



Essex Probation

Annual Report and Accounts 2013–2014

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2013–2014

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Any enquiries regarding this publication should be sent to us at Cullen Mill, 49 Braintree Road, Witham, Essex, CM8 2DD.

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Vision, Mission & Values

Our mission

Essex Probation makes communities safer by the effective and professional management of offenders – controlling and changing their behaviour

Our Vision

Essex Probation is nationally valued as an innovative and effective provider of services to make communities safer by providing a range of services that reduce re-offending.

Our values

Essex Probation values are those of fairness and openness. We recognise the contributions of our staff. We are content to be judged on the results we achieve. We work in strong partnerships with agencies that share our values.

Foreword

Essex Probation has the protection of the public and the reduction of re-offending as its core aims. We work with offenders subject to community sentences and to post-custodial prison licences to deter them from further offending and reintegrate them into the community. This includes dealing with alcohol and drug issues, addressing education and employment needs, and teaching a range of thinking skills so that they are better able to help themselves. In parallel with this, we represent the views of victims of sexual and violent offenders so that their voices are heard in the parole process and their views are taken into account when offenders are released from prison. To deliver our services effectively, we work in close partnership with police, prisons, local authorities, health services, educational institutions and employers.

2013–14 has been a very successful year for us across a range of indicators. This has led to an assessment of Essex Probation as 'outstanding' on the National Probation Trust Rating system. Further details are given in the pages which follow.

2013–14 has also proved to be the prologue to what may be the greatest change the probation service has ever seen. The government has created a new National Probation Service, dedicated to managing those offenders (such as sexual and violent offenders) who pose the highest risk of causing harm to the public. At the same time, services for lower-risk offenders are in the process of being put out to tender so that the fullest benefit can be derived from the commercial world and the voluntary sector. We have taken a very active part in putting the new arrangements in place so that the people of Essex continue to receive a seamless service from probation providers.

From June 2014, the National Probation Service will come into existence. This date also sees the creation of a network of 21 'community rehabilitation companies', or CRCs being government-owned bodies which reflect the contract package areas being put out to tender. These bodies will themselves be taken over by the successful bidders when the procurement process is complete.

It is with some sadness that this process will spell the end of Essex Probation, a Trust created under the provisions of the Offender Management Act 2007 to serve the people of Essex, Southend-on-Sea and Thurrock. We are nevertheless very confident that our staff, who will be centrally involved in delivering services for the National Probation Service in Essex and for the Essex Community Rehabilitation Company, will go from strength to strength in their critically important work.

Alan Hubbard
Board Chair
25 June 2014

Mary Archer
Chief Executive
25 June 2014

1. Operational & Performance Review 2013–14

Essex Probation priorities during 2013–14 have been to meet its contractual requirements and deliver the Business Plan. Our achievements during the year are summarised below:

Business Plan Outcomes 2013–14

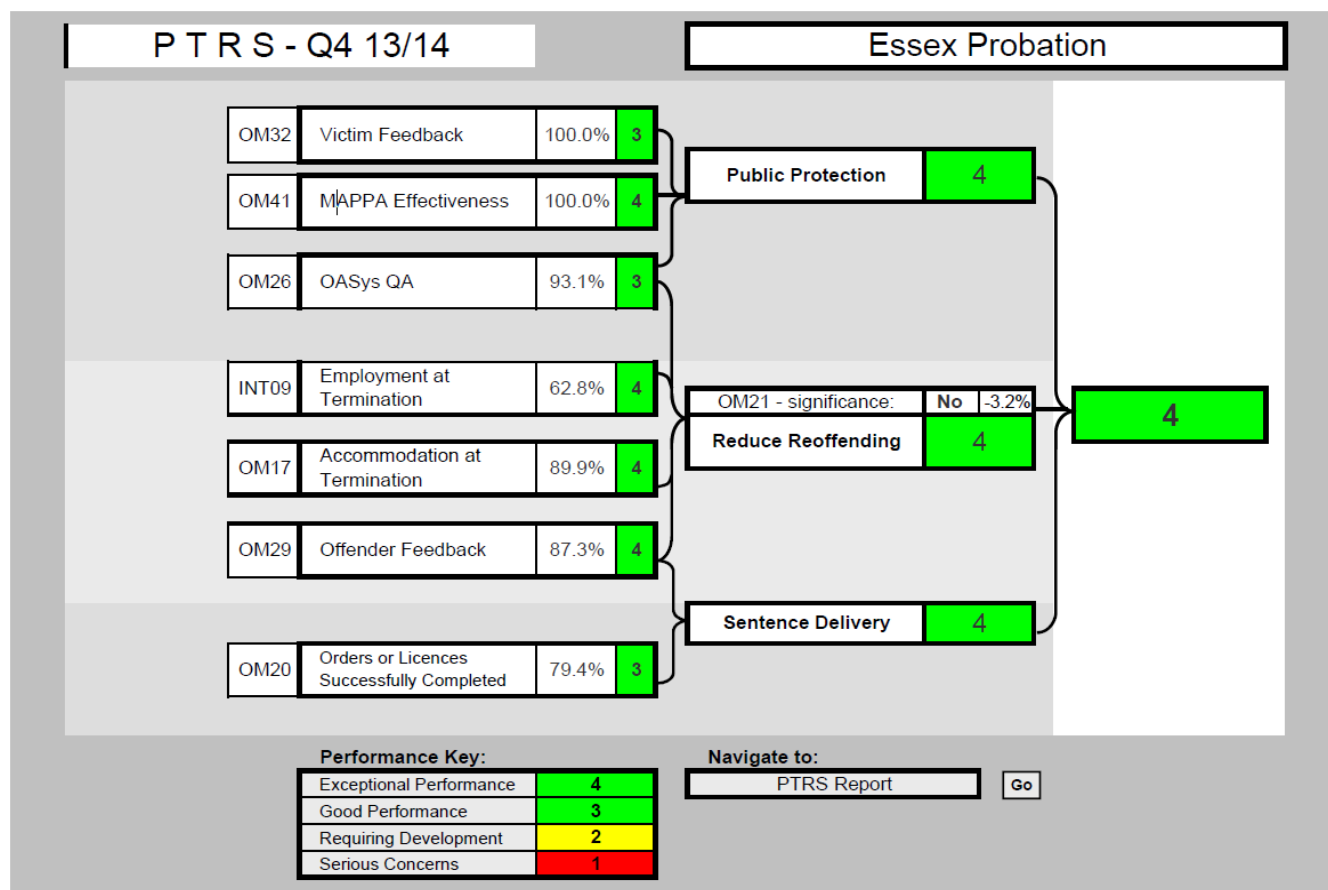
Demand management and challenging offending	<p>We continue to focus resources on those most likely to re-offend and on those who pose the highest risk of harm.</p> <p>Our staff in court assess offenders carefully, putting together practical proposals which will challenge offenders' views, remind them of their victims, meet needs which have led to offending and reduce the likelihood that they come before the courts again.</p>
Accurate assessment	<p>We measure the quality of our assessment and planning for offenders through national and local audit tools. These demonstrate steady, consistent improvement, offenders are getting the services they need for the problems they bring.</p>
Offender feedback	<p>Effective work with offenders relies on building relationships of trust with those they supervise, so that they can motivate them to avoid re-offending.</p> <p>The results of the national survey on offenders' views, conducted in October, put Essex among the top Probation Trusts in the country.</p>
Reviewing costs	<p>Probation Trusts are nationally measured against a range of cost criteria.</p> <p>Essex Probation's constant drive to reduce costs has put us consistently among the best-value Trusts in the country.</p>
Investing in quality	<p>Essex Probation has successfully applied for the quality standard ISO 9001. The ISO9001 is a series of standards that identifies those organisations that hold accreditation as having effective quality assurance processes. It is awarded only to organisations able to demonstrate they have a commitment to quality throughout their established structure and a formal, documented quality management system. Accredited organisations also need to evidence consideration for quality in every aspect of their work and a process for rectifying situations if something has moved outside of the quality management processes.</p> <p>Essex Probation also holds the Matrix Standard, the quality framework for the delivery of information, advice and guidance to individuals in choosing education and careers. Matrix ensures organisations review, evaluate and develop their services, encouraging the take-up of professionally recognised qualifications and continuous professional development of staff.</p>
Valuing staff	<p>We have continued our annual awards programme with prizes awarded by the High Sheriff of Essex across a number of categories. One of our Essex winners, Melanie Bigg, went on to become National Probation Champion, the second time a member of Essex staff has held the award since the national awards were introduced in 2009. Essex Probation has had a winner in at least one category in every year since the awards' inception.</p>
Preventing custodial remands	<p>The National Offender Management Service established a contract, the Bail Accommodation Support Scheme, to accommodate homeless defendants in criminal proceedings.</p> <p>Essex is one of the top Trusts in the country for referring to this scheme; careful assessment in court means that remands in custody are kept for those that pose a real risk to the public.</p>
Offenders on the brink of prison	<p>We have continued our successful contract with the Bridge, an innovative project designed by Essex Probation and run by SOVA, a third sector organisation, on our behalf. The Bridge works on the motivation and compliance of so-called 'revolving door' offenders, those whose behaviour leads to repeated short-term prison sentences. The Bridge has met all its performance targets, freeing prison places for those who pose a risk to the public.</p>

Offenders with personality disorders	<p>Essex Probation, with its partner the North Essex Partnership NHS Foundation Trust, has put in place innovative services for high-risk offenders with personality disorders, including psychological assessment and treatment, having made a successful bid for funding to the Department of Health and the National Offender Management Service.</p> <p>These offenders, not suffering from identifiable mental illness, often do not qualify for formal mental-health treatment and have proved hard to help in the past.</p>
Services for alcohol users	<p>The public often think that drugs and offending are closely linked. However, our staff assess alcohol to be a feature in 53 percent of offences. The level of need varies. We have in place a range of provision to meet that variation, including brief advice at court; groupwork programmes, both in-house and developed under contract with the voluntary sector and detoxification for the physically dependent, through referral to the health service.</p>
Community Payback	<p>Unpaid work, or 'Community Payback', continues to be a mainstay of the services offered to courts. This year, Essex offenders carried out 233,389 hours of unpaid work for 613 charities, churches and other not-for-profit groups at an estimated equivalent value of £1.4m to the community. Some 2,000 hours' work had an educational and training component, enabling offenders to gain skills to help them into work.</p> <p>All offenders work a seven-hour day within seven days of the sentence being passed. Unemployed offenders work a four-day week, with the fifth day taken up with job-search activities.</p> <p>Essex Probation was second in the country for successful completion of unpaid work orders within 12 months of the order being made.</p>
Provision for women offenders	<p>Following Baroness Corston's report into the treatment of women in the criminal justice system, Essex Probation has looked carefully at the services provided to meet women's needs. We have commissioned services through a voluntary sector provider, Open Road, to motivate women to comply with court orders and to ensure that they are helped to find services in the community which will reduce the risk that they re-offend. We will build on the lessons learned from the first year of operation to ensure the best possible fit between the service offered and the need to help women stop offending.</p>
Mentors and case supporters	<p>The government has encouraged Probation Trusts to involve ex-offenders as mentors. Essex Probation has a thriving peer-mentoring scheme but goes further, giving short-term paid contracts to successful mentors to become 'case supporters', working alongside our offender managers to recruit the mentors of tomorrow. Our initiative gives case supporters an authentic work history to improve their chances of permanent employment.</p>
Housing and employment	<p>These are key factors in 'desistance'; whether offenders will give up crime and lead law-abiding lives. We have staff specialising in education, training and employment, and in finding housing options.</p> <p>Nearly 90 per cent of offenders finishing supervision have settled accommodation. More than 500 offenders during the year sustained employment, exceeding the Trust's contract target by 35 per cent. Nearly 63 per cent of offenders finishing their supervision were in work.</p>

The Whole-Essex Community Budget (WECB)	<p>The WECB is a partnership of all the government bodies in the County of Essex which aims to conserve resources by identifying overlaps in service provision between different bodies. Essex Probation has played an integral part in the initiative since its inception, focusing particularly on offenders and their families to intervene early and halt the circle of deprivation which would otherwise influence the offending of tomorrow.</p> <p>Essex Probation staff have been mapping the needs of offenders on a number of 'pathways' to ensure the right services are in place. So far, education, training and employment (ETE), finance, benefits and debt (FBD) and the accommodation pathways have been completed.</p> <p>One example of this planning is the Department for Work and Pensions Probation Project, an initiative in South East Essex and Southend to improve joint working between DWP and Essex Probation to match offenders more readily with job opportunities.</p> <p>Work for the coming year will focus heavily on 'integrated delivery and integrated prevention' – joint work with other agencies to address the needs of the children and families of offenders. This work will be led by the Essex Community Rehabilitation Company in liaison with the National Probation Service under the new arrangements for Probation Services from June 2014.</p>
Tackling domestic abuse	<p>As part of the WECB, Essex Probation has worked with partners to reduce the incidence of domestic violence.</p> <p>This has led to the formation of three multi-agency 'joint domestic abuse triage' teams (JDATTs) to improve information sharing and ensure an early and effective response, improving outcomes for victims of abuse.</p> <p>Essex Probation has integrated staff into the Essex and Southend JDATTs and the Thurrock MASH (multi-agency sharing hub), combining and cooperating with police and social services, with effect from 3 March 2014.</p>
Integrated offender management (IOM)	<p>The IOM scheme, led by police and probation, works with offenders who are not subject to formal supervision by us, particularly those who have been released from short-term custody. The Essex scheme has police officers located in probation premises for the first time, working in tandem with offender managers and other partners – local authorities, substance-misuse treatment agencies, and voluntary and community sector organisations.</p> <p>IOM has a carrot-and-stick approach. The scheme targets those assessed to be most at risk of offending, offering a range of services to help them desist. Those who do not cooperate are targeted by police to detect possible further offences.</p>
Services to victims	<p>Essex Probation offers the Victim Contact Scheme to victims of violent or sexual crime where the perpetrator has received a custodial sentence of 12 months or longer. The scheme currently works with over 1,000 victims. Our annual feedback in 2013–14 records 100% positive victim satisfaction, highlighting the dedication of the victim liaison officers in providing information on key points in the sentence, and in representing victims' views in setting licence conditions when offenders are released from prison.</p> <p>Essex Probation was audited by the National Offender Management Service during the year and received a 'Green' rating, with NOMS' auditors noting '<i>We found that systems were working effectively and made no recommendations for improvements.</i>'</p>
Managing high-risk offenders through MAPPA – the multi-agency public protection arrangements	<p>Essex Probation is one of the 'responsible authority' agencies for the multi-agency public protection arrangements, together with HM Prison Service and Essex Police. A range of other bodies such as youth offending services, Job Centre Plus and departments of both Essex County Council and the unitary authorities of Thurrock and Southend-on-Sea, co-operate with MAPPA.</p> <p>At any one time, MAPPA is actively managing some 70 offenders who are assessed to pose a higher risk of causing harm to the public. None of the group under this multi-agency management committed a serious further offence during the year. Essex MAPPA publishes a full annual report of its activities in October each year, available on agency websites.</p>

Progress against Key Performance Indicators

The performance of Essex Probation is measured by the National Offender Management Service using the Probation Trust Rating System (PTRS). During 2013–14 Essex Probation achieved 'Green Status' and an overall rating of 'Excellent'. This places our performance above the national average with no other Trusts achieving this rating across the three domain measures.



Contract performance targets and outcomes for 2013–14 are shown in detail in the table below. Essex Probation exceeded all targets during the year:

Performance Targets and Outcomes for 2013–14

	Target	Performance
Employment at Termination	55%	63%
License Recall Requests	95%	99%
Enforcement	95%	100%
Accommodation at Termination	82%	90%
Orders or Licences Successfully Completed	71%	79%
OASys Quality	90%	94%
Indeterminate Sentence Prisoners parole report timeliness	85%	97%
Offender Feedback	67%	87%
Victim Feedback	91%	100%
Tier 2, 3, 4 and Prolific and Priority Offenders OASys Final Reviews	90%	92%
Court Report Timeliness	95%	99%
Multi Agency Public Protection Arrangement (MAPPA) Effectiveness	90%	100%

	Target	Performance
Sustained Employment	100%	126%
Sex Offender Programme Completions	24	28
Domestic Violence Programme Completions	135	145
Accredited Offender Behaviour Programmes Completions	318	339
Community Payback Completions	1600	1952

Mary Archer, Chief Executive
25 June 2014

2. Management Commentary (incorporating the Strategic Review)

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 Essex Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by Her Majesty's Treasury (HMT) and in accordance with the accounts direction, on page 60, issued by the Secretary of State under the OM Act.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 8.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 24. The Statement of Changes in Taxpayers' Equity is shown on page 27.

Operating costs

The net operating cost before tax for 2013–14 stands at £1,803,000 compared to £1,389,000 for 2012–13. The main reason for the increase is due to an increase in staffing costs; the number of seconded staff to other organisations has reduced by 6 FTE and associated income has reduced by £312,000 and other pension costs have increased by £310,000 and relates to an increase in the current service cost pension obligations. Income receipts have reduced during 2013–14 by £130,000, primarily from other government agencies. Interest costs on the pension scheme liabilities have increased by of £258,000 compared to 2013–14 and have been partly offset by an increased interest return on assets of £183,000. The net position for the year has been an overall increase in net pension scheme interest of £73,000.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 25 and 26 respectively.

The net liabilities position has decreased from £30,869,000 at 31 March 2013 to £24,166,000 at 31 March 2014. The largest single movement in net liabilities is £6,688,000 due to the changes in statistical assumptions by the actuary in assessing the pension scheme liabilities, including how many members will leave employment and the impact of changes to the LGPS. Better investment returns over the year has also increased assets by more than was allowed for in last year's assumptions.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2,044 trade invoices with a value of £8.7 million. The percentage of undisputed invoices paid within 30 days by the Trust was 97% compared to 88% in 2012–13 and a target of 98%. Achievement of target will be achieved by improving payment rates by 2.5 invoices per month. The Trust has implemented an electronic order and which will ensure this target is achieved.

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 for 2013–14 were 13.8 days across the Trust. This was an increase on the previous year average (12.5 days) and relates to an increase in long term sickness cases during the earlier part of the year. All sickness is managed in line with the organisation's ill-health policies.

Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The proportion of staff transferring to the CRC/NPS is approximately 67:33. 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.

Employee Staff Mutual Development

A staff mutual has been created in order to bid for ownership of the CRCs starting from winter 2014–15. A number of Essex Probation personnel are progressing a mutual bid on behalf of employees of Essex Probation. In particular, two executive directors Pete Mangan and Debbie Came are leading the mutual bid with support received via the Cabinet Office Mutuels programme. Two board members Terry Collin and Robert Everitt are also supporting the process along with a further 38 employees. All employees and board members involved with the bid have been authorised to do so and have signed ethical wall documentation. They have been excluded from any activity that is or may be construed to be part of the commissioning process.

Going concern

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

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

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

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

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

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

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will 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 (FRoM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on pages 22 and 23.

Total audit fees reported in the Accounts are £29,160.

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.

Mary Archer, Accountable Officer
25 June 2014

3. Remuneration Report

Appointments

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 directly accountable to Parliament for safeguarding public funds. The Secretary of State has directed that the first Chief Executive of Essex Probation is to be the person appointed by the Secretary of State on terms determined by the Secretary of State. Chief Executives are appointed on a permanent basis and are subject to three calendar months notice in writing either way.

A Probation Trust consists of a Chairman and not less than five other members appointed by the Secretary of State. The terms of employment of the appointed members are for the Secretary of State to determine, though the terms of employment of the Chief Executive are for the appointed members to determine, with the approval of the Secretary of State.

Board members, including the Chair are initially appointed for a term not exceeding three years, with the option to re-appoint for a further two terms of three years. The Secretary of State may give written notice of termination of service to Board members without a specified notice period. Board members may at any time resign office, giving written notice to the Secretary of State. There are no compensation liabilities for early termination of Board members contracts. The appointment terms of Board members of Probation Trusts are for the appointed members to determine.

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

A) REMUNERATION – AUDITED

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

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Mary Archer OBE	90–95	90–95	0–5	0	0	0	60–65	(40–45)	150–165	50–50
Alan Hubbard	15–20	15–20	0	0	0	0	0	0	15–20	15–20
Martin Bates	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Terry Collin	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Rob Everitt	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Richard Moore	0–5	0–5	0	0	0	0	0	0	0–5	0–5
Tim Young	0–5	0–5	0	0	0	0	0	0	0–5	0–5

The remuneration for Board members is set by the Secretary of State for Justice. Chief Executive remuneration is determined by the Standing Committee for Chief Officer Grades for Probation Trusts, through annual pay negotiation. All Ministry of Justice appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2007, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred. The Board Chair receives an annual non-pensionable remuneration.

Chief Executive's performance pay is determined against criteria set by the Trust Board. Up to 4% of Chief Executives pensionable pay is determined by performance conditions. There is no performance element for other Board members.

The remuneration of all other staff is determined by the National Negotiating Council for Probation Trusts. A comparison of median staff pay compared to the highest paid Director is provided for information.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£90k–£95k	£90k–£95k
Median for other staff	£24,253	£24,060
Pay multiple ratio	3.8:1	3.72:1

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

Salary

'Salary' includes the gross salary; overtime; sessional payments etc.

Benefits in kind

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

Pension benefits

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
M Archer – Chief Executive	40 to 45 plus lump sum of 100 to 105	0.5 to 1.0 plus lump sum of -2.5 to -5.0	963	893	70

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

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member

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

Real increase in CETV

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

Accountable Officer
25 June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1)(b) of the Offender Management Act 2007, the Secretary of State has directed Essex Probation 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

The Essex Probation Trust Management Board

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Ms Mary Archer	
Chair	Mr Alan Hubbard	
Board Member	Mr Martin Bates	
Board Member	Mr Terry Collin	
Board Member	Mrs Jo Durning	Resigned on 13 th April 2013
Board Member	Mr Robert Everitt	
Board Member	Dr Richard Moore	
Board Member	Mr Tim Young	Resigned on 29 th November 2013

There were no significant conflicts of interest declared during the year and details of related party transactions are reported on page 55 of the Accounts. The Board's Register of Interest is available on request from the Chief Executive, Cullen Mill, 49 Braintree Road, Witham, CM8 2DD.

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

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

Governance Framework

The role of the Board

The role of the Trust Board is to ensure that the Trust has clear strategic aims that are delivered through a robust business plan that meet the contractual obligations to the Secretary of State for Justice. It achieves this by:

- Ensuring that the Secretary of State is kept informed of any changes that are likely to have an impact on the strategic direction of the Trust, its ability to deliver its targets and by taking action to deal with such changes
- Ensuring that any statutory or administrative requirements regarding the use of public funds are complied with
- Ensuring that the Trust receives and reviews regular financial information concerning its management
- Demonstrating high standards of corporate governance at all times
- Ensuring that effective procedures for handling complaints about the Trust are established and made widely known within the Trust.

Day to day operational matters are delegated to the Chief Executive, but certain matters are reserved for Board consideration. These are set out in the *Essex Probation Governance Handbook* (available on request from Chief Executive, Cullen Mill, 49 Braintree Road, Witham, Essex, CM8 2DD).

Key items are:

- Approval of the Trust's three-year and annual service plans
- Approval of the budget
- Approval of the annual report and accounts
- Notification of serious further offences by offenders supervised by officers of the Trust
- Notification of reportable health and safety incidents which are sufficiently serious to require notification to the Health and Safety Executive.

How the Board operates

The Board strives to follow the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It also complies with HM Treasury's *Corporate Governance Code of Good Practice* as it applies to non-departmental government bodies.

The Board plays a key role in scrutinising performance by reviewing reports from the Executive which are provided on an 'exception reporting' basis. These identify key concerns and corrective action taken or planned. The Board gains assurance on the quality of data provided through direct challenge and through the oversight provided by its committees, as well on the systems of assurance and internal control processes described elsewhere in this report.

Board members also attend key meetings with both Executive and operational staff and receive briefings and training throughout the year.

During 2013–14 the principal issues addressed by the Board have been:

- Monitoring and maintaining operational performance
- Monitoring and maintaining financial performance
- Monitoring organisation risk
- Preparing for the termination of the Trust contract with the National Offender Management Service (NOMS) and the division of the organisation into the separate entities described earlier.

Effectiveness of the Board

The Board formally reviews its performance on an annual basis. This is an internal review informed by feedback from both executive and non-executive Directors. Membership of committees and terms of reference are reviewed at this meeting and Board members development and training needs as a result of the review are considered.

Each Committee reviews its own performance. The Audit Committee, as a statutory committee of the Board, provides an annual report to the Board. Board attendance during 2013–14 was 89%

	Board	Audit Committee
Number of meetings:	8	5
Board Member:		
Alan Hubbard – Chair	8	1
Mary Archer – Chief Executive	8	3
Martin Bates	6	3
Terry Collin	7	5
Jo Durning*	-	-
Rob Everitt	8	5
Richard Moore	8	5
Tim Young**	3	-
Total Attendances	48	22
Percentage	89%	90%

* Board Member resigned during the year and prior to commencement of meetings.

** Board Member resigned during the year and only available to attend 6 meetings.

The Chair and Chief Executive are ex officio members of the Audit Committee and as such have a right to attend meetings but are not required to do so. Their attendance is recorded here for completeness but is not recorded in the percentage attendance figures.

Oversight and Assurance arrangements

To discharge its responsibilities effectively, the Board operates a number of Committees as well as the Board itself. The principal activities of each Committee and attendance are detailed below:

Committee	Membership	Terms of Reference	Key Issues 2013–14
Audit Committee	R Moore (Chair) M Bates T Collin R Everitt Attendance 90%	To support the Board in their responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances.	<ul style="list-style-type: none"> • Planning of internal and external audits and monitoring of recommendations • Review of risks particularly business continuity, financial and operational performance and the impact of changes to government policy • Monitoring implementation of operational reports and reviews
Business Development	T Collin (Chair) M Archer R Everitt T Young Attendance 100%	To advise and make recommendations to the Board on all strategic matters relating to business development that need to be considered by the Board.	<ul style="list-style-type: none"> • Monitoring contract performance • Impact of Transforming Rehabilitation on business development • Ethical walls in contracting
Diversity	R Everitt (Chair) M Bates R Moore Attendance 67%	To act as an advisory body, supporting and assisting the Board in delivering its organisational commitment to achieving equality and valuing diversity.	<ul style="list-style-type: none"> • Agreeing Essex Probation Single Equality Scheme and objectives • Monitoring diversity performance for employees and offenders • Reviewing outcomes from the disabled offenders working group
Union (Joint Negotiating and Consultative Committee) and Board	T Young/T Collin (Chair) M Archer R Everitt R Moore Attendance 50%	To consult on any matters concerning existing practices, terms and conditions of employment or proposed changes which affect employees and to act as the initial forum for resolution of any collective dispute.	<ul style="list-style-type: none"> • Consideration of key employee policies • Monitoring and negotiating Union action • Consultation on organisational changes and developments
Health and Safety	M Bates/ R Everitt Attendance 100%	To monitor and review the measures taken to ensure a continuing improvement in health and safety performance for our employees and others affected by our activities.	<ul style="list-style-type: none"> • Monitoring incidents and accidents • Risk assessment of Approved Premise staffing model • Crown Fire Inspections and remedial work • Overseeing building health and safety duties and issues

Impact of transformation on the control environment

Close scrutiny has been maintained by the Board and executive during the transformation period. The risk register has been regularly reviewed and specific risks pertaining to transformation have been added and monitored. In addition, the impact on staff has been monitored in terms of sickness, turnover and other management indicators and an engagement strategy has been led by the Chief Executive to re-assure staff and ensure business as usual has remained a focus. In recognition of the period of change, additional training has been undertaken by Managers with regard to Fraud, Corruption and Bribery.

Risk Management

The role of the Accountable Officer

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

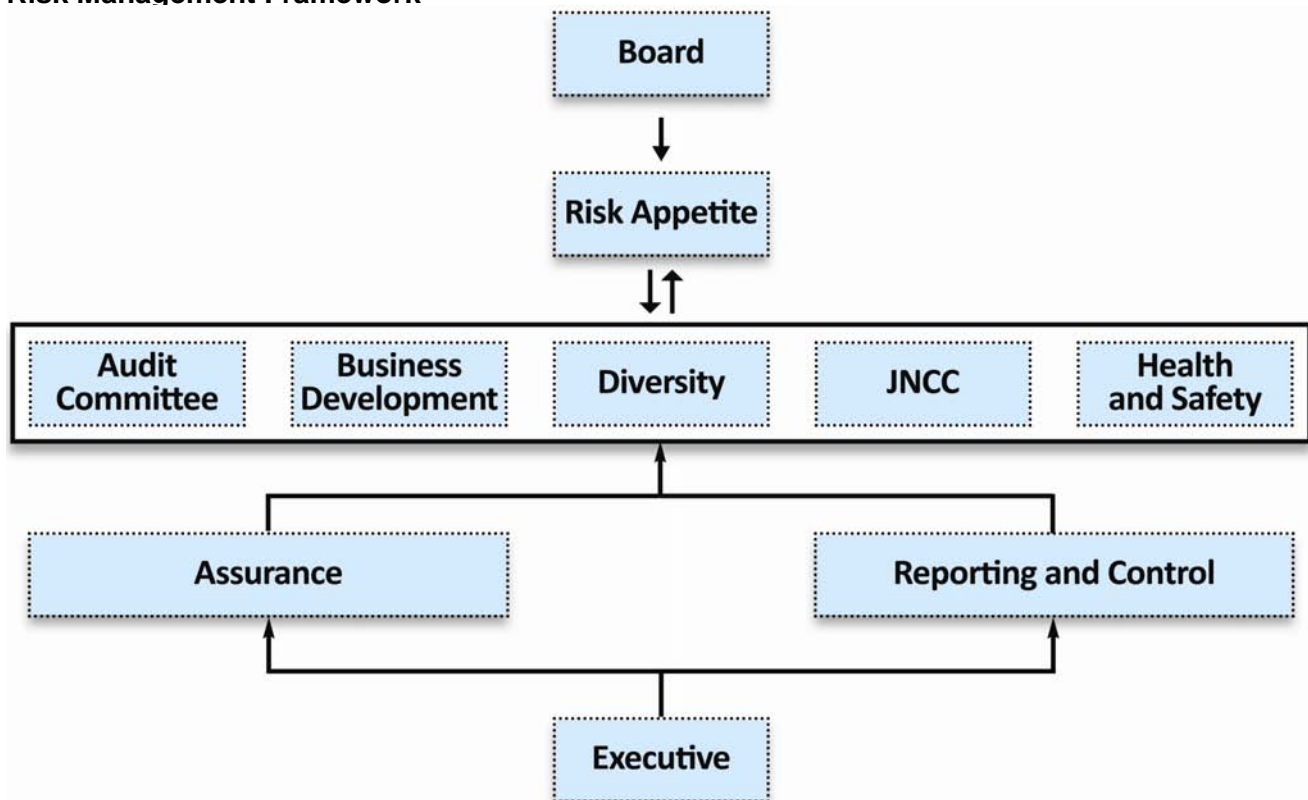
The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors and inspectors in their management letter and other reports. The Accountable Officer is advised on the implications of the result of the review of effectiveness of the system of internal control by the Board and the Audit Committee. Systems are continuously developed to address weaknesses and ensure improvements in internal control are in place.

Internal Control

The Chief Executive as Accountable Officer has overall responsibility for ensuring risks are managed effectively. The Director of Finance takes the lead role for internal control and risk management co-ordination activities. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

Risk Management Framework



The Board ensures that there are effective arrangements for governance and risk management. It is supported in this role primarily by the Audit Committee but also the other Committees of the Board.

The Risk Management Framework accords with guidance outlined in HM Treasury's Managing Public Money and other best practice standards. The Board receive an annual risk awareness update and all Board members, senior and middle managers are involved in the process of identifying risks to corporate objectives during the planning process for 2013–14 and subsequent years. The Board reviews the organisation Risk Appetite on an annual basis and agrees the Risk Register.

At each level of planning, risks are identified and evaluated by assessing the degree of risk exposure (impact and likelihood) for each to determine the acceptable level of risk. The key risks are derived from a scoring system based on risk ratings and tolerances defined within the Risk Management Policy. These form the basis of the Risk Register which is managed and overseen by the Executive and Audit Committee on behalf of the Board. The Audit Committee receive and review the Risk Register and management action on a quarterly basis.

During 2013–14, the key risks for Essex Probation have been:

- uncertainty generated by changes in direction of Government policy both for Essex Probation and its local partners
- maintaining public relations
- managing resources during a time of financial pressure
- sustaining performance throughout the above

These issues are likely to continue into 2014–15. There have been no risk issues that the Board have been unable to manage during the year or required escalation. Risk issues are discussed on a quarterly basis as part of the contractual review with the representative of the Secretary of State for Justice.

Effectiveness of Internal Control and Risk Management

The Audit Committee scrutinise performance in relation to internal control and monitor compliance with audit recommendations. While not complacent, the Board assesses the effectiveness of its internal control and risk management processes to be sufficient and cost effective. There have been no unexpected risk issues during 2013–14 which have not been contained within existing controls and processes.

Internal Audit is provided by Ministry of Justice Internal Audit and Assurance Unit. The Internal Auditor provided the following opinion in his report dated 10 April 2014:

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

It is in this context that I am able to report that our work only identified moderate 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.”

The internal auditor has not identified any critical level recommendations and all recommendations for improvement arising from the work completed by the Internal Auditor are being progressed and monitored by the Audit Committee at each meeting.

Personal data related incidents

There have been no personal data related incidents in 2013–14 (and none in 2012–13) which were formally reported to the Information Commissioner's Office (ICO).

Should an incident occur a risk assessment is carried out to assess, who, if anyone, should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. All staff undertake a compulsory Information Assurance training course when joining the department and an annual refresher course.

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 62 to 66.

Future developments

The Trust was formally wound up on 31 May 2014. Future developments will be the responsibility of the National Probation Service and the Essex Community Rehabilitation Company.

Communications and employee involvement

The Trust has a structured engagement programme with all key stakeholders. Regular briefing meetings are held with magistrates and judges. We have promoted the work of Essex Probation to ensure the public and partners understand our role in the criminal justice system through regular appearances on local radio, press interviews, and presentations to local authorities and members of parliament.

The Chief Executive and Board members visit all sites during the year to meet with staff and answer their questions. We survey our staff every two years to identify improvements in employee engagement. Our most recent staff survey, in 2012, achieved a response rate of 70% and an overall positive score of 84% compared with 81% in 2010.

The Chief Executive and Board have met with staff regularly since the announcement of Transforming Rehabilitation to keep staff abreast of developments and to answer questions as these arise.

Staff diversity

Essex Probation is committed to ensuring fair treatment for offenders and staff and will continue to work to eliminate discrimination, harassment, victimisation and to advance equality of opportunity.

The Essex Probation Equality and Diversity Report for 2013 is available on request from the Chief Executive at Cullen Mill, 49 Braintree Road, Witham CM8 2DD and provides further information about our workforce and the offenders we work with.

Mutuals

The Trust has put in place a series of ethical walls since an Essex Probation mutual bid was announced. All staff involved in the mutual have been authorised to do so by the Chief Executive. All staff directly involved in the mutual or providing information and guidance to the competition commissioning team have signed an ethical wall statement committing them to safeguarding the protections in place to provide confidence to the market that the integrity of the competition is being maintained. Ethical walls have also been built in terms of systems and processes, with access to relevant data restricted to either side of the ethical wall. This is overseen by the Chief Executive.

Mary Archer, Accountable Officer
25 June 2014

6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Essex Probation 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 Essex Probation's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

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

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

1 July 2014

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	15,320	14,766
Other expenditure	6	4,654	4,997
Total Expenditure		19,974	19,763
Income	7	(19,514)	(19,644)
Net operating costs		460	119
Net interest cost on pension scheme	4(c)	1,343	1,270
Net operating costs before taxation		1,803	1,389
Taxation	5	5	6
Net operating costs after taxation		1,808	1,395

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net loss on revaluation of property, plant and equipment	8	0	1
Net gain on revaluation of intangibles	9	0	0
Net gain on revaluation of available for sale financial assets		0	0
Re-measurement of post employment benefits	23	(8,510)	1,468
Total comprehensive (income)/expenditure for 31 March 2014		(6,702)	2,864

The notes on pages 28 to 59 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Non-current assets			
Property, plant and equipment	8	4	11
Intangible assets	9	1	2
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		5	13
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	1,801	2,705
Cash and cash equivalents	13	634	269
Total current assets		2,435	2,974
Total assets		2,440	2,987
Current liabilities			
Trade and other payables	14(a)	(1,071)	(1,503)
Provisions	15	0	(125)
Taxation payables	14(a)	(710)	(715)
Total current liabilities		(1,781)	(2,343)
Non-current assets plus net current assets		659	644
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(24,825)	(31,513)
Total non-current liabilities		(24,825)	(31,513)
Assets less liabilities		(24,166)	(30,869)
Taxpayers' equity			
General fund	23	(24,188)	(30,891)
Revaluation reserve – property, plant and equipment	24(a)	22	22
Revaluation reserve – intangible assets	24(b)	0	0
		(24,166)	(30,869)

The financial statements on pages 24 to 27 were approved by the Board on 17 June and were signed on its behalf by

Mary Archer, Accountable Officer
25 June 2014

The notes on pages 28 to 59 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Cash flows from operating activities			
Net operating costs	23	(1,808)	(1,395)
Adjustments for non-cash transactions	6	8	157
Adjustments for pension cost	4(c)	1,822	1,484
Decrease in receivables	12(a)	904	13
Decrease) in payables	14(a)	(437)	(678)
Utilisation of provisions	15	(125)	0
Less movements in property, plant and equipment payable	14(a)	0	0
Net cash inflow/(outflow) from operating activities		364	(419)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	1	0
Proceeds on disposal of intangibles	9	0	0
Net cash inflow from investing activities		1	0
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period			
		365	(419)
Cash and cash equivalents at the beginning of the period	13	269	688
Cash and cash equivalents at the end of the period	13	634	269
Increase/(decrease) in cash		365	(419)

The notes on pages 28 to 59 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(28,029)	23	(28,006)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2012		(28,029)	23	(28,006)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(1,395)		(1,395)
Net gain on revaluation of property, plant and equipment	24(a)		0	0
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		(1)	(1)
Net gain on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)			
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	1	0	1
Re-measurement of post employment benefits	23	(1,468)	0	(1,468)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(30,891)	22	(30,869)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,808)		(1,808)
Net gain on revaluation of property, plant and equipment	24(a)		1	1
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)		(1)	(1)
Net gain on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	1	0	1
Re-measurement of post employment benefits	23	8,510	0	8,510
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2014		(24,188)	22	(24,166)

The notes on pages 28 to 59 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 (FRoM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

1.5 Property, plant and equipment

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost and is restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £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	3–5 years depending on individual asset type
Plant & equipment	5 years
Vehicles	7 years
Furniture, fixtures & fittings	5 years

1.7 Impairment

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

1.8 Intangible non-current assets

The Trust 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.

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

There was no programme expenditure reported in 2012–13 by the Trust and so no restatement has been required in the 2013–14 accounts.

1.13 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is contracted out of the State Second Pension and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS will come into effect on 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect. 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 Corporation Tax

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

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

The Trust 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 and Net Assets by Operating Segment

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

Operational Unit	2013–14	2012–13
	Net Expenditure £000	Restated Net Expenditure £000
Interventions	3,722	4,050
Offender Management	9,406	9,165
Central Services	5,890	4,308
External Services	844	2,699
Total Net Expenditure	19,862	20,222
Contract Income	(18,724)	(18,760)
Other Income	(1,152)	(1,551)
Underspend	(14)	(89)

Reconciliation of Net Expenditure to Statement of Comprehensive Net Expenditure:

	2013–14	2012–13
	Net Expenditure £000	Net Expenditure £000
Underspend	(14)	(89)
IAS19 Pension Fund *	1,822	1,484
Net Operating Costs/(Income) after taxation	1,808	1,395

* This adjustment is made to report the full value of assets and liabilities to the Board in the annual Statement of accounts and to comply with International Financial Reporting Standards. Internal reporting to the Board compares expenditure and income to the annual budget comprising Contract income received from National Offender Management Service and other income sources.

Essex Probation's primary objective is to provide assistance to the courts in determining the appropriate sentences to pass and the supervision and rehabilitation of offenders following sentence. Management information including financial reporting reflects the key elements of service provided and is split primarily between Offender Management of offenders and the delivery of Interventions to offenders during the course of their sentence.

Operating segments are:

- Interventions providing programmes designed to reduce re-offending.
- Offender Management delivering the sentence of the courts – protection of the public, reduction of re-offending and services to victims.
- Central Services support the operational service and include the cost of estates and IT systems.
- External Services are provided in partnership with other organisations and are reported separately. These include interventions provided by and to external organisations.
- Income is received for services provided to other organisations including secondments as well as contributions from partner agencies for joint initiatives.

3. Staff numbers and related cost

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	12,328	12,286	42	12,385
Social security costs	888	888	0	899
Other pension costs	2,466	2,466	0	2,156
Sub-total	15,682	15,640	42	15,440
Less recoveries in respect of outward secondments	(362)	(362)	0	(674)
Total staff costs	15,320	15,278	42	14,766

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 an increase in pensionable payroll during 2013–14 compared to the previous year.

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

3b. Average number of persons employed

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

2013–14			2012–13
Total	Permanently- employed staff	Others	Total
FTE	FTE	FTE	FTE
447	444	3	442

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	1	1	0	0	0
£10,000–£25,000	0	0	0	0	0	0
£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
Total number of exit packages by type	0	1	1	0	0	0
Total resource cost £000	0	5	5	0	0	0

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

One early retirement exit package was agreed in the year, in respect of a redundant post. The cost of exit was met by reduced salary expenditure.

4. Pensions costs

The pension valuation has been based on assets used for the purpose of the IAS19 valuation as at 31 March 2013, estimated whole fund income and expenditure items for the period to 31 March 2014, fund investment returns for the period to 31 March 2014 and estimated fund income and expenditure in respect of Essex Probation for the period to 31 March 2014. The return on the Fund for the year to 31 March 2014 is estimated to be 8%. As required under IAS19 the actuary has used the projected unit method of valuation to calculate the service cost. Liabilities for Essex Probation fund have been estimated at 19 years.

4a. Pension costs

Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as they have ceased trading. Future contributions are referred to in **Note 27**, events occurring after the reporting period.

Partnership accounts are excluded under IAS19.

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

- Employer's contributions for 2013–14 were 18% of salaries; and,
- Employer's contributions for 2014–15 will be 18% of salaries; and
- Employer's contributions for 2015–16 will be 18% of salaries.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.6%
Rate of increase in salaries	4.6%	4.4%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.6%
Discount rate	4.5%	4.4%

The Actuary's assumption are consistent with those used for the formal funding valuation as at 31 March 2013. The post retirement mortality tables adopted are the S1PA tables. These base tables are then projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum.

It has also been assumed that members will exchange 60% of their commutable pension for cash at retirement age, that members retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age and that 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% benefits.

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		50,364	50,364
Funded liabilities	(80,650)	0	(80,650)
Unfunded liabilities	(1,227)	0	(1,227)
Opening balance at 1 April (restated)	(81,877)	50,364	(31,513)
Current service costs	(2,458)	(8)	(2,466)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(2,458)	(8)	(2,466)
Net Interest (cost)/income	(3,576)	2,233	(1,343)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	1,968	1,968
Gain from change in demographic assumptions	5,497	0	5,497
Loss from change in financial assumptions	(826)	0	(826)
Experience gains/(losses)	3,103	(1,232)	1,871
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	7,774	736	8,510
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,987	1,987
Plan participants	(705)	705	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,823	(1,823)	0
Unfunded benefit payments	91	(91)	0
Closing balance at 31 March	(78,928)	54,103	(24,825)
Plan assets	0	54,103	54,103
Funded liabilities	(77,753)	0	(77,753)
Unfunded liabilities	(1,175)	0	(1,175)
Closing balance at 31 March	(78,928)	54,103	(24,825)

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	44,320	44,320
Funded liabilities	(71,672)	0	(71,672)
Unfunded liabilities	(1,209)	0	(1,209)
Opening balance at 1 April	(72,881)	44,320	(28,561)
Current service costs	(2,145)	(11)	(2,156)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(2,145)	(11)	(2,156)
Net interest (cost)/income	(3,320)	2,050	(1,270)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	3,508	3,508
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(4,957)	0	(4,957)
Experience gains/(losses)	(19)	0	(19)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(4,976)	3,508	(1,468)
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,942	1,942
Plan participants	(678)	678	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	2,034	(2,034)	0
Unfunded benefit payments	89	(89)	0
Closing balance at 31 March	(81,877)	50,364	(31,513)
Plan assets	0	50,364	50,364
Funded liabilities	(80,650)	0	(80,650)
Unfunded liabilities	(1,227)	0	(1,227)
Closing balance at 31 March	(81,877)	50,364	(31,513)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Investment funds								
Equities	33,713	2,537	36,250	67%	29,977	2,256	32,233	64%
Government Bonds	4,328	0	4,328	8%	3,525	0	3,525	7%
Other Bonds	4,328	0	4,328	8%	4,029	0	4,029	8%
Property	2,916	3,035	5,951	11%	2,962	3,082	6,044	12%
Cash and cash equivalents	0	1,082	1,082	2%	0	2,015	2,015	4%
Other	0	2,164	2,164	4%	0	2,518	2,518	5%
Total	45,285	8,818	54,103	100%	40,493	9,871	50,364	100%

4e. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	77,530	78,928	80,352
Projected service cost	2,302	2,353	2,405
	+1yr	none	-1yr
	£000	£000	£000
Adjustment to mortality age rate assumption			
Present value of total obligation	76,177	78,928	81,704
Projected service cost	2,273	2,353	2,434
	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to pension increases and deferred revaluation			
Present value of total obligation	80,193	78,928	77,687
Projected service cost	2,406	2,353	2,301

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

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

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	5	6
Total	5	6

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.

The Corporation Tax liability for 2013–14 includes £1,200 payment in relation to liabilities for 2012–13.

6. Other Expenditure

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Interest charges	0		0	
Accommodation, maintenance and utilities	1,400		1,415	
Travel, subsistence and hospitality	331		397	
Professional services	285		438	
IT services	618		741	
Communications, office supplies and services	1,216		981	
Other staff related	231		218	
Offender costs	302		290	
Other expenditure	223		308	
External Auditor's remuneration – statutory accounts	29		29	
External Auditor's remuneration – other	0		1	
Internal Auditor's remuneration	11		22	
		4,646		4,840
Non-cash items				
Depreciation of tangible non-cash assets	7		18	
Amortisation of intangible non-cash assets	1		11	
Impairment of non-current assets	0		0	
Profit on disposal of tangible non-cash assets	0		4	
Loss on disposal of intangible non-cash assets	0		(1)	
Other provisions provided for in year	0		125	
Early retirement provisions not required	0		0	
		8		157
Total		4,654		4,997

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 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	18,724		18,759	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		18,724		18,759
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		77		70
Other income from NOMS		37		73
Other income from rest of MoJ Group		0		8
Other income from other Government departments		390		409
Miscellaneous income		278		318
		19,506		19,637
Interest received:				
From bank	8		7	
From car loans	0		0	
From other sources	0		0	
Total interest received		8		7
Total income		19,514		19,644

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
Cost or valuation						
As at 1 April 2013	45	91	71	0	0	207
Additions	0	0	0	0	0	0
Disposals	(23)	(70)	0	0	0	(93)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	0	0	0	2
As at 31 March 2014	22	23	71	0	0	116
Depreciation						
As at 1 April 2013	43	90	63	0	0	196
Charge in year	1	1	5	0	0	7
Disposals	(23)	(69)	0	0	0	(92)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	0	0	0	1
As at 31 March 2014	21	23	68	0	0	112
Carrying value as at 31 March 2014	1	0	3	0	0	4
Carrying value as at 31 March 2013	2	1	8	0	0	11
Asset financing						
Owned	1	0	3	0	0	4
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2014	1	0	3	0	0	4

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
Cost or valuation						
As at 1 April 2012	47	161	311	0	0	519
Additions	0	0	0	0	0	0
Disposals	(7)	(73)	(244)	0	0	(324)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	5	3	4	0	0	12
As at 31 March 2013	45	91	71	0	0	207
Depreciation						
As at 1 April 2012	41	157	288	0	0	486
Charge in year	4	3	11	0	0	18
Disposals	(7)	(73)	(240)	0	0	(320)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	5	3	4	0	0	12
As at 31 March 2013	43	90	63	0	0	196
Carrying value as at 31 March 2013	2	1	8	0	0	11
Carrying value as at 31 March 2012	6	4	23	0	0	33
Asset financing						
Owned	2	1	8	0	0	11
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	2	1	8	0	0	11

9. Intangible assets

	2013–14				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2013	9	37	9	0	55
Additions	0	0	0	0	0
Disposals	(9)	(14)	(9)	0	(32)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	23	0	0	23
Amortisation					
As at 1 April 2013	9	35	9	0	53
Charge in year	0	1	0	0	1
Disposals	(9)	(14)	(9)	0	(32)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	22	0	0	22
Carrying value as at 31 March 2014	0	1	0	0	1
Carrying value as at 31 March 2013	0	2	0	0	2
Asset financing					
Owned	0	1	0	0	1
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2014	0	1	0	0	1

9. (Continued)

	2012-13				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2012	9	39	9	0	57
Additions	0	0	0	0	0
Disposals	0	(2)	0	0	(2)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	2	0	0	0
As at 31 March 2013	9	37	9	0	55
Amortisation					
As at 1 April 2012	6	32	7	0	45
Charge in year	3	5	3	0	11
Disposals	0	(2)	(1)	0	(3)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	9	35	9	0	53
Carrying value as at 31 March 2013	0	2	0	0	2
Carrying value as at 31 March 2012	3	7	2	0	12
Asset financing					
Owned	0	2	0	0	2
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2013	0	2	0	0	2

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 (2012–13 none).

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	361	479
VAT	0	0
Deposits and advances	0	0
Receivables due from Trusts	0	0
Receivables, Accrued Income and Prepayments due from NOMS Agency	1,398	2,129
Receivables, Accrued Income and Prepayments due from MoJ Group	0	0
Receivables, Accrued Income and Prepayments due from other Government departments	24	63
Other receivables	0	1
Prepayments	18	33
Accrued income	0	0
	1,801	2,705
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	1,801	2,705

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	1,422	2,146	0	0
Balances with local authorities	0	71	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,422	2,217	0	0
Balances with bodies external to Government	379	488	0	0
Total	1,801	2,705	0	0

During the year, reclassifications were made to the presentation of balance sheet amounts in receivables and payables. The prior year comparatives have been reclassified to ensure presentation is on a consistent basis. These reclassifications do not impact on net operating costs or reserves position. These reclassifications are detailed in **Note 28**.

13. Cash and cash equivalents

	2013-14	2012-13
	£000	£000
Balance at 1 April	269	688
Net change in cash and cash equivalents	365	(419)
Balance at 31 March	634	269
The following balances at 31 March are held at:		
Government Banking Service	0	1
Commercial banks and cash in hand	634	268
Balance at 31 March	634	269

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	403	611
Other payables	0	0
Accruals	0	0
Deferred income	2	0
Staff payables	522	530
Bank overdraft	0	0
Payables due to Probation Trusts	9	11
Payables, Accruals and Deferred Income due to NOMS Agency	0	158
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	135	193
Unpaid pensions contributions due to the pensions scheme	0	0
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	1,071	1,503
Tax falling due within one year		
VAT	360	416
Corporation tax	4	6
Other taxation and social security	346	293
	710	715
Total amounts falling due within one year	1,781	2,218
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	1,781	2,218

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	719	884	0	0
Balances with local authorities	135	88	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	105	0	0
	854	1,077	0	0
Balances with bodies external to Government	927	1,141	0	0
Total	1,781	2,218	0	0

During the year, reclassifications were made to the presentation of balance sheet amounts in receivables and payables. The prior year comparatives have been reclassified to ensure presentation is on a consistent basis. These reclassifications do not impact on net operating costs or reserves position. These reclassifications are detailed in **Note 28**.

15. Provisions for liabilities and charges

	2013-14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	125	0	125
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	0	0	0
Provision utilised in the year	0	0	(125)	0	(125)
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	0	0	0

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

	2012-13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	0	0	0
Provided in year	0	0	125	0	125
Provisions not required written back	0	0	0	0	0
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	125	0	125

	2012-13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	125	0	125
Current liability	0	0	125	0	125
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	125	0	125

Settlement of provisions are included within **Note 14**.

16. Capital commitments

There were no capital commitments at the reporting date (2012–13 none).

17. Commitments under leases

17a. Operating leases

There are no operating leases (2012–13 none).

17b. Finance leases

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

18. Other financial commitments

There are no financial commitments (2012–13 none).

19. Deferred tax asset

There are no deferred tax assets (2012–13 none).

20. Financial instruments

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

21. Contingent liabilities

There are no contingent liabilities (2012–13 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	1	0
Claims abandoned	0	0	0	0
Administrative write-offs	5	0	0	0
Fruitless payments	0	0	0	0
Store losses	1	0	0	0
Total	6	0	1	0
Details of cases over £300,000				
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
Total	0	0	0	0

There have been 6 incidences of losses during 2013–14, the cumulative value of which amount to less than £500. There are no losses over £300,000.

22b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	1	0	1	0
Total	1	0	1	0
Details of cases over £300,000				
Special payments	0	0	0	0
Total	0	0	0	0

There has been one special payment with a value of less than £500. There are no special payments over £300,000.

23. General fund

	2013–14	2012–13
	£000	<i>Restated</i> £000
Balance at 1 April	(30,891)	(28,029)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(30,891)	(28,029)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,808)	(1,395)
Movement in donated assets	0	0
Transferred from revaluation reserve	1	1
Remeasurement of post employment benefits	8,510	(1,468)
Balance at 31 March	(24,188)	(30,891)

24. Revaluation reserve

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

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	22	23
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	22	23
Arising on revaluations of PPE during the year (net)	1	0
Transferred to General Fund	(1)	(1)
Balance at 31 March	22	22

24b. Intangibles

There are no revaluation reserves (2012–13 none).

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, two members of the Management Board and one executive Director reported a related party interest in relation to Essex Offender Services (EOS), a community interest company for which they are Directors. This company provides training facilities to the Trust valued at £48,000 (2012–13 – £43,000) and undertook £15,000 of IOM related activity (2012–13 – £0). Essex Probation seconded a member of staff to the company and provides other limited administrative support, the value of which is recharged and amounted to £36,000 in 2013–14 (2012–13 – £52,000). Transactions with EOS are conducted on an arms length basis at normal commercial terms and conditions. The two members of the Management Board and executive director of the Trust, who are Directors of EOS, are not involved in the approval of payments made to EOS.

A staff mutual has been created in order to bid for ownership of the CRCs starting from winter 2014–15. A number of Essex Probation personnel are progressing a mutual bid on behalf of employees of Essex Probation. In particular, two executive directors Pete Mangan and Debbie Came are leading the mutual bid with support received via the Cabinet Office Mutuels programme. Two board members Terry Collin and Robert Everitt are also supporting the process along with a further 38 employees. All employees and board members involved with the bid have been authorised to do so and have signed ethical wall documentation. They have been excluded from any activity that is or may be construed to be part of the commissioning process.

26. Third-party assets

The Essex Probation Trust Fund is administered solely by Essex Probation and provides educational, employment and resettlement opportunities for offenders resident in the County of Essex which would otherwise not be available, and thereby assist in their re-integration into society. The funds do not represent assets of the Trust and have not been included within the Balance Sheet nor are they subject to Audit. The accounts for the Essex Probation Trust Fund year commences on 1 January and finishes on 31 December. The total value of the accumulated fund at 31 December 2013 stood at £47,123 compared to £50,758 at 31 December 2012. This is a reduction of £3,635 compared to the previous year and reflects an excess of expenditure over income of £8,920 and an increase in the value of investments during the year of £5,285. These funds were held in public bank accounts at the end of the financial year.

	31 December 2012	Funds paid in during the year	Funds paid out during the year	31 December 2013
	£000	£000	£000	£000
Essex Probation Trust Fund	51	16	20	47

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

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	832
Other comprehensive expenditure	2,032
Total comprehensive expenditure	2,864
Restatement:	
Increase in programme expenditure (interest costs)	563
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(563)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	1,395
Other comprehensive expenditure	1,469
Total comprehensive expenditure	2,864

Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(30,891)
Restatement:	
Increase in net operating expenditure	563
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(563)
General fund balance as at 31 March 2013 after restatement	(30,891)

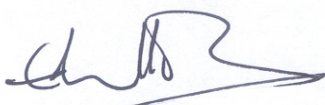
During the year, reclassifications were made to the presentation of balance sheet amounts in receivables and payables. The prior year comparatives have been reclassified to ensure presentation is on a consistent basis. These reclassifications do not impact on net operating costs or reserves position. These reclassifications are detailed in the following table:

	31 March 2013 as per 2012–13 Audited Accounts	31 March 2013 Reclassified comparatives	Differences
	£000	£000	£000
Note 12a Trade receivables – correction to presentation of VAT due	34	479	445
Note 12a VAT – correction to presentation of VAT due	445	0	(445)
Note 12b Balance with other central government bodies – VAT correction as above	2,591	2,146	(445)
Note 12b Balance with bodies external to government – VAT correction as above	43	488	445
Note 14a Accruals – correction to presentation of liability due for annual leave	33	0	(33)
Note 14a Staff payables – correction to presentation of liability due for annual leave	497	530	33
Note 14a Staff payables – correction to presentation of VAT payable	1,027	611	(416)
Note 14b VAT – correction to presentation of VAT payable	0	416	416
Note 14b Balance with other central government bodies – VAT correction as above	468	884	416
Note 14b Balance with bodies external to government – VAT correction as above	1,557	1,141	(416)
	6,695	6,695	0

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

This report covers 9 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

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

Social and environmental awareness

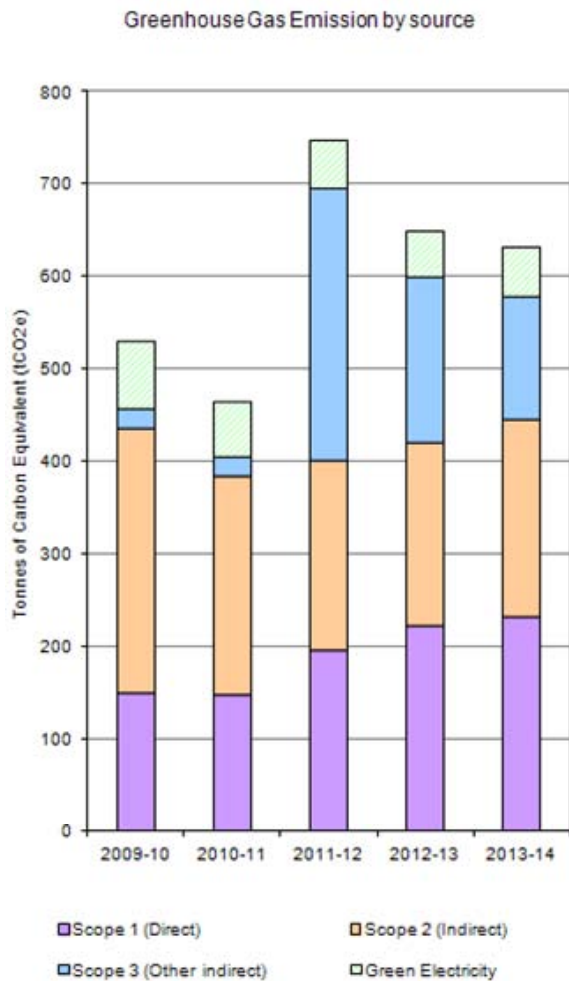
Our Sustainability Policy aims to raise awareness amongst all our staff of the importance of conserving the environment. We follow and promote good sustainability practice, to reduce the environmental impacts of those aspects under our direct control and to help our clients and partners to do the same:

- we comply with all applicable legislation, regulations and codes of practice.
- all staff are fully aware of our Sustainability Policy and are committed to implementing it.
- we pursue value for money in our consumption of resources based on benefits accruing to
- the organisation across the whole life of each asset

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	137.7	146.1	194.2	222.2	231.6
	Scope 2 (indirect): Supplied energy (electricity and heat)	286.7	237.7	206.9	197.3	213.1
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	22.7	20.3	294.7	179.1	133.5
	Total gross GHG emissions	447.1	404.2	695.8	598.7	578.3
	Electricity: green/renewable	71.7	59.4	51.7	49.3	53.3
	Total net GHG emissions	375.4	344.7	644.0	549.3	525.0
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	435,371	400,232	348,343	332,238	358,721
	Electricity: renewable	145,124	133,411	116,114	110,746	119,573
	Gas	748,690	793,896	692,276	873,356	903,649
	Other energy sources	0	0	0	0	0
	Total energy	1,329,185	1,327,539	1,156,733	1,316,340	1,381,943
Financial indicators	Expenditure on energy (£)	85,777	65,844	72,077	79,666	89,558
	Expenditure on official business travel (£)	0	0	503,606	368,969	267,311



Performance commentary

Energy usage has increased this year in the majority of office locations. This is due to weather conditions this year. Travel has continued to reduce substantially as measure to reduce staff and offender travel have been implemented and sustained.

Controllable impacts commentary

Staff are encouraged to conserve energy and internal targets have been set to continue to deliver energy efficiency each year. Staff are required to use hire cars for longer journeys, in fuel and carbon efficient vehicles. Offenders are also being directed to local projects, reducing the need for transport journeys.

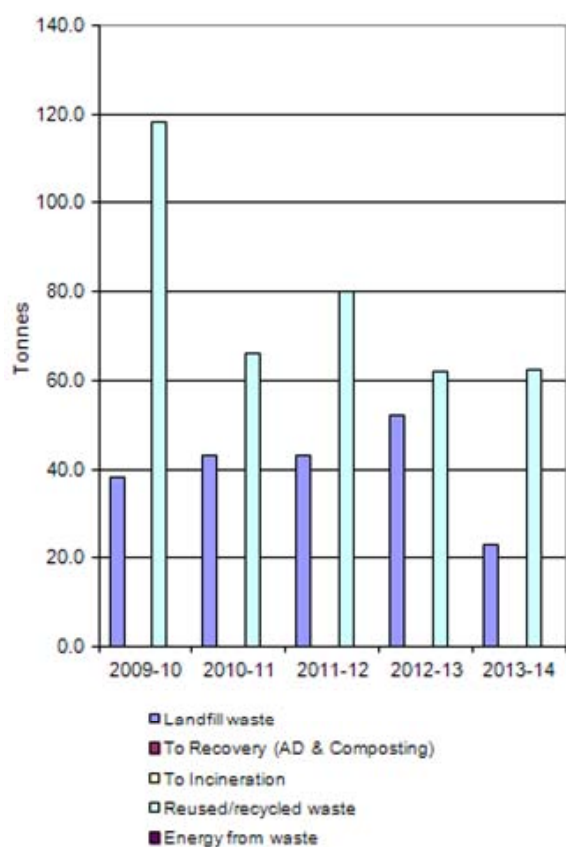
Overview of influenced impacts

Essex Probation has no direct control over management of the building estate, including energy suppliers. However, every effort is made to make efficient use of the estate. All supplier contracts include a requirement for contractors to perform in accordance with the Authority’s environmental policy to conserve energy and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	38.0	43.0	43.0	52.0	22.9
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	118.0	66.0	80.0	62.0	62.5
		Energy from waste	0	0	0	0	0
		Total waste arising	156.0	109.0	123.0	114.0	85.5
Financial indicators	Non-hazardous waste	Landfill waste	3,014	3,457	3,432	4,141	1,826
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	17,966	10,384	11,967	9,321	9,402
		Energy from waste	0	0	0	0	0
		Total waste costs (£)	20,983	13,841	15,399	13,462	11,229

Waste by final disposal



Performance commentary (including targets)

Total waste has continued to reduce compared to 2009-10 across all measures. We have exceeded the target set under the Greening Government Commitments (GGC). A reduction of 45% has been achieved, compared to the target of 25% from a 2009-10 baseline. The data provided by our facilities providers continues to be received late and as a result the information provided has been estimated for the period January to March 2014.

Controllable impacts commentary

We have made considerable progress in reducing office waste assisted by the introduction of waste sorting bins by the facilities contractor, since late 2012.

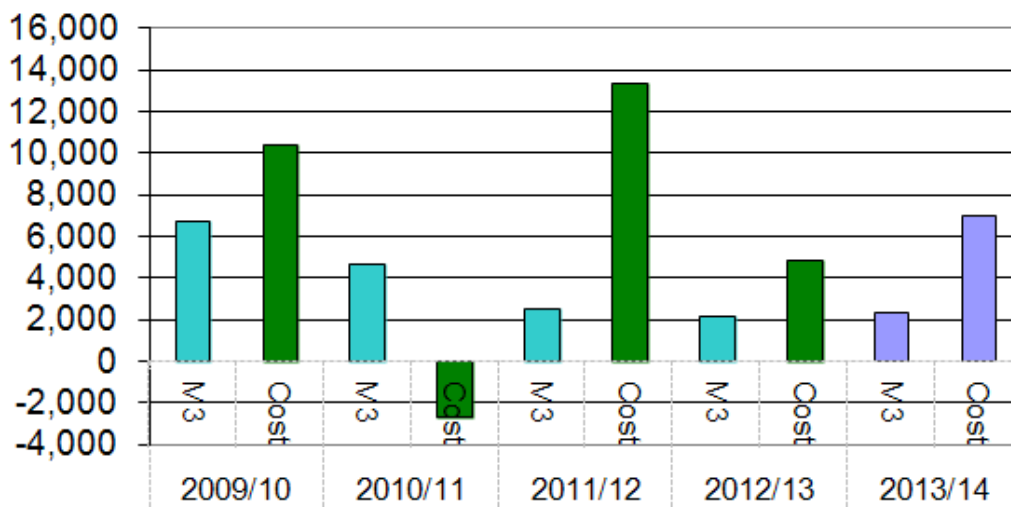
Overview of influenced impacts

Essex Probation has no direct control over management of the building estate, including waste removal suppliers. All locally agreed supplier contracts include a requirement for contractors to perform in accordance with the Authority’s environmental policy to reduce waste.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	6,733	4,681	2,506	2,121	2,310
Financial indicators	Total water supply costs (£)	10,378	(2,652)	13,385	4,837	6,970

Water (consumption and costs).



Performance commentary (including targets)

Reported water use in our building has fallen steadily against the 2009–10 baseline, albeit there was an increase during 2013–14, partly due to more accurate reporting by our facilities providers and also due to a leak in one office location.

Controllable impacts commentary

Water use is almost exclusively from washrooms, drinking water and use in heating and ventilation systems. Water usage across Essex Probation in 2013–14 measured 5.3m³ per FTE and represents good practice against the Best Practice benchmark of between 4 and 6m³.

Overview of influenced impacts

We only report water use in building where we are directly billed and responsible for the payment. All locally agreed supplier contracts include a requirement for contractors to perform in accordance with the Authority’s environmental policy to conserve water.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)	0	0	0	11,426	10,742

Data on the use of paper has been collected for the first time in 2012–13. We have continued to reduce our use of paper, following the implementation of technology to reduce the need for paper such as scanning equipment and electronic meeting papers etc.

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