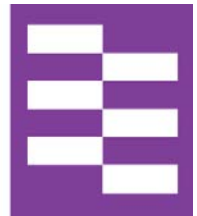


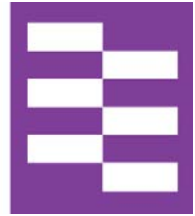
**Norfolk & Suffolk  
Probation Trust**



# **Norfolk and Suffolk Probation Trust**

**Annual Report and Accounts  
2013–2014**

**Norfolk & Suffolk  
Probation Trust**



**Norfolk and Suffolk Probation Trust**  
**Annual Report and Accounts**  
**2013–2014**

Presented to Parliament pursuant to The Government Resources and Accounts Act 2000  
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# Vision, Mission & Values

## Vision

Our vision is that the communities we serve will feel and be safer through the work of Norfolk and Suffolk Probation Trust (NSPT), delivered both directly and through a variety of other collaborative and contractual arrangements.

## Mission

Our mission is to protect the public and our local communities by reducing and preventing re-offending and its impact on victims. We will do this by commissioning or providing competitive, cost effective and high quality services to courts, offenders, victims and other stakeholders.

## Values

The achievement of our vision and mission will be underpinned by the following certain values

- We have a fundamental belief in the capacity of individuals to make positive changes.
- We will treat with respect all those with whom we have contact, both internally and externally.
- We will recognise and respond to the diverse needs of offenders, victims, staff and other stakeholders.
- We will ensure that our staff are well informed, properly trained and highly motivated.
- We will work collaboratively with organisations across all sectors in seeking to find the most effective and efficient ways of delivering services.
- We will be a dynamic organisation which is responsive to the changing economic and political environment.
- We will embrace change and encourage innovation in our staff and our partners.

We will have an ethical business approach which is consistent with our core values.

## Foreword

This will be the last Annual Report for Norfolk and Suffolk Probation Trust (NSPT) following the implementation of the Government's Transforming Rehabilitation (TR) programme.

From 1<sup>st</sup> June 2014 the 35 Probation Trusts, of which NSPT is one, will be replaced by a new public sector National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs) across England and Wales. All NSPT's staff, assets and offender caseload will transfer to either the NPS or the Norfolk and Suffolk Community Rehabilitation Company (NSCRC). High risk of harm offenders will be the responsibility of the NPS and low to medium risk of harm offenders will be managed by the CRCs. Under the plans, the CRCs will remain in the public sector until sold to bidders in the autumn of 2014.

Over the past 12 months, NSPT has sought to balance the challenge of implementing the large scale changes required by the TR Programme with delivering our core work of effectively managing offenders, protecting the public and reducing re-offending.

Despite these challenges NSPT ended the year with a Green or 'good' rating on the Probation Trust Rating System.

We would like to thank all our staff for their ongoing commitment to the delivery of high quality services, whether operationally to offenders and victims or organisationally to staff, partner organisations and other key stakeholders.

Gill Lewis, Trust Board Chair

Martin Graham, Chief Executive

**Martin Graham**  
**Chief Executive**  
**Norfolk and Suffolk Probation Trust**  
1<sup>st</sup> July 2014

# 1. Operational & Performance Review 2013–14

NSPT's overall performance for 2013–14 has been very positive across the targets agreed with the National Offender Management Service (the commissioner of probation services for offenders).

In relation to the metrics linked to the Probation Trust Rating System (PTRS), NSPT achieved an overall score of 3, representing "green / good performance". Across all three sections of the PTRS (Public Protection, Reduce Re-Offending and Sentence Delivery) the Trust scored level 3 (good performance) results on all but one of the seven metrics. With regard to the combined metric for MAPPA effectiveness the Trust exceeded its target on two of the three elements, but failure to meet the target for ViSOR effectiveness (changes in MAPPA levels recorded on the Trust's case recording system being promptly and sufficiently recorded on ViSOR) resulted in an overall score of 2 for the Public Protection domain. This was disappointing as performance was primarily affected by issues arising from NSPT's migration to the national Delius Case Management System.

It should be noted with regard to a number of the PTRS metrics that the Trust delivered performance above its target. This included ensuring that offenders:

- completed their Orders or Licences successfully;
- secured employment by the end of their supervision period;
- were in secure and suitable accommodation.

In its work with victims of crime the Trust received 100% positive feedback from victims.

Over 73% of offenders starting a period of supervision with NSPT completed it successfully. This performance represents a year-on-year improved trend in performance and reflects the focus that the three Local Delivery Units brought to this area of work.

Over 49% of offenders were in employment at the end of their period of supervision, with the Trust delivering over 100% of its target to support offenders to retain employment for 4 weeks or more. The Trust ended the year significantly above the national average in terms of offenders being in secure and suitable accommodation at the end of their supervision. Of the 35 Trusts NSPT was the 10<sup>th</sup> most successful in delivering their accommodation target, despite having one of the highest targets of any Trust. Given the importance that securing employment and accommodation have in supporting offenders' desistance from offending, the level of performance achieved by the Trust is important to note.

Apart from those measures included in the PTRS, the Trust also performed strongly across the range of other contractual targets agreed with the commissioner. This included:

- delivering above target in its "enforcement" activity, ending the year 7<sup>th</sup> best of 35 Trusts;
- delivering above target for its compliance with the "generic parole process";
- delivering its target of 60 offender completions of the Sex Offender Programme, underpinned by a completion rate above the national average at nearly 83%;
- delivering slightly above target with regard to the number of offenders completing the Domestic Violence Programme supported, again, by a completion rate above the national average;
- delivering above target on its completions of General Offending Behaviour Programmes with completion rates above the national average.

This provides evidence of the Trust's particular strength in delivering accredited programmes that are known to have a significant impact on reducing the risk of further offending. Offenders starting on programmes run by NSPT are more likely than those in most other Trusts to complete their programmes and thus secure the most positive benefits from engagement with the service.

Other strong performance included:

- delivering above target on the number of offenders who successfully completed their Community Payback hours;
- delivering significantly above target on the number of offenders who successfully completed Specified Activity Requirements addressing, respectively, alcohol problems, emotional wellbeing concerns and drink drive offending.

Areas where performance was not as required included:

- a below average completion rate for offenders who started an Unpaid Work Requirement
- missing the targets on the number of offenders completing Anger Management Specified Activity Requirements, Attendance Centre Requirements and Restorative Justice Conferences.

It should be noted, however, that with regard to these targets the supply of suitable offenders for Attendance Centre Requirements has been severely affected by the low numbers of appropriate offenders coming through the Courts whilst the Anger Management Activity Requirement and Restorative Justice Conferencing are new initiatives that are still finding their level.

NSPT's end of year performance against the metrics which were included in the PTRS was:

| Indicator  | Target %  | Year to Date Performance % |
|--|-----------|----------------------------|
| <b>PTRS</b>  |           |                            |
| OM 29: Offender Feedback   | 67.0      | 72.0                       |
| OM 26: OASys Quality Assurance   | 88.0      | 89.1                       |
| IPPF4: OMI Risk of Harm  | 70.0      | 69.0                       |
| IPPF5: OMI Assessment & Sentence Planning  | 66.0      | 74.0                       |
| IPPF19: OMI Enforcement & Compliance   | 70.0      | 78.0                       |
| IPPF20: OMI Likelihood of Reoffending  | 70.0      | 71.0                       |
| OM 41: MAPPA Effectiveness   | 75.0/90.0 | 85.7/99.7                  |
| IPPF6: OMI Interventions   | 66.0      | 71.0                       |
| OM 32: Victim Feedback – Quarterly   | 90.0      | 100.0                      |
| OM 20: Compliance – % of cases that terminate successfully   | 73.0      | 73.9                       |
| INT 9: Employment at Termination   | 46.0      | 49.5                       |
| OM 17: Accommodation at Termination  | 83.0      | 88.8                       |
| <b>SLA</b>   |           |                            |
| OM 40: Court Report Timeliness   | 95.0      | 98.6                       |
| OM 5: Enforcement  | 90.0      | 95.7                       |
| OM 4: Timeliness of Licence Recall Requests  | 95.0      | 99.0                       |
| OM 27: Generic Parole Process  | 80.0      | 86.5                       |
| OM 39: % of OASys final reviews to be completed within the appropriate timescales for all Tier 2, 3, 4 and PPO cases | 90.0      | 86.0                       |

|   | Target Volumes | Year to Date Performance Volumes | %     |
|---|----------------|----------------------------------|-------|
| Compliance Specific Activity Requirements made                | 36             | 95                               | 263.9 |
| Restorative Justice – number of conferences (*)               | 5              | 4                                | 80.0  |
| INT 1: Accredited Sex Offender Programme Completions          | 60             | 60                               | 100.0 |
| INT 2: Accredited Domestic Violence Programme Completions     | 85             | 86                               | 101.2 |
| INT 3: Accredited General Offending Programme Completions (*) | 142            | 155                              | 109.2 |
| INT 5: Unpaid Work Completions (*)                            | 1159           | 1268                             | 109.4 |
| Alcohol Specific Activity Requirements made                   | 125            | 195                              | 156.0 |



|  | Target Volumes | Year to Date Performance Volumes | %     |
|--|----------------|----------------------------------|-------|
| Women's Emotional Well-being Specific Activity Requirements Made | 110            | 114                              | 103.6 |
| Drink Driving Specific Activity Requirements made                | 25             | 40                               | 160.0 |
| Attendance Centre Requirements made                              | 74             | 47                               | 63.5  |
| Anger Management Specified Activity Requirements made            | 30             | 17                               | 70.8  |
| INT 8: Offenders retaining Employment for 4 weeks or more        | 330            | 341                              | 103.3 |

(\*) Contract Varied Jan 2014

OM: Offender Management, IPPF: Integrated Probation Performance Framework, INT: Interventions

In summary, it can be seen that despite a year of significant organisational change and upheaval, NSPT has continued to maintain a good level of performance across a wide range of metrics and, in a number of areas, has seen performance improvements.

Martin Graham  
 Chief Executive  
 1<sup>st</sup> July 2014

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

### Statutory background

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

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by “Her Majesty’s” Treasury (HMT) and in accordance with the Accounts Direction issued on page 56 by the Secretary of State under the OM Act

### Principal activities

Norfolk and Suffolk Probation Trust covers the Norfolk and Suffolk County police areas as defined in Schedule 1 of the Police Act 1996, serving a population of around 875,000 (Norfolk) and 716,000 (Suffolk). During the year, the Trust Board employed an average of 397 full time equivalent staff working from five buildings and three approved premises across the Trust.

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

The discharge of policies as established by the Ministry of Justice, are designed to ensure:

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

The Chief Executive (CE) is a statutory office holder appointed by the appointed members. The CE is the Accountable Officer for the Trust and is accountable to the NOMS Accounting Officer for the National Offender Management Service.

The Principle Accounting Officer (PAO), in turn, is accountable to the Accountable Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

### Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 6.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 22. The Statement of Changes in Taxpayers’ Equity is shown on page 25.

### Operating costs

The net operating cost before tax for 2013–14 stands at £1,507k compared to £629k for 2012–13. The reason for the increase is due to increased expenditure relating to staff costs, secondments and changes with pension estimates.

## Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 23–24.

The net asset position has decreased from a liability of £27.447m at March 2013 to £22.607m at March 2014. The largest single movement in net liabilities is £4.887m and is due to changes in the actuarial gains and losses estimates.

### Payment of creditors

In the year to 31 March 2014, the Trust Board continues to observe the principles of the CBI “Prompt Payment” Code and aims to pay all approved invoices within 30 days from date of receipt. In 2013–14 99.39% of undisputed invoices were paid within 30 days, compared with 99.5% in 2012–13.

### Treatment of Pension Liabilities

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

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

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

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

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

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

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

### Sickness absence data

The average levels of absence due to staff sickness were 8.1 days across the Trust (2012–13 8.4 days).

### Personal data related incidents

NSPT is required to report a summary of any significant personal data related incidents in 2013–14 which were formally reported to the Information Commissioner’s Office (ICO). For 2013–14 there were no incidents to report.

### Events after the reporting period

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

As at the date of the Audit Certificate, the following reportable events had occurred;  
The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company which are 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.

### 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 58 to 62.

### Going concern

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

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

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

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

On 1 June 2014, a Transfer Order effected the transfer of the existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled by September 2014 at the latest. MoJ/NOMS has committed to fund and ensure that 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 mandate the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRM), 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 Board and Senior Management Team (SMT) are committed to engaging with staff to inform and capture staff views and inputs. This is achieved by:

- Board and SMT minutes published on intranet
- Staff encouraged to attend above meetings
- Chief and Chair “roadshows” undertaken around the two counties
- Use of intranet blog for questions to Board and SMT

## Staff diversity

The Trust is committed to Equal Opportunities and diversity in the recruitment and development of its workforce and the delivery of services to offenders and victims. To ensure this the Trust Board has the following policies and procedures

- Diversity Policy
- Diversity Strategy
- Single Equality Scheme
- Recruitment and Selection Policy and Procedures
- Policy on the Employment of Disabled People
- Code of Conduct
- Harassment Policy.

For 2013–14 the average full time equivalent mix of staff was female 339 (66%) and male 175 (34%). Within these figures senior management was split 4 male to 4 female.

The Diversity Manager with the Equalities Working Group oversees the implementation of the Trust's Diversity Strategy, Policy, the Single Equality Scheme and undertakes diversity impact assessments on all policies and functions of the Trust Board.

## Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on pages 20–21.

Total audit fees reported in the Accounts are £51,995. The audit fees for 2013–14 are made up of:

- £31,995 external and
- £20,000 internal

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

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

## The Norfolk and Suffolk Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 are noted on page 15.

The Chair and other members of the Board were all appointed by the Secretary of State. Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 12 to 13.

Membership of the Board is set out in the table below with all named parties in post from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

| <b>Position</b>       | <b>Name</b>    | <b>Date appointment commenced / ended<br/>(during 2013–14) where appropriate</b> |
|-----------------------|----------------|--|
| Chief Executive       | Martin Graham  |  |
| Chair                 | Gill Lewis     |  |
| Non-Executive Members | Sharon Brooks  |  |
|                       | Les Bryant     |  |
|                       | John Eccleston |  |
|                       | Peter Hargrave |  |
|                       | Lesley Watts   |  |

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

Accountable Officer  
1st July 2014

## 3. Remuneration Report

### Appointments

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

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

### A) REMUNERATION – AUDITED

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

|                     | Salary £000 |         | Benefits in kind (to nearest £100) |         | Pension benefits (to nearest £000) |         | Total (to nearest £000) |         |
|---------------------|-------------|---------|------------------------------------|---------|------------------------------------|---------|-------------------------|---------|
|                     | 2013–14     | 2012–13 | 2013–14                            | 2012–13 | 2013–14                            | 2012–13 | 2013–14                 | 2012–13 |
| Martin Graham – CEO | 85–90       | 85–90   | 0                                  | 0       | 45–50                              | 40–45   | 135–140                 | 130–135 |
| Gill Lewis – Chair  | 20–25       | 15–20   | 0                                  | 0       | 0                                  | 0       | 20–25                   | 15–20   |
| Board Members       |             |         |                                    |         |                                    |         |                         |         |
| Sharon Brooks       | 5–10        | 5–10    | 0                                  | 0       | 0                                  | 0       | 5–10                    | 5–10    |
| Les Bryant          | 0–5         | 0–5     | 0                                  | 0       | 0                                  | 0       | 0–5                     | 0–5     |
| John Eccleston      | 5–10        | 5–10    | 0                                  | 0       | 0                                  | 0       | 5–10                    | 5–10    |
| Peter Hargrave      | 0–5         | 5–10    | 0                                  | 0       | 0                                  | 0       | 0–5                     | 5–10    |
| Lesley Watts        | 5–10        | 0–5     | 0                                  | 0       | 0                                  | 0       | 5–10                    | 0–5     |

All Ministry of Justice appointed board members receive non-pensionable remuneration of £15.40 per hour from 1<sup>st</sup> April 2007, with the exception of the Chief Executive and Chair. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred.

The appointment terms of board members of Probation Trusts are for the appointed members to determine. 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 |
|                                  | £000                                    | £000    |
| Highest paid Director (pay band) | £85–90                                  | £85–90  |
| Median for other staff           | £23,148                                 | £22,910 |
| Pay multiple ratio               | 3.78:1                                  | 3.82:1  |

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

### Salary

‘Salary’ includes the gross salary and overtime.

### Benefits in kind

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

**B) PENSION BENEFITS – AUDITED**

|               | <b>Total accrued pension at pension age as at 31 March 2014 &amp; related lump sum</b> | <b>Real increase/ (decrease) in pension and related lump sum at pension age</b> | <b>CETV at 31 March 2014</b> | <b>CETV at 31 March 2013</b> | <b>Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors</b> |
|---------------|--|---|------------------------------|------------------------------|--|
|               | <b>£000s</b>   | <b>£000s</b>  | <b>£000s</b>                 | <b>£000s</b>                 | <b>£000s</b>   |
| Martin Graham | 110–115<br>50–55<br>(lump sum)   | Pension 0–2.5<br>(lump sum)   | 1,021                        | 996                          | (9)  |

The Local Government Pension 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.

Accountable Officer  
1<sup>st</sup> July 2014



## 4. Statement of Accountable Officer's Responsibilities

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

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

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

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

## 5. Governance Statement

### Introduction

#### **ANNUAL GOVERNANCE STATEMENT**

##### **Governance and the purpose of the governance framework**

The governance framework comprises the systems and processes, culture and values, by which an organisation is directed and controlled. It enables the organisation to monitor the pursuit of its strategic objectives and to consider whether those objectives have been met and to identify any organisational improvements that can be made. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Norfolk and Suffolk Probation Trust (NSPT), to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31st March 2014 and up to the date of approval of the Annual Report and Accounts.

### **Governance framework**

#### **Scope of responsibility**

As Accountable Officer, I have responsibility for maintaining adequate governance arrangements that support the achievement of NSPT policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively. The Accountable Officer is answerable for keeping proper records and for safeguarding the trusts' assets, as set out in the Accountable Officers' Memorandum issued by the Secretary of State and published in Managing Public Money produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and Trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

The key elements of the systems and processes that make up the Trust's governance arrangements are set out below. I am assisted in meeting my responsibilities by the Chair and the Trust Board providing the necessary expertise advice and my Senior Management team (SMT).

The Trust Board is supported by the Audit and Finance Committees.

### **Risk Management**

#### **Capacity to handle risk**

Leadership is exercised directly by the Trust Board through the work of the Chief Executive, who leads an annual process of risk identification and management, with the Trust Board and SMT playing an active part in this process. The Chief Executive has responsibility for the development and monitoring of risk management in the organisation and the Trust Board has approved a mechanism for assessing internal and external risks associated with the administration of the local policies and processes.

The organisation has ensured that its capacity to handle risk is sufficient by adopting a framework that ensures that the process of managing risk is embedded within the organisation. The Audit Committee and the Trust Board have proactively engaged with this agenda, in order to ensure that the organisation remained focused on the key areas of concern. Central to the approach is bringing together NSPT Directors to review any identified principle risks to ensure a corporate response to the challenges faced. The meeting agenda identifies those risks and a system of cyclical review is in place.

The organisation is alert to issues of risk associated with Performance, Resource Management, Finance and Human Resources and these risks are reviewed and considered providing for a continuous process of risk management and reporting back to Audit Committee and Trust Board.

The process for risk management is ongoing and facilitated by both the internal and external auditors. This process, which has included training for Trust Board Members, the Senior Management Team (SMT) and the Middle Manager Group, should cascade information throughout the organisation to ensure risk is embedded at all levels of the service.

SMT has embedded the consideration of risk into its everyday business, ensuring that, where required, specific risk assessments are undertaken before strategic or operational decisions are taken, including local action plans. Where appropriate the risk assessments are reported to the Trust Board. External and internal auditors have shared best practice points to learn from other Trusts and action has been included in reports to the Audit Committee.

### **The risk and control framework**

The development of a comprehensive framework and practice of risk management continues to be developed in NSPT. In addition to improvements brought about by effectively monitoring and reviewing existing guidance and practice, improvements are made by giving attention to audit reports, inspection reports and internal reports prepared by the area following offender serious incidents. All Trust Board and Audit Committee reports incorporate a risk assessment consideration to ensure that risk is properly considered and appropriate actions are identified and allocated. Risk management has been fully incorporated into the corporate planning and decision making processes of the Trust Board, including the 2013–14 Trust Business and Unit Plans.

The Trust has a template for developing new policies, strategies, guidelines etc. which includes within it a risk assessment section.

The key elements of the risk management strategy are:

- an annual strategic risk review is undertaken by the SMT and reported to the Trust Board as an integral part of the business planning process and placed in a register which is reviewed regularly by SMT;
- all operational units are required as part of their annual Unit Plan to produce a local risk register which is signed off and then monitored by their Director;
- incoming work is risk assessed at SMT and accorded categories for action and priority;
- risk reviews on specific topics are undertaken using a template as required;
- progress from implementing recommendations from audits is monitored monthly at SMT and reported to the Trust Board through the Audit Committee; and
- the risk register is reviewed regularly by the Audit Committee and reported to the Trust Board and a set template is in place for the identification of the top ten organisational risks.

### **Risk Assessment**

Through the processes now incorporated into the Trust working practices, reviewed by internal audits, SMT and reviewed by Board a mature judgement on its overall position can be assessed.

NSPT risks for 2013–14 were reassessed to take into account the work programme for the requirements for the Transformation Rehabilitation agenda. These risks for the Trust have, through 2013–14 been well documented and managed, with the result that the risk rating has fallen or remained stable in the majority of risks. This builds on the work the Trust has carried out and reflects the organisations clearer understanding of the risks and planned mitigation of them. The Board and SMT are assured that whilst it is impossible to mitigate away all risk, where it is feasible to plan and account for outcomes the Trust is well placed with its identified risks.

There have been no records of any ministerial directions given or any significant lapses of protective security.

## Review of Effectiveness

The roles and responsibilities of the Audit Committee were agreed nationally in the HM Treasury guidance Audit Committees Handbook 2013 and this is annually reviewed and agreed with the Terms of Reference, they also include specific reference to reviewing risk management arrangements. As Accountable Officer, I monitor the effectiveness of this Committee in ensuring its contribution to the internal control framework. This incorporates the process of agreeing and monitoring the annual audit plans, and the work of internal and external auditors in delivering the plan. Audit reports are received and Committee members regularly discuss their recommendations. Regular monitoring reports are received to update the Committee on the progress made on implementing audit recommendations.

The Ministry of Justice Audit and Assurance Unit are now the appointed internal auditors to the Norfolk and Suffolk Probation Trust with effect from March 2010. For the current year their overall opinion was:

*“I am able to report that, our work only identified low rated findings and we do not consider it necessary for any of these weaknesses to be reported as significant control issues in the annual Governance Statement. Consequently we can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.”*

This opinion was aided by the five internal audits that were undertaken in 2013–14 which were all ranked as Green.

The audits undertaken covered Health and Safety, Serious Further Offences, Approved Premises, Information Assurance and Key Financial Controls.

Each audit review makes suggestions and recommendations that management have reviewed and agreed. Agreed actions and plans are documented and progress against them is monitored and reported on to the Audit Committee.

The recommendation categories are ranked as:

- **critical** – major weakness that requires urgent remedial action
- **significant** – weakness in control that may result in a high risk of exposure or loss. Prompt remedial action must be taken.
- **moderate** – weakness in control that may lead to exposure or loss but not immediately significant. Management must consider actions and objectives.

The Audit Committee has reviewed any recommendations made and provided comments and actions where appropriate. There were no critical recommendations made in the audits undertaken, no out-standing significant recommendations and all other moderate risks had been implemented as at 31<sup>st</sup> March 2014.

## Oversight and Assurance arrangements

### Board

In 2013–14 the Trust operated in compliance with the Ministry of Justice Governance Handbook Version 3. This document sets out the roles, responsibilities and delegations of the Board, Board Chair and Chief Executive. The Trust has the following formal Board and Committee meetings structure:

- Board Meetings – 10 per year, 9 formal full agenda and 1 informal planning day, no meetings in August and January unless required
- Audit Committee – held at least four times a year
- Joint Negotiation Consultative Committee – held at least four times a year.

The formal committees are supported by informal working groups in relation to Human Resources and Finance.

### **Board Attendance**

The following lists attendance by Board members for 2013–14 for the 9 formal Board meetings:

|                   |   |
|-------------------|---|
| Martin Graham CEO | 8 |
| Gill Lewis Chair  | 9 |
| Sharon Brooks     | 9 |
| Les Bryant        | 9 |
| John Eccleston    | 9 |
| Peter Hargrave    | 9 |
| Lesley Watts      | 7 |

Apologies were accepted for members not attending.

### **Audit Committee Attendance**

The following lists attendance by Audit Committee members for 2013–14 for the 4 Committee meetings:

|                        |   |
|------------------------|---|
| John Eccleston         | 4 |
| Peter Hargrave (Chair) | 4 |
| Lesley Watts           | 3 |

Apologies accepted for members not attending

### **The Board's Performance**

During the year the Board has undertaken a number of different approaches to assess its own effectiveness:

- The Board Chair undertakes performance reviews for individual Board members through supervision and appraisal.
- The Audit Committee undertakes an annual self assessment questionnaire and formally reviews results. The review found no areas of concern or significant development needs.
- The Board undertakes an annual self assessment questionnaire and formally reviews results. The review found no areas of concern or significant development needs.
- The Board annually reviews its approach and effectiveness for Risk Management including its appetite for risk at its Audit Committee and Trust Board.

### **Highlights of Board Committee Reports**

The Board and Audit Committee operate with a planned agenda cycle which includes a number of standing items and items with planned review dates, as well as capacity to review reports as and when required.

The key Governance items covered in 2013–14 included:

- Strategic Planning, Business Planning and Budget setting.
- Review of detailed Business plans for Local Delivery Units and Offender Services
- Financial Performance against Budget.
- Year End Annual and Financial Reports including Internal and External Audit feedback.
- Review of Performance.
- Review of Risk Management Strategy and Risk Register.
- Quarterly progress report for Offender Management.
- Review of all Internal and External Audit Plans, Reports and progress against plans.
- The Serious Further Offence (SFO) Annual Review
- HMI Inspection of Adult Offending Work in Norfolk and Suffolk
- Review of Annual Unit Costing Exercise
- Review and progress the Transforming Rehabilitation work programme

**An Account of Corporate Governance**

The Trust's Corporate Governance arrangements have been reviewed against The UK Corporate Governance Code issued by the Financial Reporting Council. The Trust complies with the principles of the code in respect of leadership, effectiveness, accountability and remuneration. The Trust does not have shareholders so this part of the code is not relevant.

**Martin Graham**  
**Chief Executive and Accountable Officer**  
**Norfolk and Suffolk Probation Trust**  
1<sup>st</sup> July 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 Norfolk and Suffolk 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 Norfolk and Suffolk 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<sup>st</sup> 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  
8<sup>th</sup> July 2014



## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

|  | Notes | 2013–14<br>£000 | 2012–13<br>Restated<br>£000 |
|--|-------|-----------------|-----------------------------|
| <b>Expenditure</b>                         |       |                 |                             |
| Staff costs                                | 3(a)  | 14,525          | 13,588                      |
| Other expenditure                          | 6     | 4,982           | 5,136                       |
| <b>Total Expenditure</b>                   |       | <b>19,507</b>   | <b>18,724</b>               |
| Income                                     | 7     | (19,275)        | (19,148)                    |
| <b>Net operating costs / (income)</b>      |       | <b>232</b>      | <b>(424)</b>                |
| Net interest cost on pension scheme        | 4(c)  | 1,275           | 1,053                       |
| <b>Net operating costs before taxation</b> |       | <b>1,507</b>    | <b>629</b>                  |
| Taxation                                   | 5     | 0               | 0                           |
| <b>Net operating costs after taxation</b>  |       | <b>1,507</b>    | <b>629</b>                  |

### Other Comprehensive Expenditure

|   | Notes | 2013–14<br>£000 | 2012–13<br>Restated<br>£000 |
|---|-------|-----------------|-----------------------------|
| <b>Items that will not be reclassified to net operating costs:</b>    |       |                 |                             |
| Net (gain)/loss on revaluation of property, plant and equipment       | 8     | (2)             | (4)                         |
| Net (gain)/loss on revaluation of intangibles                         | 9     | 0               | 0                           |
| Net (gain)/loss on revaluation of available for sale financial assets |       | 0               | 0                           |
| Remeasurement of post-employment benefits                             | 23    | (6,345)         | 5,488                       |
| <b>Total comprehensive (income) / expenditure for 31 March 2014</b>   |       | <b>(4,840)</b>  | <b>6,113</b>                |

The notes on pages 26 to 55 form part of these accounts.

## Statement of Financial Position

As at 31 March 2014

|   | Notes | 2013–14<br>£000 | 2012–13<br>£000 |
|---|-------|-----------------|-----------------|
| <b>Non-current assets</b>                           |       |                 |                 |
| Property, plant and equipment                       | 8     | 84              | 109             |
| Intangible assets                                   | 9     | 4               | 7               |
| Deferred tax asset                                  | 19    | 0               | 0               |
| Trade and other receivables                         | 12(a) | 0               | 0               |
| <b>Total non-current assets</b>                     |       | <b>88</b>       | <b>116</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) | 1,196           | 1,694           |
| Cash and cash equivalents                           | 13    | 867             | 501             |
| <b>Total current assets</b>                         |       | <b>2,063</b>    | <b>2,195</b>    |
| <b>Total assets</b>                                 |       | <b>2,151</b>    | <b>2,311</b>    |
| <b>Current liabilities</b>                          |       |                 |                 |
| Trade and other payables                            | 14(a) | (633)           | (518)           |
| Provisions  | 15    | 0               | 0               |
| Taxation payables                                   | 14(a) | (724)           | (952)           |
| <b>Total current liabilities</b>                    |       | <b>(1,357)</b>  | <b>(1,470)</b>  |
| <b>Non-current assets plus net current assets</b>   |       | <b>794</b>      | <b>841</b>      |
| <b>Non-current liabilities</b>                      |       |                 |                 |
| Trade and other payables                            | 14(a) | 0               | 0               |
| Provisions  | 15    | 0               | 0               |
| Pension liability                                   | 4(c)  | (23,401)        | (28,288)        |
| <b>Total non-current liabilities</b>                |       | <b>(23,401)</b> | <b>(28,288)</b> |
| <b>Assets less liabilities</b>                      |       | <b>(22,607)</b> | <b>(27,447)</b> |
| <b>Taxpayers' equity</b>                            |       |                 |                 |
| General fund  | 23    | (22,637)        | (27,475)        |
| Revaluation reserve – property, plant and equipment | 24(a) | 30              | 28              |
| Revaluation reserve – intangible assets             | 24(b) | 0               | 0               |
|   |       | <b>(22,607)</b> | <b>(27,447)</b> |

The financial statements on pages 22 to 25 were approved by the Board on 9<sup>th</sup> June 2014 and were signed on its behalf by

..... Accountable Officer

1st July 2014

The notes on pages 26 to 55 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2014

|   |       | 2013–14     | 2012–13<br>Restated |
|---|-------|-------------|---------------------|
|   | Notes | £000        | £000                |
| <b>Cash flows from operating activities</b>                               |       |             |                     |
| Net operating costs   | 23    | (1,507)     | (629)               |
| Adjustments for non-cash transactions                                     | 6     | 41          | 60                  |
| Adjustments for pension cost  | 4(c)  | 1,458       | 694                 |
| (Increase)/decrease in receivables  | 12(a) | 498         | 135                 |
| Increase/(decrease) in payables   | 14(a) | (113)       | (313)               |
| Utilisation of provisions   | 15    | 0           | 0                   |
| Less movements in property, plant and equipment payable                   | 14(a) | 0           | 0                   |
| <b>Net cash inflow/outflow from operating activities</b>                  |       | <b>377</b>  | <b>(53)</b>         |
| <b>Cash flows from investing activities</b>                               |       |             |                     |
| Purchase of property, plant and equipment                                 | 8     | (12)        | (67)                |
| Purchase of intangibles   | 9     | 0           | 0                   |
| Proceeds on disposal of property, plant and equipment                     | 8     | 0           | 2                   |
| Proceeds on disposal of intangibles                                       | 9     | 1           | 0                   |
| <b>Net cash outflow from investing activities</b>                         |       | <b>(11)</b> | <b>(65)</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>366</b>  | <b>(118)</b>        |
| Cash and cash equivalents at the beginning of the period                  | 13    | 501         | 619                 |
| Cash and cash equivalents at the end of the period                        | 13    | 867         | 501                 |
| <b>Increase/(decrease) in cash</b>  |       | <b>366</b>  | <b>(118)</b>        |

The notes on pages 26 to 55 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

|  | Notes | General Fund<br>£000 | Revaluation Reserve<br>£000 | Total<br>£000   |
|--|-------|----------------------|-----------------------------|-----------------|
| <b>Balance as at 1 April 2012</b>  |       | <b>(21,358)</b>      | <b>24</b>                   | <b>(21,334)</b> |
| Prior period adjustment  | 23/24 | 0                    | 0                           | 0               |
| <b>As restated at 1 April 2012</b>   |       | <b>(21,358)</b>      | <b>24</b>                   | <b>(21,334)</b> |
| <b>Changes in taxpayers' equity for 2012–13 (restated)</b>                         |       |                      |                             |                 |
| Net operating cost after taxation  | SocNE | (629)                |                             | <b>(629)</b>    |
| Net gain/(loss) on revaluation of property, plant and equipment                    | 24(a) |                      | 4                           | <b>4</b>        |
| Transferred to General Fund from property, plant and equipment revaluation reserve | 24(a) |                      |                             |                 |
| Net gain/(loss) on revaluation of intangibles                                      | 24(b) |                      | 0                           | <b>0</b>        |
| Transferred to General Fund from tangibles revaluation reserve                     | 24(b) |                      |                             |                 |
| Movement in donated assets   | 23    | 0                    | 0                           | <b>0</b>        |
| Transferred from revaluation reserve   | 23    | 0                    | 0                           | <b>0</b>        |
| Remeasurement of post employment benefits  | 23    | (5,488)              | 0                           | <b>(5,488)</b>  |
| Net NOMS financing received in year  | 23    | 0                    | 0                           | <b>0</b>        |
| <b>Balance as at 31 March 2013</b>   |       | <b>(27,475)</b>      | <b>28</b>                   | <b>(27,447)</b> |
| <b>Changes in taxpayers' equity for 2013–14</b>                                    |       |                      |                             |                 |
| Net operating cost after taxation  | SocNE | (1,507)              |                             | <b>(1,507)</b>  |
| Net gain/(loss) on revaluation of property, plant and equipment                    | 24(a) | 0                    | 2                           | <b>2</b>        |
| Transferred to General Fund from property, plant and equipment revaluation reserve | 24(a) |                      |                             |                 |
| Net gain/(loss) on revaluation of intangibles                                      | 24(b) | 0                    | 0                           | <b>0</b>        |
| Transferred to General Fund from tangibles revaluation reserve                     | 24(b) |                      |                             |                 |
| Movement in donated assets   | 23    | 0                    | 0                           | <b>0</b>        |
| Transferred from revaluation reserve   | 23    | 0                    | 0                           | <b>0</b>        |
| Remeasurement of post-employment benefits  | 23    | 6,345                | 0                           | <b>6,345</b>    |
| Net NOMS financing received in year  | 23    | 0                    | 0                           | <b>0</b>        |
| <b>Balance as at 31 March 2014</b>   |       | <b>(22,637)</b>      | <b>30</b>                   | <b>(22,607)</b> |

The notes on pages 26 to 55 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

#### 1.1 Basis of preparation

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

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

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

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

#### 1.2 Accounting convention

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

#### 1.3 Changes in accounting policies and restatement of comparatives

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

The impact on the Trust is that items presented in Other Comprehensive Expenditure will be grouped

on the basis of whether they may subsequently be reclassified to net operating costs.

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

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

Those that impact on the Trust are:

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

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

#### 1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

### 1.5 Property, plant and equipment

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

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

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

### Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets

(excluding donated assets). Gains on revaluation are credited to the revaluation reserve and shown in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation reverse.

### 1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

### 1.7 Impairment

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

### 1.8 Intangible non-current assets

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

developed by third parties and licenses for purchased software.

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

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

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

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

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

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

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

### 1.9 Non-current assets held for sale

Non-current assets held for sale are identified as assets whose carrying amount will be recovered through sale rather than through continuing use. Depreciation on non-current assets held for sale ceases upon reclassification. Depreciation is re-instated and retrospectively applied to any

assets which are subsequently not sold and re-classified as in-use.

### 1.10 Inventories

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

### 1.11 Operating income

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

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

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

### 1.12 Other Expenditure

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

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

### 1.13 Pensions

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

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

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

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

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

### 1.14 Leases

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

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

#### Finance leases

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

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

#### Operating leases

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

### 1.15 Provisions

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



### 1.16 Value Added Tax

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

### 1.17 Deferred Tax

There was no deferred tax.

### 1.18 Corporation Tax

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

### 1.19 Cash and Cash Equivalents

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

### 1.20 Financial instruments

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

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

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

### 1.22 Third party assets

The Trust holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 26**.

## 2. Statement of Operating Costs by Operating Segment

The following table presents the net cost of operations and total net assets by reportable operating segment for the year end 31 March 2014:

|                                 | General Services | Hostel       | Secondments    | Total Analysis  | Accounting Adjustments | Total in SoCNE  |
|---------------------------------|------------------|--------------|----------------|-----------------|------------------------|-----------------|
|                                 | £000s            | £000s        | £000s          | £000s           | £000s                  | £000s           |
| Fees, Charges & Service Income  | (316)            | (56)         | (2,449)        | (2,821)         | 2,259                  | (562)           |
| Grants & Contributions          | (18,723)         |              |                | (18,723)        | 10                     | (18,713)        |
| <b>Total Income</b>             | <b>(19,039)</b>  | <b>(56)</b>  | <b>(2,449)</b> | <b>(21,544)</b> | <b>2,269</b>           | <b>(19,275)</b> |
| Employee Expenses               | 12,963           | 1,521        | 2,335          | 16,819          | (2,295)                | 14,525          |
| Other Operating Expenses        | 4,117            | 495          | 113            | 4,725           | 258                    | 4,982           |
| Capital Charges                 | 0                | 0            | 0              | 0               | 0                      | 0               |
| Interest Payable                | 0                | 0            | 0              | 0               | 0                      | 0               |
| <b>Total Operating Expenses</b> | <b>17,080</b>    | <b>2,016</b> | <b>2,448</b>   | <b>21,544</b>   | <b>(2,037)</b>         | <b>19,507</b>   |
| <b>Net Operating Costs</b>      | <b>(1,959)</b>   | <b>1,960</b> | <b>(1)</b>     | <b>0</b>        | <b>232</b>             | <b>232</b>      |

| 2012–13                         | General Services | Hostel       | Secondments    | Total Analysis  | Accounting Adjustments | Total in SoCNE  |
|---------------------------------|------------------|--------------|----------------|-----------------|------------------------|-----------------|
|                                 | £000s            | £000s        | £000s          | £000s           | £000s                  | £000s           |
| Fees, Charges & Service Income  | (80)             | (64)         | (2,706)        | (2,850)         | 2,321                  | (529)           |
| Grants & Contributions          | (18,619)         |              |                | (18,619)        | 0                      | (18,619)        |
| <b>Total Income</b>             | <b>(18,699)</b>  | <b>(64)</b>  | <b>(2,706)</b> | <b>(21,469)</b> | <b>2,321</b>           | <b>(19,148)</b> |
| Employee Expenses               | 12,498           | 1,570        | 2,538          | 16,606          | (3,018)                | 13,588          |
| Other Operating Expenses        | 4,198            | 497          | 168            | 4,863           | 213                    | 5,076           |
| Capital Charges                 | 0                |              |                | 0               | 60                     | 60              |
| Interest Payable                |                  |              |                | 0               | 0                      | 0               |
| <b>Total Operating Expenses</b> | <b>16,696</b>    | <b>2,067</b> | <b>2,706</b>   | <b>21,469</b>   | <b>(2,745)</b>         | <b>18,724</b>   |
| <b>Net Operating Costs</b>      | <b>(2,003)</b>   | <b>2,003</b> | <b>0</b>       | <b>0</b>        | <b>(424)</b>           | <b>(424)</b>    |

### 3. Staff numbers and related costs

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

|   | 2013–14       |  |                | 2012–13       |
|---|---------------|--|----------------|---------------|
|   | Total<br>£000 | Permanently-<br>employed staff<br>£000 | Others<br>£000 | Total<br>£000 |
| Wages and salaries                                | 13,283        | 13,283                                 | 0              | 12,984        |
| Social security costs                             | 963           | 963                                    | 0              | 984           |
| Other pension costs                               | 2,483         | 2,483                                  | 0              | 2,010         |
| <b>Sub-total</b>                                  | <b>16,729</b> | <b>16,729</b>                          | <b>0</b>       | <b>15,978</b> |
| Less recoveries in respect of outward secondments | (2,204)       | (2,204)                                | 0              | (2,390)       |
| <b>Total staff costs</b>                          | <b>14,525</b> | <b>14,525</b>                          | <b>0</b>       | <b>13,588</b> |

#### Restatement of comparatives

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

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs relates primarily to revised actuarial assumptions. 0 persons (2012–13: 2 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £5,670).

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

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

|  | 2013–14    |                                |          | 2012–13    |
|--|------------|--------------------------------|----------|------------|
|  | Total      | Permanently-<br>employed staff | Others   | Total      |
|  | 397        | 397                            | 0        | 398        |
|  | <b>397</b> | <b>397</b>                     | <b>0</b> | <b>398</b> |

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

| Exit packages cost band                      | 2013–14                           |                                   |  | 2012–13                           |                                   |  |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
|  | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| <£10,000                                     | 0                                 | 3                                 | 3  | 0                                 | 0                                 | 0  |
| £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                                 | 0                                 | 0  | 0                                 | 0                                 | 0  |
| £150,000–£200,000                            | 0                                 | 0                                 | 0  | 0                                 | 0                                 | 0  |
| £200,000+                                    | 0                                 | 0                                 | 0  | 0                                 | 0                                 | 0  |
| <b>Total number of exit packages by type</b> | <b>0</b>                          | <b>3</b>                          | <b>3</b>                                   | <b>0</b>                          | <b>2</b>                          | <b>2</b>                                   |
| <b>Total resource cost £000</b>              | <b>0</b>                          | <b>20</b>                         | <b>20</b>                                  | <b>0</b>                          | <b>30</b>                         | <b>30</b>                                  |

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. The additional costs of any early retirements are met from the Trust and not the pension scheme and are included in the above figures. Ill health retirement costs are met from the pension scheme and are excluded from the above table. The voluntary departures were the result of restructuring of work patterns and the closure of a Prison in December 2013.

## 4. Pensions costs

As part of the terms and conditions of employment of its staff, the Trust offers retirement benefits. Although these will not actually be payable until employees retire, the Trust has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The provisions of the Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The LGPS provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits are accrued at the rate of 1/80th of pensionable salary for each year of service and in addition, a lump sum of 3/80ths of final pay for each year of total membership is payable on retirement for all service to 31 March 2008. From 1 April 2008, service is accrued on a 1/60th basis with no automatic right to a lump sum, but there is an option to convert annual pension for a cash lump sum (for every £12 lump sum taken, annual pension reduced by £1). Members pay contributions on a sliding scale of between 5.5% to 7.5% based on pensionable pay. Employers pay the balance of the cost of providing benefits, after taking into account investment returns. This is a defined benefit scheme meaning that retirement benefits are determined independently of investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

### 4a. Pension costs

A full actuarial valuation was carried out at 31 March 2014 by Hymans Robertson LLP who continue as the appointed scheme Actuary and who also completed the 2013–14 IAS 19. For 2013–14, employers’ contributions of £2,298,807 were payable to the LGPS (2012–13; £2,322,483) at a rate of 14.5% and deficit recovery. 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.

With effect from 1 April 2010, early retirement costs have been included within the Actuarial pension valuation and calculated on the same basis as the pension fund scheme assets and liabilities, in accordance with IAS 19.

Partnership accounts are excluded under IAS19.

The approximate employer’s pension contributions for the three years are:

- Employer’s contributions for 2013–14 were 14.5% of salaries and £774,000 of deficit recovery.
- Employer’s contributions for 2014–15 will be 14.5% of salaries and £939,000 of deficit recovery.
- Employer’s contributions for 2015–16 will be 14.5% of salaries and £1,109,000 of deficit recovery.

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

|  | 2013–14 | 2012–13 |
|--|---------|---------|
|  | %       | %       |
| Inflation assumption   | 2.8%    | 2.8%    |
| Rate of increase in salaries                                   | 3.6%    | 5.1%    |
| Rate of increase for pensions in payment and deferred pensions | 2.8%    | 4.5%    |
| Discount rate  | 4.3%    | 4.5%    |

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

|  | 2013–14                                |                                      | Total<br>£000   |
|--|--|--------------------------------------|-----------------|
|  | Present value<br>of obligation<br>£000 | Fair value of<br>plan assets<br>£000 |                 |
| Plan assets  | 0                                      | 65,539                               | 65,539          |
| Funded liabilities   | (93,237)                               | 0                                    | (93,237)        |
| Unfunded liabilities   | (590)                                  | 0                                    | (590)           |
| <b>Opening balance at 1 April (restated)</b>                                 | <b>(93,827)</b>                        | <b>65,539</b>                        | <b>(28,288)</b> |
| Current service costs  | (2,483)                                | 0                                    | (2,483)         |
| Past service costs (including curtailments)                                  | 0                                      | 0                                    | 0               |
| Gains and losses on settlements  | 0                                      | 0                                    | 0               |
|  | <b>(2,483)</b>                         | <b>0</b>                             | <b>(2,483)</b>  |
| Net Interest (cost)/income   | <b>(4,221)</b>                         | <b>2,946</b>                         | <b>(1,275)</b>  |
| Remeasurements   |  |                                      |                 |
| Returns on plan assets, excluding amounts included in interest cost/(income) | 0                                      | 5,514                                | 5,514           |
| Gain/(loss) from change in demographic assumptions                           | (2,094)                                | 0                                    | (2,094)         |
| Gain/(loss) from change in financial assumptions                             | 4,827                                  | 0                                    | 4,827           |
| Experience gains/(losses)  | (1,902)                                | 0                                    | (1,902)         |
| Change in asset ceiling, excluding amounts included in interest cost         | 0                                      | 0                                    | 0               |
|  | <b>831</b>                             | <b>5,514</b>                         | <b>6,345</b>    |
| Foreign exchange differences   | <b>0</b>                               | <b>0</b>                             | <b>0</b>        |
| Effect of business combinations on disposals                                 | <b>0</b>                               | <b>0</b>                             | <b>0</b>        |
| Contributions  |  |                                      |                 |
| Employers  | 0                                      | 2,300                                | 2,300           |
| Plan participants  | (699)                                  | 699                                  | 0               |
| Unfunded benefits  | 0                                      | 0                                    | 0               |
| Payments from plans  |  |                                      |                 |
| Benefit payments   | 3,067                                  | (3,067)                              | 0               |
| Unfunded benefit payments  | 41                                     | (41)                                 | 0               |
| <b>Closing balance at 31 March</b>   | <b>(97,291)</b>                        | <b>73,890</b>                        | <b>(23,401)</b> |
| Plan assets  | 0                                      | 73,890                               | 73,890          |
| Funded liabilities   | (96,687)                               | 0                                    | (96,687)        |
| Unfunded liabilities   | (604)                                  | 0                                    | (604)           |
| <b>Closing balance at 31 March</b>   | <b>(97,291)</b>                        | <b>73,890</b>                        | <b>(23,401)</b> |

|  | 2012–13<br>(restated)                  |                                      | Total<br>£000   |
|--|--|--------------------------------------|-----------------|
|  | Present value<br>of obligation<br>£000 | Fair value of<br>plan assets<br>£000 |                 |
| Plan assets  | 0                                      | 57,764                               | 57,764          |
| Funded liabilities   | (79,870)                               | 0                                    | (79,870)        |
| Unfunded liabilities   | 0                                      | 0                                    | 0               |
| <b>Opening balance at 1 April</b>                                    | <b>(79,870)</b>                        | <b>57,764</b>                        | <b>(22,106)</b> |
| Current service costs  | (1,998)                                | 0                                    | (1,998)         |
| Past service costs (including curtailments)                          | (12)                                   | 0                                    | (12)            |
| Gains and losses on settlements                                      | 0                                      | 0                                    | 0               |
|  | <b>(2,010)</b>                         | <b>0</b>                             | <b>(2,010)</b>  |
| Net interest (cost)/income   | <b>(3,827)</b>                         | <b>2,774</b>                         | <b>(1,053)</b>  |
| Remeasurements   |  |                                      |                 |
| Returns on plan assets, excluding amounts included in interest cost  | 0                                      | 4,938                                | 4,938           |
| Gain/(loss) from change in demographic assumptions                   | 0                                      | 0                                    | 0               |
| Gain/(loss) from change in financial assumptions                     | (10,531)                               | 0                                    | (10,531)        |
| Experience gains/(losses)  | 105                                    | 0                                    | 105             |
| Change in asset ceiling, excluding amounts included in interest cost | 0                                      | 0                                    | 0               |
|  | <b>(10,426)</b>                        | <b>4,938</b>                         | <b>(5,488)</b>  |
| Foreign exchange differences   | <b>0</b>                               | <b>0</b>                             | <b>0</b>        |
| Effect of business combinations on disposals                         | <b>0</b>                               | <b>0</b>                             | <b>0</b>        |
| Contributions  |  |                                      |                 |
| Employers  | 0                                      | 2,329                                | 2,329           |
| Plan participants  | (715)                                  | 715                                  | 0               |
| Unfunded benefits  | 0                                      | 40                                   | 40              |
| Payments from plans  |  |                                      |                 |
| Benefit payments   | 2,981                                  | (2,981)                              | 0               |
| Unfunded benefit payments  | 40                                     | (40)                                 | 0               |
| <b>Closing balance at 31 March</b>                                   | <b>(93,827)</b>                        | <b>65,539</b>                        | <b>(28,288)</b> |
| Plan assets  | 0                                      | 65,539                               | 65,539          |
| Funded liabilities   | (93,237)                               | 0                                    | (93,237)        |
| Unfunded liabilities   | (590)                                  | 0                                    | (590)           |
| <b>Closing balance at 31 March</b>                                   | <b>(93,827)</b>                        | <b>65,539</b>                        | <b>(28,288)</b> |

#### 4d. Plan assets are comprised as follows

|  | 2013-14       |               |               |      | 2012-13       |               |               |     |
|--|---------------|---------------|---------------|------|---------------|---------------|---------------|-----|
|  | Quoted        | Unquoted      | Total         | %    | Quoted        | Unquoted      | Total         | %   |
|  | £000          | £000          | £000          |      | £000          | £000          | £000          |     |
| Equity instruments                     |               |               |               |      |               |               |               |     |
| Consumer                               | 4,489         | 0             | 4,489         | %    | 3,981         | 0             | 3,981         | %   |
| Energy and utilities                   | 2,297         | 0             | 2,297         | %    | 2,318         | 0             | 2,318         | %   |
| Financial institutions                 | 4,602         | 0             | 4,602         | %    | 4,058         | 0             | 4,058         | %   |
| Health and care                        | 2,099         | 0             | 2,099         | %    | 1,727         | 0             | 1,727         | %   |
| Information technology                 | 1,322         | 0             | 1,322         | %    | 1,247         | 0             | 1,247         | %   |
| Manufacturing                          | 4,117         | 0             | 4,117         | %    | 3,146         | 0             | 3,146         | %   |
| Other                                  | 3,281         | 0             | 3,281         | %    | 3,173         | 0             | 3,173         | %   |
|  | <b>22,207</b> | <b>0</b>      | <b>22,207</b> | 30%  | <b>19,650</b> | <b>0</b>      | <b>19,650</b> | 30% |
| Debt instruments                       |               |               |               |      |               |               |               |     |
| UK Government                          | 2,982         | 0             | 2,982         | %    | 2,891         | 0             | 2,891         | %   |
| Corporate bonds (non-investment grade) | 106           | 0             | 106           | %    | 53            | 0             | 53            | %   |
| Other                                  | 261           | 0             | 261           | %    | 198           | 0             | 198           | %   |
|  | <b>3,349</b>  | <b>0</b>      | <b>3,349</b>  | 5%   | <b>3,142</b>  | <b>0</b>      | <b>3,142</b>  | 5%  |
| Property                               |               |               |               |      |               |               |               |     |
| UK                                     | 0             | 7,363         | 7,363         | %    | 0             | 6,232         | 6,232         | %   |
| Overseas                               | 0             | 1,096         | 1,096         | %    | 0             | 1,068         | 1,068         | %   |
|  | <b>0</b>      | <b>8,459</b>  | <b>8,459</b>  | 11%  | <b>0</b>      | <b>7,300</b>  | <b>7,300</b>  | 11% |
| Derivatives                            |               |               |               |      |               |               |               |     |
| Inflation                              | 0             | 0             | 0             | %    | 0             | 0             | 0             | %   |
| Other                                  | 32            | 0             | 32            | 0%   | (43)          | 0             | (43)          | %   |
|  | <b>32</b>     | <b>0</b>      | <b>32</b>     | 0%   | <b>(43)</b>   | <b>0</b>      | <b>(43)</b>   | 0%  |
| Cash and cash equivalents              | 0             | 1,895         | 1,895         | 3%   | 0             | 1,415         | 1,415         | 2%  |
| Investment funds                       |               |               |               |      |               |               |               |     |
| Equities                               | 21,371        | 5,083         | 26,454        | %    | 19,708        | 4,793         | 24,501        | %   |
| Bonds                                  | 11,494        | 0             | 11,494        | %    | 9,574         | 0             | 9,574         | %   |
|  | <b>32,865</b> | <b>5,083</b>  | <b>37,948</b> | 51%  | <b>29,282</b> | <b>4,793</b>  | <b>34,075</b> | 52% |
| Other                                  | 0             | 0             | 0             | %    | 0             | 0             | 0             | %   |
| <b>Total</b>                           | <b>58,453</b> | <b>15,437</b> | <b>73,890</b> | 100% | <b>52,031</b> | <b>13,508</b> | <b>65,539</b> | 89% |



#### 4e. Sensitivity analysis

| Changes in assumptions at 31.3.14          | Approximate Increase to Employer Liability | Approximate Monetary amount |
|--|--|-----------------------------|
|  | %  | (£000)                      |
| 0.5% decrease in Real Discount Rate        | 9%   | 9,217                       |
| 1 year increase in member life expectancy  | 3%   | 2,919                       |
| 0.5% increase in the Salary Increase Rate  | 3%   | 3,029                       |
| 0.5% increase in the Pension Increase Rate | 6%   | 6,089                       |

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities as at 31 March 2014 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this report. To quantify the uncertainty around life expectancy, we have calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages). Please note the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

## 5. Taxation

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

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

## 6. Other Expenditure

|   | 2013-14 |              | 2012-13<br><i>Restated</i> |              |
|---|---------|--------------|----------------------------|--------------|
|   | £000    | £000         | £000                       | £000         |
| Rentals under operating leases                          | 31      |              | 39                         |              |
| Interest charges  | 0       |              | 0                          |              |
| Accommodation, maintenance and utilities                | 1,976   |              | 1,977                      |              |
| Travel, subsistence and hospitality                     | 463     |              | 560                        |              |
| Professional services                                   | 180     |              | 202                        |              |
| IT services   | 649     |              | 618                        |              |
| Communications, office supplies and services            | 334     |              | 460                        |              |
| Other staff related                                     | 236     |              | 155                        |              |
| Offender costs  | 887     |              | 811                        |              |
| Other expenditure                                       | 133     |              | 201                        |              |
| External Auditors' remuneration – statutory accounts    | 32      |              | 33                         |              |
| External Auditors' remuneration – other                 | 0       |              | 0                          |              |
| Internal Auditors' remuneration                         | 20      |              | 20                         |              |
|   |         | <b>4,941</b> |                            | <b>5,076</b> |
| <b>Non-cash items</b>                                   |         |              |                            |              |
| Depreciation of tangible non-cash assets                | 39      |              | 60                         |              |
| Amortisation of intangible non-cash assets              | 2       |              | 0                          |              |
| Impairment of non-current assets                        | 0       |              | 0                          |              |
| Profit/(loss) on disposal of tangible non-cash assets   | 0       |              | 0                          |              |
| Profit/(loss) on disposal of intangible non-cash assets | 0       |              | 0                          |              |
| Other provisions provided for in year                   | 0       |              | 0                          |              |
| Early retirement provisions not required                | 0       |              | 0                          |              |
|   |         | 41           |                            | 60           |
| <b>Total</b>  |         | <b>4,982</b> |                            | <b>5,136</b> |

### Restatement of comparatives

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

## 7. Income

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

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

Interest received:

    From bank  
     From car loans  
     From other sources

**Total interest received**

**Total income**

|  | 2013–14 |               | 2012–13 |               |
|--|---------|---------------|---------|---------------|
|  | £000    | £000          | £000    | £000          |
|  | 18,713  |               | 18,619  |               |
|  | 0       |               | 0       |               |
|  | 0       |               | 0       |               |
|  | 0       |               | 0       |               |
|  |         | <b>18,713</b> |         | <b>18,619</b> |
|  |         | 0             |         | 0             |
|  |         | 0             |         | 0             |
|  |         | 0             |         | 0             |
|  |         | 98            |         | 76            |
|  |         | 82            |         | 75            |
|  |         | 0             |         | 0             |
|  |         | 283           |         | 300           |
|  |         | 90            |         | 65            |
|  |         | <b>19,266</b> |         | <b>19,135</b> |
|  | 9       |               | 13      |               |
|  | 0       |               | 0       |               |
|  | 0       |               | 0       |               |
|  |         | <b>9</b>      |         | <b>13</b>     |
|  |         | <b>19,275</b> |         | <b>19,148</b> |

### Restatement of comparatives

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

## 8. Property, plant and equipment

|   | 2013-14                |                     |                     |                                  |   |            |
|---|------------------------|---------------------|---------------------|----------------------------------|---|------------|
|   | Information technology | Plant and machinery | Transport equipment | Furniture, fixtures and fittings | Payments on account and assets under construction | Total      |
|   | £000                   | £000                | £000                | £000                             | £000  | £000       |
| <b>Cost or valuation</b>                  |                        |                     |                     |                                  |   |            |
| <b>As at 1 April 2013</b>                 | 32                     | 195                 | 376                 | 0                                | 67  | 670        |
| Additions                                 | 0                      | 0                   | 11                  | 0                                | 0   | 11         |
| Disposals                                 | (32)                   | 0                   | (21)                | 0                                | 0   | (53)       |
| Transfers                                 | 0                      | 67                  | 0                   | 0                                | (67)  | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Indexation/revaluation                    | 0                      | 0                   | 4                   | 0                                | 0   | 4          |
| <b>As at 31 March 2014</b>                | <b>0</b>               | <b>262</b>          | <b>370</b>          | <b>0</b>                         | <b>0</b>  | <b>632</b> |
| <b>Depreciation</b>                       |                        |                     |                     |                                  |   |            |
| <b>As at 1 April 2013</b>                 | 32                     | 180                 | 349                 | 0                                | 0   | 561        |
| Charge in year                            | 1                      | 24                  | 14                  | 0                                | 0   | 39         |
| Disposals                                 | (33)                   | 0                   | (21)                | 0                                | 0   | (54)       |
| Transfers                                 | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Indexation/revaluation                    | 0                      | 0                   | 2                   | 0                                | 0   | 2          |
| <b>As at 31 March 2014</b>                | <b>0</b>               | <b>204</b>          | <b>344</b>          | <b>0</b>                         | <b>0</b>  | <b>548</b> |
| <b>Carrying value as at 31 March 2014</b> | <b>0</b>               | <b>58</b>           | <b>26</b>           | <b>0</b>                         | <b>0</b>  | <b>84</b>  |
| <b>Carrying value as at 31 March 2013</b> | <b>0</b>               | <b>15</b>           | <b>27</b>           | <b>0</b>                         | <b>67</b>   | <b>109</b> |
| <b>Asset financing</b>                    |                        |                     |                     |                                  |   |            |
| Owned                                     | 0                      | 58                  | 26                  | 0                                | 0   | 84         |
| Finance leased                            | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| <b>Carrying value as at 31 March 2014</b> | <b>0</b>               | <b>58</b>           | <b>26</b>           | <b>0</b>                         | <b>0</b>  | <b>84</b>  |

## 8. (Continued)

|   | 2012-13                |                     |                     |                                  |   |            |
|---|------------------------|---------------------|---------------------|----------------------------------|---|------------|
|   | Information technology | Plant and machinery | Transport equipment | Furniture, fixtures and fittings | Payments on account and assets under construction | Total      |
|   | £000                   | £000                | £000                | £000                             | £000  | £000       |
| <b>Cost or valuation</b>                  |                        |                     |                     |                                  |   |            |
| <b>As at 1 April 2012</b>                 | <b>28</b>              | <b>188</b>          | <b>543</b>          | <b>0</b>                         | <b>0</b>  | <b>759</b> |
| Additions                                 | 0                      | 0                   | 0                   | 0                                | 67  | 67         |
| Disposals                                 | 0                      | 0                   | (190)               | 0                                | 0   | (190)      |
| Transfers                                 | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Indexation/revaluation                    | 4                      | 7                   | 23                  | 0                                | 0   | 34         |
| <b>As at 31 March 2013</b>                | <b>32</b>              | <b>195</b>          | <b>376</b>          | <b>0</b>                         | <b>67</b>   | <b>670</b> |
| <b>Depreciation</b>                       |                        |                     |                     |                                  |   |            |
| <b>As at 1 April 2012</b>                 | <b>26</b>              | <b>139</b>          | <b>494</b>          | <b>0</b>                         | <b>0</b>  | <b>659</b> |
| Charge in year                            | 2                      | 35                  | 23                  | 0                                | 0   | 60         |
| Disposals                                 | 0                      | 0                   | (188)               | 0                                | 0   | (188)      |
| Transfers                                 | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| Indexation/revaluation                    | 4                      | 6                   | 20                  | 0                                | 0   | 30         |
| <b>As at 31 March 2013</b>                | <b>32</b>              | <b>180</b>          | <b>349</b>          | <b>0</b>                         | <b>0</b>  | <b>561</b> |
| <b>Carrying value as at 31 March 2013</b> | <b>0</b>               | <b>15</b>           | <b>27</b>           | <b>0</b>                         | <b>67</b>   | <b>109</b> |
| <b>Carrying value as at 31 March 2012</b> | <b>2</b>               | <b>49</b>           | <b>49</b>           | <b>0</b>                         | <b>0</b>  | <b>100</b> |
| <b>Asset financing</b>                    |                        |                     |                     |                                  |   |            |
| Owned                                     | 0                      | 15                  | 27                  | 0                                | 67  | 109        |
| Finance leased                            | 0                      | 0                   | 0                   | 0                                | 0   | 0          |
| <b>Carrying value as at 31 March 2013</b> | <b>0</b>               | <b>15</b>           | <b>27</b>           | <b>0</b>                         | <b>67</b>   | <b>109</b> |

## 9. Intangible assets

|   | 2013-14   |           |
|---|-----------|-----------|
|   | Software  | Total     |
|   | £000      | £000      |
| <b>Cost or valuation</b>                  |           |           |
| <b>As at 1 April 2013</b>                 | <b>52</b> | <b>52</b> |
| Additions                                 | 0         | 0         |
| Disposals                                 | (16)      | (16)      |
| Reclassifications                         | 0         | 0         |
| Indexation/revaluation                    | 0         | 0         |
| Transfers                                 | 0         | 0         |
| Impairments                               | 0         | 0         |
| <b>As at 31 March 2014</b>                | <b>36</b> | <b>36</b> |
| <b>Amortisation</b>                       |           |           |
| <b>As at 1 April 2013</b>                 | <b>45</b> | <b>45</b> |
| Charge in year                            | 2         | 2         |
| Disposals                                 | (15)      | (15)      |
| Reclassifications                         | 0         | 0         |
| Indexation/revaluation                    | 0         | 0         |
| Transfers                                 | 0         | 0         |
| Impairments                               | 0         | 0         |
| <b>As at 31 March 2014</b>                | <b>32</b> | <b>32</b> |
| <b>Carrying value as at 31 March 2014</b> | <b>4</b>  | <b>4</b>  |
| <b>Carrying value as at 31 March 2013</b> | <b>7</b>  | <b>7</b>  |
| <b>Asset financing</b>                    |           |           |
| Owned                                     | 4         | 4         |
| Finance leased                            | 0         | 0         |
| <b>Carrying value as at 31 March 2014</b> | <b>4</b>  | <b>4</b>  |

## 9. (Continued)

|   | 2012–13   |           |
|---|-----------|-----------|
|   | Software  | Total     |
|   | £000      | £000      |
| <b>Cost or valuation</b>                  |           |           |
| <b>As at 1 April 2012</b>                 | <b>52</b> | <b>52</b> |
| Additions                                 | 0         | 0         |
| Disposals                                 | 0         | 0         |
| Reclassifications                         | 0         | 0         |
| Indexation/revaluation                    | 0         | 0         |
| Transfers                                 | 0         | 0         |
| Impairments                               | 0         | 0         |
| <b>As at 31 March 2013</b>                | <b>52</b> | <b>52</b> |
| <b>Amortisation</b>                       |           |           |
| <b>As at 1 April 2012</b>                 | <b>45</b> | <b>45</b> |
| Charge in year                            | 0         | 0         |
| Disposals                                 | 0         | 0         |
| Reclassifications                         | 0         | 0         |
| Indexation/revaluation                    | 0         | 0         |
| Transfers                                 | 0         | 0         |
| Impairments                               | 0         | 0         |
| <b>As at 31 March 2013</b>                | <b>45</b> | <b>45</b> |
| <b>Carrying value as at 31 March 2013</b> | <b>7</b>  | <b>7</b>  |
| <b>Carrying value as at 31 March 2012</b> | <b>7</b>  | <b>7</b>  |
| <b>Asset financing</b>                    |           |           |
| Owned                                     | 7         | 7         |
| Finance leased                            | 0         | 0         |
| <b>Carrying value as at 31 March 2013</b> | <b>7</b>  | <b>7</b>  |

## 10. Impairments

There were no impairments in the year (2012–13: none).

## 11. Assets held for sale

There were no assets held for sale at the reporting date.

## 12. Trade receivables and other current assets

### 12a. Analysis by type

|   | 2013–14      | 2012–13      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Amounts falling due within one year</b>  |              |              |
| Trade receivables   | 24           | 17           |
| VAT   | 118          | 110          |
| Deposits and advances   | 0            | 0            |
| Receivables due from Trusts   | 0            | 26           |
| Receivables, Accrued Income and Prepayments due from NOMS Agency                  | 233          | 114          |
| Receivables, Accrued Income and Prepayments due from MoJ Group                    | 786          | 1,369        |
| Receivables, Accrued Income and Prepayments due from other Government departments | 34           | 0            |
| Other receivables   | 1            | 58           |
| Prepayments   | 0            | 0            |
| Accrued income  | 0            | 0            |
|   | <b>1,196</b> | <b>1,694</b> |
| <b>Amounts falling due after more than one year</b>                               |              |              |
| Trade receivables   |              |              |
| Deposits and advances   | 0            | 0            |
| Other receivables   | 0            | 0            |
| Prepayments and accrued income  | 0            | 0            |
|   | <b>0</b>     | <b>0</b>     |
| <b>Total</b>  | <b>1,196</b> | <b>1,694</b> |

### 12b. Intra-Government receivables

|  | Amounts falling due within<br>one year |              | Amounts falling due after more<br>than one year |          |
|--|--|--------------|---|----------|
|  | 2013–14                                | 2012–13      | 2013–14   | 2012–13  |
|  | £000                                   | £000         | £000  | £000     |
| Balances with other central Government bodies (inc. parent department) | 1,137                                  | 1,619        | 0   | 0        |
| Balances with local authorities  | 23                                     | 58           | 0   | 0        |
| Balances with NHS bodies   | 11                                     | 0            | 0   | 0        |
| Balances with public corporations and trading funds                    | 0                                      | 0            | 0   | 0        |
|  | <b>1,171</b>                           | <b>1,677</b> | <b>0</b>  | <b>0</b> |
| Balances with bodies external to Government                            | 25                                     | 17           | 0   | 0        |
| <b>Total</b>   | <b>1,196</b>                           | <b>1,694</b> | <b>0</b>  | <b>0</b> |



## 13. Cash and cash equivalents

|   | 2013–14    | 2012–13    |
|---|------------|------------|
|   | £000       | £000       |
| Balance at 1 April                              | 501        | 619        |
| Net change in cash and cash equivalents         | 366        | (118)      |
| <b>Balance at 31 March</b>                      | <b>867</b> | <b>501</b> |
| The following balances at 31 March are held at: |            |            |
| Government Banking Service                      | 0          | 0          |
| Commercial banks and cash in hand               | 867        | 501        |
| <b>Balance at 31 March</b>                      | <b>867</b> | <b>501</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   | 248          | 117          |
| Other payables   | 0            | 88           |
| Accruals   | 127          | 108          |
| Deferred income  | 0            | 0            |
| Staff payables   | 5            | 109          |
| Bank overdraft   | 0            | 0            |
| Payables due to Probation Trusts   | 0            | 4            |
| Payables, Accruals and Deferred Income due to NOMS Agency                  | 0            | 80           |
| Payables, Accruals and Deferred Income due to MoJ Group                    | 0            | 13           |
| Payables, Accruals and Deferred Income due to other Government departments | 0            | 0            |
| Unpaid pensions contributions due to the pensions scheme                   | 253          | (1)          |
| Long-term liabilities due within one year                                  | 0            | 0            |
| Non-current asset accruals   | 0            | 0            |
|  | <b>633</b>   | <b>518</b>   |
| <b>Tax falling due within one year</b>                                     |              |              |
| VAT  | 433          | 316          |
| Corporation tax  | 0            | 0            |
| Other taxation and social security   | 291          | 636          |
|  | <b>724</b>   | <b>952</b>   |
| <b>Total amounts falling due within one year</b>                           | <b>1,357</b> | <b>1,470</b> |
| <b>Amounts falling due after more than one year</b>                        |              |              |
| Staff payables   | 0            | 0            |
| Other payables   | 0            | 0            |
|  | <b>0</b>     | <b>0</b>     |
| <b>Total</b>   | <b>1,357</b> | <b>1,470</b> |

### 14b. Intra-Government payables

|  | Amounts falling due within<br>one year |              | Amounts falling due after more<br>than one year |          |
|--|--|--------------|---|----------|
|  | 2013–14                                | 2012–13      | 2013–14   | 2012–13  |
|  | £000                                   | £000         | £000  | £000     |
| Balances with other central Government bodies (inc. parent department) | 724                                    | 1,049        | 0   | 0        |
| Balances with local authorities  | 0                                      | 0            | 0   | 0        |
| Balances with NHS bodies   | 0                                      | 0            | 0   | 0        |
| Balances with public corporations and trading funds                    | 0                                      | 0            | 0   | 0        |
|  | <b>724</b>                             | <b>1,049</b> | <b>0</b>  | <b>0</b> |
| Balances with bodies external to Government                            | 633                                    | 421          | 0   | 0        |
| <b>Total</b>   | <b>1,357</b>                           | <b>1,470</b> | <b>0</b>  | <b>0</b> |

## 15. Provisions for liabilities and charges

There were no provisions for 2013–14 (2012–13 – none).

## 16. Capital commitments

There were no capital commitments for 2013–14 (2012–13 – none).

## 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         | 4         |
| Later than one year and not later than five years | 22        | 25        |
| Later than five years                             | 0         | 0         |
| <b>Total</b>                                      | <b>24</b> | <b>29</b> |

### 17b. Finance leases

There are no finance leases for 2013–14 (2012–13 – none).

## 18. Other financial commitments

The Trust has entered into non-cancellable contracts (which are not leases) for 2013–14.

|   | 2013–14  | 2012–13  |
|---|----------|----------|
|   | £000     | £000     |
| Not later than one year                           | 0        | 0        |
| Later than one year and not later than five years | 0        | 0        |
| Later than five years                             | 0        | 0        |
| <b>Total</b>                                      | <b>0</b> | <b>0</b> |

Financial commitments for 2013–14 none (2012–13 – none).

## 19. Deferred tax asset

|                   | 2013–14  | 2012–13  |
|-------------------|----------|----------|
|                   | £000     | £000     |
| Non-current asset | 0        | 0        |
| Current asset     | 0        | 0        |
| <b>Total</b>      | <b>0</b> | <b>0</b> |

## 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

At the balance sheet date, the Trust had no contingent liabilities (2012–13: none).

## 22. Losses and special payments

### 22a. Losses statement

|                                       | 2013–14         |                  | 2012–13         |                  |
|---------------------------------------|-----------------|------------------|-----------------|------------------|
|                                       | Number of cases | Total value £000 | Number of cases | Total value £000 |
| Cash losses                           | 0               | 0                | 0               | 0                |
| Claims abandoned                      | 0               | 0                | 0               | 0                |
| Administrative write-offs             | 4               | 3                | 0               | 0                |
| Fruitless payments                    | 0               | 0                | 0               | 0                |
| Store losses                          | 0               | 0                | 0               | 0                |
| <b>Total</b>                          | <b>4</b>        | <b>3</b>         | <b>0</b>        | <b>0</b>         |
| <b>Details of cases over £300,000</b> |                 |                  |                 |                  |
| Cash losses                           | 0               | 0                | 0               | 0                |
| Claims abandoned                      | 0               | 0                | 0               | 0                |
| Administrative write-offs             | 0               | 0                | 0               | 0                |
| Fruitless payments                    | 0               | 0                | 0               | 0                |
| Store losses                          | 0               | 0                | 0               | 0                |
| <b>Total</b>                          | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>0</b>         |

There were no Losses or special payments made over £300k.

## 22b. Special payments schedule

|                                       | 2013–14         |                  | 2012–13         |                  |
|---------------------------------------|-----------------|------------------|-----------------|------------------|
|                                       | Number of cases | Total value £000 | Number of cases | Total value £000 |
| Special payments                      | 0               | 0                | 0               | 0                |
| <b>Total</b>                          | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>0</b>         |
| <b>Details of cases over £300,000</b> |                 |                  |                 |                  |
| Special payments                      | 0               | 0                | 0               | 0                |
| <b>Total</b>                          | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>0</b>         |

## 23. General fund

|  | 2013–14         | 2012–13<br>Restated |
|--|-----------------|---------------------|
|  | £000            |                     |
| Balance at 1 April                         | (27,475)        | (21,358)            |
| Prior period adjustment (Note 28)          | 0               | 0                   |
| <b>Balance restated at 1 April</b>         | <b>(27,475)</b> | <b>(21,358)</b>     |
| Financing                                  | 0               | 0                   |
| Net transfers from Operating Activities:   |                 |                     |
| Statement of Comprehensive Net Expenditure | (1,507)         | (629)               |
| Movement in donated assets                 | 0               | 0                   |
| Transferred from revaluation reserve       | 0               | 0                   |
| Remeasurement of post employment benefits  | 6,345           | (5,488)             |
| <b>Balance at 31 March</b>                 | <b>(22,637)</b> | <b>(27,475)</b>     |

## 24. Revaluation reserve

### 24a. Property, plant and equipment

|  | 2013–14   | 2012–13   |
|--|-----------|-----------|
|  | £000      |           |
| Balance at 1 April                                   | 28        | 24        |
| Prior period adjustment (Note 28)                    | 0         | 0         |
| <b>Balance restated at 1 April</b>                   | <b>28</b> | <b>24</b> |
| Arising on revaluations of PPE during the year (net) | 2         | 4         |
| Transferred to General Fund                          | 0         | 0         |
| <b>Balance at 31 March</b>                           | <b>30</b> | <b>28</b> |

## 24b. Intangibles

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

## 25. Related party transactions

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

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

## 26. Third-party assets

These are not the Trust's assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, trust funds, amenity funds. They are set out in the table immediately below.

|                      | 31 March 2013 | Funds paid in<br>during the year | Funds paid out<br>during the year | 31 March 2014 |
|----------------------|---------------|----------------------------------|-----------------------------------|---------------|
|                      | £000          | £000                             | £000                              | £000          |
| Amenity Funds Hostel | 3             | 1                                | (1)                               | 3             |
|                      | <b>3</b>      | <b>1</b>                         | <b>(1)</b>                        | <b>3</b>      |

## 27. Events occurring after the reporting period

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

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

### **Dissolution of the Trust**

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

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

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

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

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

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

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

#### *Pensions*

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

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

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

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

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

#### *Leases and service contracts*

Property and IT leases remain within the Ministry of Justice.

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

*Staff related balances*

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

*All other balances*

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

All other balances have been allocated on a practical basis taking 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  | 224            |
| Other comprehensive expenditure   | 5889           |
| Total comprehensive expenditure   | 6,113          |
| Restatement:  |                |
| Increase in programme expenditure (interest costs)                                  | 405            |
| Decrease in remeasurement of defined benefit obligation (previously actuarial loss) | (405)          |
|   | 0              |
| Extract from the 2012–13 accounts after restatement:                                |                |
| Net operating expenditure after taxation  | 629            |
| Other comprehensive expenditure   | 5,484          |
| Total comprehensive expenditure   | 6,113          |

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

|   | <b>2012–13</b>  |
|---|-----------------|
| Extract from the 2012–13 accounts before restatement:                               | <b>£000</b>     |
| General fund balance as at 31 March 2013  |                 |
| Restatement:  | (27,475)        |
| Increase in net operating expenditure   | 405             |
| Decrease in remeasurement of defined benefit obligation (previously actuarial loss) | (405)           |
| General fund balance as at 31 March 2013 after restatement                          | <b>(27,475)</b> |


### Administration and programme income and expenditure

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

## Accounts Direction

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

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



Edward Kirby

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

## Appendix 1

35 Probation Trusts:

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

## 8. Sustainability Report

(Not subject to audit)

### Introduction

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

This report covers 8 buildings.

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

### Governance, responsibilities and internal assurance

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

### Greening Government Commitments

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

### Climate change adaption and mitigation

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

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

### Carbon Reduction Commitment (CRC)

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

## Carbon Management Plan (CMP)

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

Our vision is to:

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

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

## Environmental Management System (EMS)

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

## Sustainable procurement

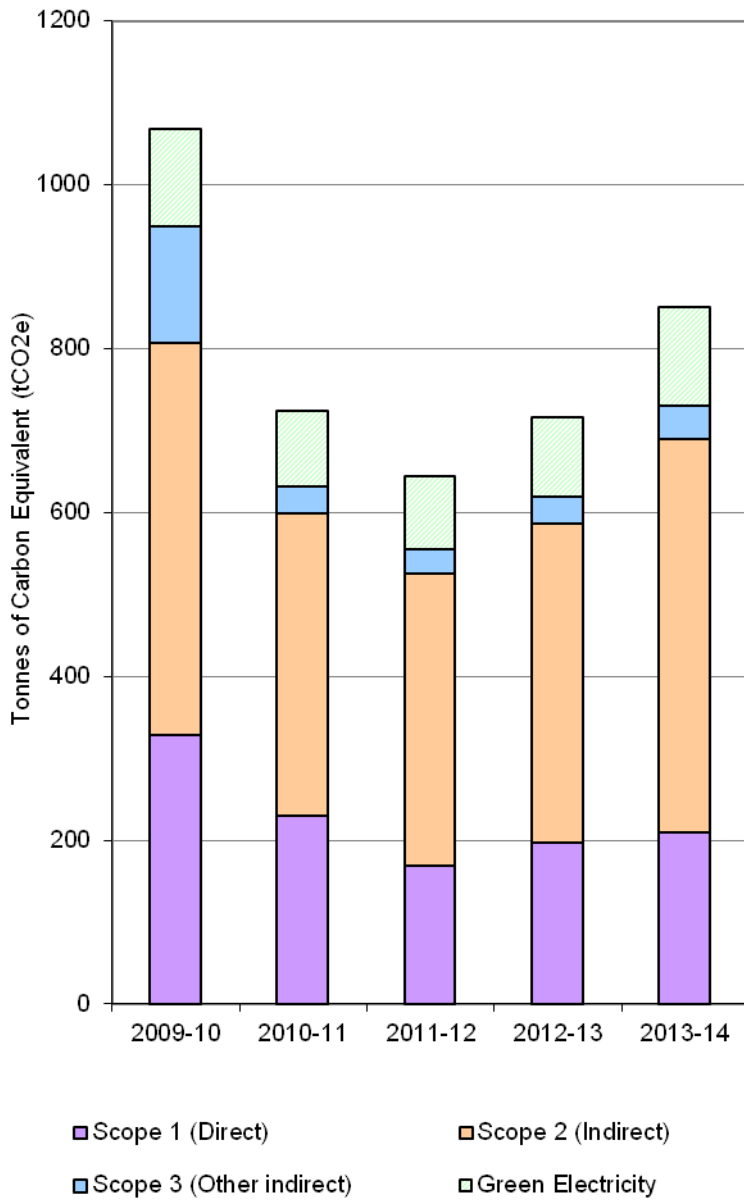
NSPT Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

## Social and environmental awareness

NSPT works where ever possible with partners and staff to promote awareness and to take action to reduce the carbon footprint of the Trust.

|   |  | 2009–10          | 2010–11          | 2011–12          | 2012–13          | 2013–14          |
|---|--|------------------|------------------|------------------|------------------|------------------|
| Non-financial indicators (tCO <sub>2</sub> e) | Scope 1 (direct): Site-based emissions & owned transport                             | 329.1            | 230.8            | 169.1            | 197.7            | 210.4            |
|   | Scope 2 (indirect): Supplied energy (electricity and heat)                           | 478.5            | 369.3            | 356.4            | 388.5            | 479.8            |
|   | Scope 3 (other indirect): Business travel & transmission losses from supplied energy | 142.1            | 31.6             | 30.5             | 33.2             | 41.0             |
|   | <b>Total gross GHG emissions</b>   | <b>949.6</b>     | <b>631.7</b>     | <b>556.0</b>     | <b>619.4</b>     | <b>731.2</b>     |
|   | Electricity: green/renewable   | 119.6            | 92.3             | 89.1             | 97.1             | 119.9            |
|   | <b>Total net GHG emissions</b>   | <b>830.0</b>     | <b>539.3</b>     | <b>466.9</b>     | <b>522.3</b>     | <b>611.2</b>     |
| Non-financial (kWh)                           | Electricity: Grid, CHP & non-renewable   | 726,750          | 621,750          | 600,000          | 654,000          | 807,750          |
|   | Electricity: renewable   | 242,250          | 207,250          | 200,000          | 218,000          | 269,250          |
|   | Gas  | 1,080,000        | 1,254,000        | 919,000          | 1,074,000        | 1,143,000        |
|   | Other energy sources   | 0                | 0                | 0                | 0                | 0                |
|   | <b>Total energy</b>  | <b>2,049,000</b> | <b>2,083,000</b> | <b>1,719,000</b> | <b>1,946,000</b> | <b>2,220,000</b> |
| Financial indicators                          | Expenditure on energy (£)  | 135,000          | 136,000          | 153,000          | 150,000          | 166,000          |
|   | Expenditure on official business travel (£)  | 0                | 0                | 0                | 0                | 0                |

Greenhouse Gas Emission by source



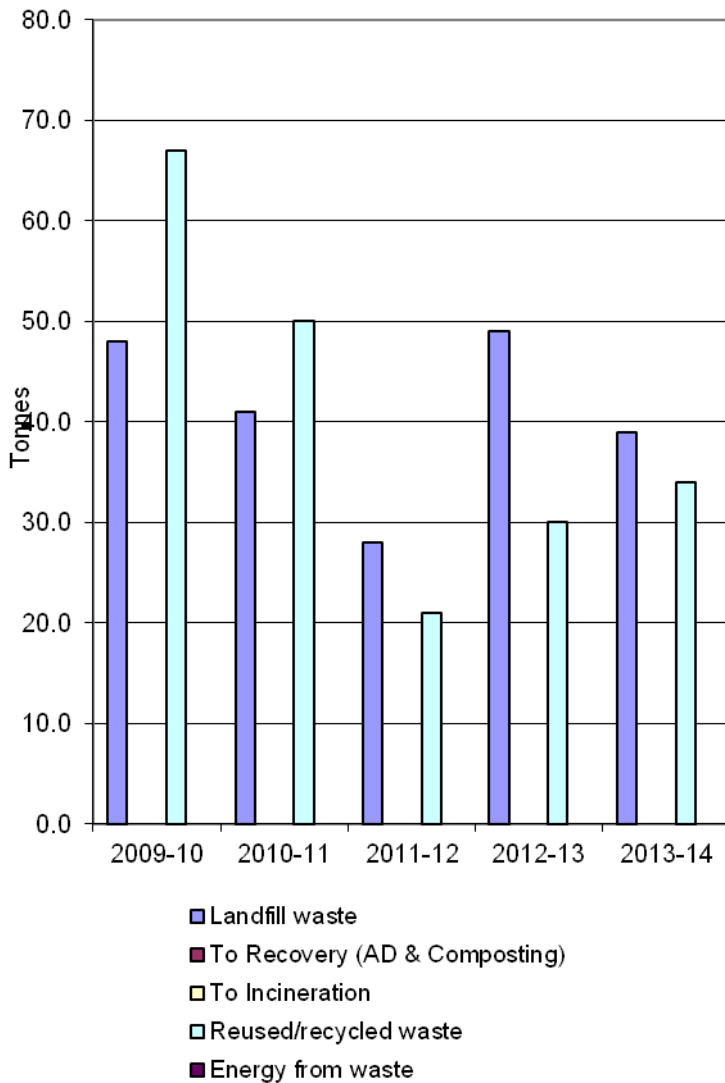
**Controllable impacts commentary**

Reported carbon dioxide emissions are from electricity, gas and oil use in buildings only.

**Waste**

|                                   |                     |                               | 2009-10        | 2010-11        | 2011-12       | 2012-13       | 2013-14       |
|-----------------------------------|---------------------|-------------------------------|----------------|----------------|---------------|---------------|---------------|
| Non-financial indicators (tonnes) | Non-hazardous waste | Landfill waste                | 48.0           | 41.0           | 28.0          | 49.0          | 39.0          |
|                                   |                     | To recovery (AD & composting) | 0.0            | 0.0            | 0.0           | 0.0           | 0.0           |
|                                   |                     | To incineration               | 0.0            | 0.0            | 0.0           | 0.0           | 0.0           |
|                                   |                     | Reused/recycled waste         | 67.0           | 50.0           | 21.0          | 30.0          | 34.0          |
|                                   |                     | Energy from waste             | 0.0            | 0.0            | 0.0           | 0.0           | 0.0           |
| <b>Total waste arising</b>        |                     |                               | <b>115.0</b>   | <b>91.0</b>    | <b>49.0</b>   | <b>79.0</b>   | <b>73.0</b>   |
| Financial indicators              | Non-hazardous waste | Landfill waste                | 3,837          | 3,294          | 2,621         | 4,560         | 3,740         |
|                                   |                     | To recovery (AD & composting) | 0              | 0              | 0             | 0             | 0             |
|                                   |                     | To incineration               | 0              | 0              | 0             | 0             | 0             |
|                                   |                     | Reused/recycled waste         | 10,234         | 7,441          | 3,453         | 2,760         | 3,190         |
|                                   |                     | Energy from waste             | 0              | 0              | 0             | 0             | 0             |
| <b>Total waste costs (£)</b>      |                     |                               | <b>£14,071</b> | <b>£10,735</b> | <b>£6,074</b> | <b>£7,320</b> | <b>£6,930</b> |

Waste by final disposal

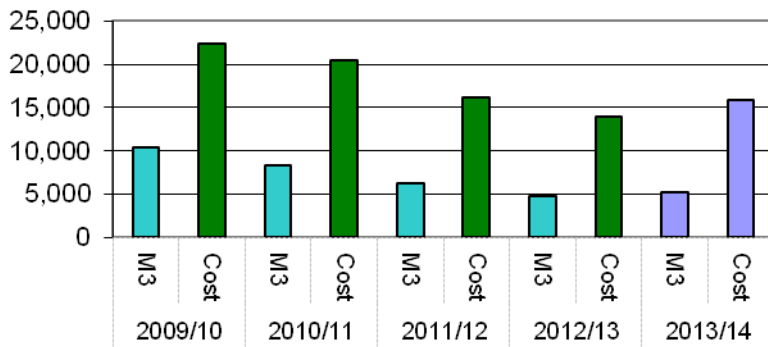




## Water

|                          |  | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 |
|--------------------------|--|---------|---------|---------|---------|---------|
| Non-financial indicators | <b>Total water consumption (cubic metres: m<sup>3</sup>)</b> | 10,389  | 8,365   | 6,267   | 4,768   | 5,166   |
| Financial indicators     | <b>Total water supply costs (£)</b>                          | £22,432 | £20,380 | £16,214 | £13,899 | £15,900 |

Water (consumption and costs).



## Paper

|                             | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 |
|-----------------------------|---------|---------|---------|---------|---------|
| <b>Cost (excluding VAT)</b> | 0       | 0       | 0       | 0       | 0       |

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