	<b>881,115</b>
Financial indicators	Expenditure on energy (£)	£89,993	£95,612	£55,974	£68,632	72,240
	Expenditure on official business travel (£)	£0	£0	£196,461	£178,950	172,998

#### Performance commentary (including targets)

There is a slight reduction in energy use in 2013/14 compared to 2012/13 and this may be attributed to the closure of one office part way through the year. We continue to work with MoJ Sustainability Team to provide more accurate and detailed figures in the future.



### GHG Emissions By Scope



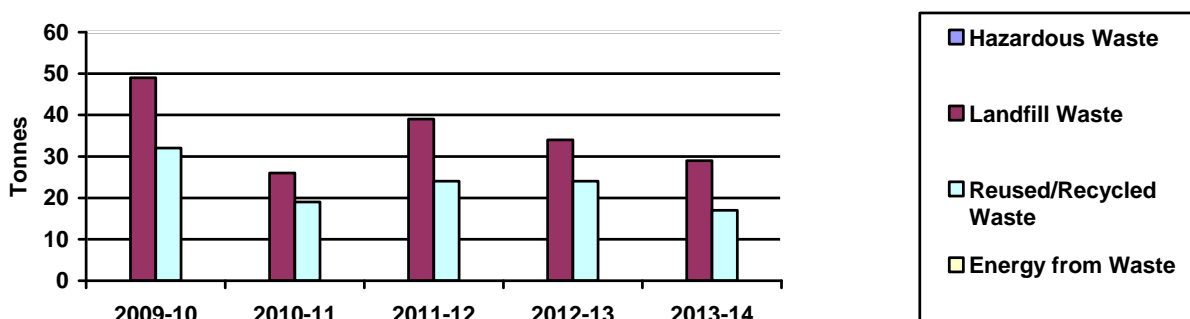
### Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-Financial Indicators (tonnes)	Hazardous waste	Hazardous waste	0	0	0	0	0
	Non-hazardous waste	Landfill waste	49	26	39	34	29
		Reused/recycled waste	32	19	24	24	17
		Energy from waste	0	0	0	0	0
<b>Total Waste Arising</b>			<b>81</b>	<b>45</b>	<b>63</b>	<b>58</b>	<b>47</b>
Financial Indicators	Hazardous waste	Hazardous waste	0	0	0	0	0
	Non-hazardous waste	Landfill waste	0	0	0	0	0
		Reused/recycled waste	0	0	0	0	0
		Incinerated waste	0	0	0	0	0
<b>Total Waste Costs (£)</b>			<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

### Performance commentary (including targets)

We strive to reduce our waste figures on an ongoing basis.

### Waste By Final Disposal



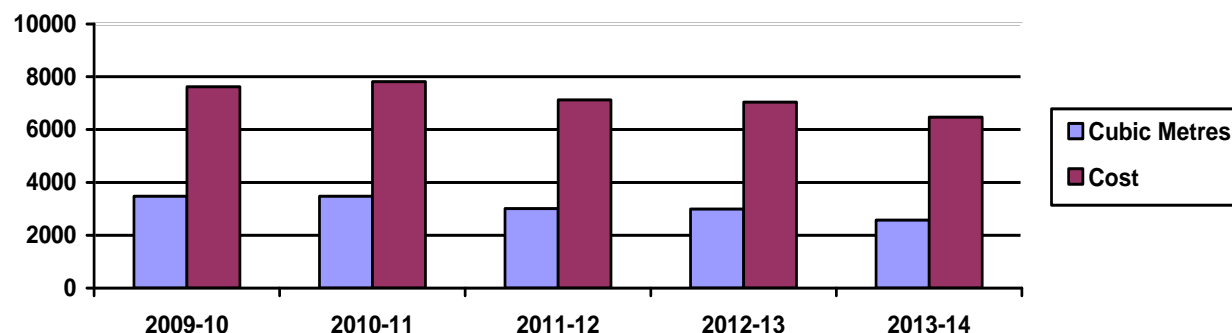
## Water

		2009-10	2010-11	2011-12	2012-13	2013-14
Non-Financial Indicators	Total Water consumption (cubic metres)	3,474	3,476	3,005	2,997	2,569
Financial Indicators	Total Water Supply costs (£)	£7,621	£7,816	£7,126	£7,039	6,467

### Performance commentary (including targets)

We continue to work with MoJ Sustainability Team to obtain more detailed and accurate figures.

Water by Consumption & Cost



## Paper

	2009-10	2010-11	2011-12	2012-13	2013-14
Cost excl. VAT	0	0	0	3,750	4,000

### Performance commentary (including targets)

Further work is required in this area to understand paper usage which in turn should support targets for reduction.

## Carbon Emissions: Travel

	2011-12 Kilometres	2012-13 Kilometres	2013-14 Kilometres
<b>Mileages</b>			
Cars owned by the Trust	0	0	0
Vans and HGVs owned by the Trust	5,833	28,834	65,814
Cars not owned by the Trust	498,144	380,055	356,636
Vans and HGVs not owned by the Trust	0	0	0
Taxi travel	2,656	2,896	2,178
Bus travel	1,432	1,558	1,090
Rail travel	188,718	200,503	173,104
Air travel	0	0	0
<b>Total travel – kilometres</b>	<b>696,783</b>	<b>613,846</b>	<b>599,822</b>

### Performance commentary (including targets)

Overall the Trust has achieved a 2% reduction in business travel.

Van mileage increased due to the increased fleet of community payback vehicles to help reduce the mileage undertaken in staff private vehicles.

We continue to promote video and telephone conferencing and promote the use of car sharing in order to reduce our figures.

## Contact

The contact in respect of business travel emissions is Denise Goznic 03000 487045  
[denise.goznik@west-yorkshire.probation.gsi.gov.uk](mailto:denise.goznik@west-yorkshire.probation.gsi.gov.uk)

## Glossary

CETV	–	Cash Equivalent Transfer Value
CRCs	–	Community Rehabilitation Companies
CT	–	Corporation Tax
EFQM	–	European Foundation for Quality Management
FReM	–	Financial Reporting Manual
GMPF	–	Greater Manchester Pension Fund
HMIP	–	Her Majesty's Inspectorate of Probation
HMRC	–	Her Majesty Revenue & Customs
HMT	–	Her Majesty Treasury
HR	–	Human Resources
ICO	–	Information Commissioner's Office
IFRS	–	International Financial Reporting Standards
LGPS	–	Local Government Pension Scheme
MAPPA	–	Multi-Agency Public Protection Arrangements
MoJ	–	Ministry of Justice
NDPB	–	Non Departmental Public Body
NOMS	–	National Offender Management Service
NPS	–	National Probation Service
OASys	–	Offender Assessment Systems
OM Act	–	Offender Management Act 2007
OM	–	Offender Management
OMI	–	Offender Management Inspection
PTRS	–	Probation Trust Rating System
SoCNE	–	Statement of Comprehensive Net Expenditure
TR	–	Transforming Rehabilitation
VAT	–	Value Added Tax

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