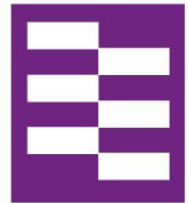


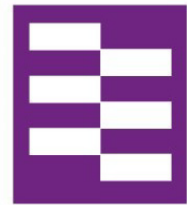
**Leicestershire  
& Rutland  
Probation Trust**



# **Leicestershire and Rutland Probation Trust**

**Annual Report and Accounts  
2013–2014**

**Leicestershire  
& Rutland  
Probation Trust**



**Leicestershire and Rutland Probation Trust**  
**Annual Report and Accounts**  
**2013–2014**

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

## Our Vision

- To achieve a just, fair and inclusive society.
- Improving lives by reducing reoffending and protecting victims.
- Enabling people to achieve their full potential.

## Our Mission

“To reduce reoffending by those under our supervision, to protect communities from harm and to work actively with offenders to assist them to change”

## Our Values

- Be victim focussed
- Strive for the best outcome for every individual
- Believe in the capacity of people to change
- Seek to do the right thing
- Take an uncompromising stance against harm caused by crime
- Treat all people fairly, openly and with respect

## Foreword

There is no doubt that the Government's Transforming Rehabilitation Programme heralds the most significant change in the way Probation Services are delivered in Leicestershire and Rutland in over 40 years. As of the 1 June 2014 the Probation Trust will no longer be responsible for these services and will be wound up shortly afterwards. This is a time of considerable sadness for all those involved, both staff and partner organisations who have demonstrated a high level of loyalty and commitment to delivering excellent services to Courts, victims, offenders and the communities across the two counties and city for many years. The Trust as employer, partner and service provider will be missed. However, the Trust has not stood still for the past year, it has retained both its awards for Customer Service Excellence and Recognised for Excellence 5 Stars, and has continued to innovate in the way services are delivered.

The Trust has been successful in retendering for Criminal Justice Drug and Alcohol Services and together with the REACH employability services, Health Trainers contracts and resettlement programmes is now able to offer innovative 'through the gate' services to offenders in custody and the community, including those serving short prison sentences. As these contracts will transfer to the Community Rehabilitation Company, it will be well placed to deliver comprehensive services under the Transforming Rehabilitation reforms.

New partnerships have been formed this year, with the Police and Crime Commissioner for Integrated Offender Management, with Inclusion Healthcare for medical services and with Ansel for support for those with personality disorders. Awards have been received for the Psychologically Improved and Planned Environment (PIPES) project in our Approved Premises, for delivering mental health diversion services and for our Health Trainer initiatives.

The Trust has continued to demonstrate that strong partnership working, innovative and excellent performance is in its DNA and that the public sector can compete with the best in the private and voluntary sector to deliver high quality, effective services. Whilst the Trust will no longer be able to bid for such services, we wish those involved in the staff mutual well as they bid to run these services in the future.

As we look back over the achievement of the past and consider the future for staff in the successor organisations; the National Probation Service and the Community Rehabilitation Company for Derbyshire, Leicestershire, Nottinghamshire and Rutland, we would like to thank all those who have contributed to the success of the Trust in delivering valuable services to our communities, and wish our staff all the best as they embark on an uncertain journey, but confident in their knowledge, skills and values that they will take with them.

Trevor Worsfold  
Chief Executive Officer  
25 June 2014

Jane Wilson  
Chair

# 1. Operational & Performance Review 2013–14

## Directing the Vision and Values of LRPT

### Early Retirement

In the summer of 2013 Trevor Worsfold was appointed LRPT's Interim Chief Executive following Helen West's early retirement through ill health. Helen was appointed the CEO in January 2011.

### Preparing for Change

After a period of consultation, in May 2013 the Ministry of Justice published "Transforming Rehabilitation – a Strategy for Reform". The strategy includes provision of rehabilitation services to offenders sentenced to less than one year in prison, giving offenders continuous support by one provider from custody to community, driving innovation by focusing on outcomes and giving opportunities for those delivering services to work more flexibly to deliver "what works".

To prepare for these changes the Senior Management Team (SMT) and LRPT's Board members have been planning for the changes that are due to come into operation on 1 June 2014.

The Probation Trust has created a structured programme to guide the organisation through the period of transition. This is one of the biggest managerial and leadership challenges that the Probation Trust has had to deal with. LRPT has been working to ensure the smoothest possible transition to the new structures.

The Interim CEO, members of SMT and the Board Chair Jane Wilson, have visited the different teams in the city and county to keep staff informed of each new development. On 1 June 2014 current LRPT employees will transfer to one of two future organisations, the National Probation Service or, the Community Rehabilitation Company.

### National Probation Service

The National Probation Service (NPS) will deliver core services of assessment, management of high risk of harm cases, services to victims, Courts and the Parole Board, as well as other facilities such as structured sex offender treatment programmes and enhanced supervision delivered in Approved Premises.

The new NPS Deputy Director for the Midlands is Sarah Chand, former head of the Birmingham Local Delivery Unit.

### Community Rehabilitation Company

The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company (CRC) will hold and supervise medium and lower risk of harm offenders and deliver Unpaid Work (Community Payback) and other services such as structured offending behaviour programmes. The CRC will also manage all of the external contracts currently held by LRPT.

In due course, the Community Rehabilitation Companies will be competed in the open market. The new Chief Executive Officer for the local CRC is Jo Mead, currently the CEO of Derbyshire Probation Trust.

LRPT arranged its staff conference to enable trust employees to meet Sarah Chand and Jo Mead and hear how the planned changes will affect them after 1 June 2014.

### Development of a Staff Mutual

The Cabinet Office has provided support to the Probation Trust to aid the development of a staff mutual – Momentis. Ethical walls have been put in place to ensure that those staff involved in developing the mutual do not have access to privileged information relating to Transforming Rehabilitation Competition. Momentis has formed a partnership with the voluntary sector provider Stonham, part of the Home Group to bid for services that will initially be held by the new Community Rehabilitation Company (CRC).

Stonham is the care and support arm of Home Group, one of the UK's largest social housing providers which has 55,000 properties across England, Scotland and Wales. Their mission is to help their customers and clients open doors to new opportunities and healthy lives. Last year they achieved a client satisfaction rate of 95%.

### Justice Minister visits LRPT

The Rt Hon Jeremy Wright, Justice Minister, visited LRPT in February 2014 to review the support services provided by the Criminal Justice Drugs Team and meet members of the Probation Trust's peer mentoring programme and Health Trainer Team.

LRPT has pioneered the concept of training ex-offenders to work as positive role models in certain intervention activities. The next logical step was to employ ex-offenders, which the Probation Trust achieved through the Health Trainer initiative. Health Trainers provide lifestyle advice to men and women who are on current probation supervision.

### LRPT scoops national 'Working in Partnership' Award

LRPT Director Carolyn Maclean won the national 2013 Probation Award for a partnership project that improved access to local services for offenders with mental health issues and learning disabilities.

The project – its full title is 'Towards Excellence – Offender Mental Health and Learning Disabilities' – was a local response to the published influential review by former Home Office Minister Lord Keith Bradley. The report revealed that around 70% of prison inmates are believed to have two or more mental health conditions.

The local initiative was a partnership project with Leicestershire Partnership Trust (LPT) and Leicestershire Police.

### Improved Services in the CJS

Funded by the Department of Health, the project's mental health nurses were provided at:

- Leicester city's Euston Street Police Station for seven days a week to interview detainees who have been identified as requiring an assessment. These individuals will be men and women who are classed as repeat detainees and at high risk.
- City and county courts for five days a week to screen and assess people with known or suspected mental health or learning disability issues. The nurse provides advice or a report to the court following an assessment.
- Main city probation office – once a week in the morning followed by county offices – on a rotation basis – in the afternoon. The nurse delivers an assessment of service users and advice to probation's offender managers.

## Performance and Resources

### External Contracts

LRPT has always striven to build new partnerships and generate additional work that enables the organisation to be more effective in its public protection role and in the provision of rehabilitation services. On average 30% of the Trust's budget is generated from outside contracts, which is in excess of £5 million a year.



## **Criminal Justice Drugs Team**

The external contracts held by LRPT include the Criminal Justice Drugs Team that provides drug and alcohol services to men and women on Community Orders. The new £2.6 million contract commenced in April 2014 to continue the Probation Trust's delivery of the criminal justice pathway that provides drug and alcohol services to offenders sentenced by the Courts.

The retention of this important contract has enabled the Criminal Justice Drugs Team (CJDT) to provide their services into police stations at the point of arrest, HMP Leicester and in the work involved in bail assessments at Court.

The Trust has also been awarded the contract for delivering the services at the Anchor Centre in Leicester, a wet centre for street drinkers, where they are allowed to consume some alcohol within limits and are monitored. Many of whom have been in contact with the Criminal Justice System. This project is delivered in conjunction with Inclusion Healthcare.

## **Health Trainer Team**

A further contract involves the Health Trainer Team. The project employs and trains ex-offenders to work with current service users to improve their access to health services and advise on developing a healthy lifestyle.

Adopting a healthier way to live, at a pace that is sustainable, is seen to encourage a more engaged approach with supervision and tackling other issues.

## **REACH Team**

Another significant contract is the REACH Project, which receives funding from the European Social Fund (ESF) to deliver employability programmes for offenders across the East Midlands.

LRPT holds the prime contract with delivery across the region sub-contracted to a consortium of Probation Trusts and voluntary sector organisations.

## **Breaking Down Barriers**

The REACH programme is offered to individuals under probation supervision, as well as those who have served less than twelve months in custody and who are not currently in statutory contact with the probation service. Participants receive an intensive and bespoke package of support, including training courses and short term employment opportunities.

Mentoring is a core element of REACH and there is a large number of volunteer mentors working across the region, some engaging with participants prior to their release from prison and others are working in the community.

## **Reducing Reoffending**

Results released from a national 2013 study reveals that regional participants of employability programmes, who took part whilst on community sentences, reduced their predicted reoffending by more than 5%. This finding was true for all geographical areas in England and Wales except the North East.

The study also reveals that these participants experienced a reduction in the level of frequency of their re-offending.

## **Five Stars for LRPT**

LRPT retained its Five Star Recognised for Excellence Award, national recognition for its expertise and commitment to innovation.

The Recognised for Excellence Award is issued by the British Quality Foundation, as part of the European Foundation for Quality Management (EFQM) Excellence Model, a non-prescriptive framework

based on nine criteria, which can be applied to organisations of any size, in the public and private sectors.

As part of the submission process, LRPT compiled a detailed report on its range of working practices and hosted a four day visit by the assessor team, who reviewed the submitted evidence and travelled around the different probation teams to interview staff and service users.

LRPT's recent assessment was made against the new 2012 EFQM model, which has updated criteria.

In the latest model, there are increased requirements regarding:

- innovation;
- organisational agility;
- environmental practice and performance; and
- sustained business results.

### **Customer Service Excellence**

In 2013 LRPT has retained its Customer Service Excellence® accreditation, a Government-backed scheme which puts great emphasis on customer satisfaction with services provided.

The Customer Service Excellence standard tests in great depth those areas that research has indicated are a priority for customers, with particular focus on delivery, timeliness, information, professionalism and staff attitude.

There is also emphasis placed on developing customer insight, understanding the user's experience and robust measurement of service satisfaction.

Customer Service Excellence was developed to offer services a practical tool for driving customer-focused change within their organisation.

### **The Benefits**

Customer Service Excellence is designed to operate on three levels:

- As a driver of continuous improvement. By allowing organisations to self assess their capability, in relation to customer focused service delivery, identifying areas and methods for improvement.
- As a skills development tool. By allowing individuals and teams within the organisation to explore and acquire new skills in the area of customer focus and customer engagement, thus building their capacity for delivering improved services.
- As an independent validation of achievement. By allowing organisations to seek formal accreditation to the Customer Service Excellence standard.

### **Sentencer Survey**

Sentencers operating in the local Magistrates and Crown Courts are a key stakeholder group for the Probation Trust. Their feedback in LRPT's annual survey is an important indicator regarding the performance of probation's Court Team.

The 2013 survey produced a general satisfaction rating of 94%, although issues were raised in regard to providing relevant information concerning the type of court report and the different sentencing proposals.

A further question was:

Do you consider that probation staff in your Court have sufficient knowledge and skills to work effectively in that setting?

A total of 93.1% voted yes and 6.9% said no.

A further piece of work has been the updating of the guide that details the range of interventions provided by LRPT.

## Developing Working Practice

### Moving Towards Transforming Rehabilitation

In March 2014 LRPT took the step of dividing current teams along the lines that have been indicated for the launch of the new National Probation Service and the Community Rehabilitation Company for Derbyshire, Leicestershire, Nottinghamshire and Rutland.

### First in the Country

LRPT's Kirk Lodge in Leicester is the first Approved Premises in England and Wales to receive the Enabling Environments Award, which is given by the Royal College of Psychiatrists.

The 2013 award is for three years duration and recognises the work that has been achieved by probation staff as part of the PIPE Project, which provides training to enable workers to develop an increased psychological understanding of their supervision and engagement with offenders.

PIPE stands for Psychologically Improved and Planned Environment. This is a joint National Offender Management Service (NOMS) and NHS pilot programme that is running in a number of selected prisons and one other Probation Trust. The PIPE project is the first phase of the national Offender Personality Disorder Strategy.

Amongst the intended aims of the PIPE project are:

- Reduced sexual and violent offending;
- Improved (or sustained) levels of institutional behaviour; and
- Improved psychological health of offenders.

LRPT staff are informed on how to develop a safe and facilitating environment that supports residents and helps them retain and build on the rehabilitative work undertaken in prisons. Research suggests that nearly 70% of offenders have a personality disorder trait.

Kirk Lodge provides supervised accommodation for 32 male residents. A key element of the Approved Premises' enabling programme is to encourage and support residents to develop new life skills. There is now a daily lunch club, this activity has grown in popularity and a real sense of community has developed as residents have worked together, shared cooking skills, tried new foods and eaten together.

### Making Progress

There is also a monthly Job Club and probation staff are seeing residents, with improved self esteem, now believing that they can have greater control over their lives. Men, who have never worked in their lives, are returning to education and taking on volunteering opportunities.

Kirk Lodge, like all Approved Premises, maintains its strong focus on managing risk and providing enhanced levels of supervision.

### Personality Disorder Service

The Probation Trust's new Personality Disorder Service completed its initial screening of all supervised high risk offenders, which revealed that there were just under 300 high risk individuals who present significant Personality Disorder (PD) traits.

This figure includes men and women who have already received a diagnosis of PD and offenders sectioned under the Mental Health Act.

The first priority of the new service has been to support Probation Officers in their work with these offenders by introducing the working practice that has been developed as part of psychological informed management and treatment.

Members of the service have also delivered a series of training events for each relevant team, which was tailored to meet their requirements in regard to offender management.

### **Peer Mentoring across LRPT**

LRPT has led the field in the development of training current and ex-offenders to act as volunteer peer mentors. Their voluntary role is to motivate and encourage service users to engage with their supervision and other specified requirements.

Now the scheme, which originated in the Trust's drugs and alcohol team, has been extended to include:

- Community Payback and Offender Management Teams;
- REACH – LRPT's regional employability contract; and
- HMP Leicester.

The scheme began in 2009 as a number of ex-offenders were continuing to attend treatment groups voluntarily – after they had finished as they wanted to 'help out' and 'give something back.' The scheme formalised these arrangements and provides appropriate training, support, supervision and increased opportunities.

The scheme involves:

- 3-months bespoke NOCN accredited weekly training (delivered by employed ex peer mentors) covering:
  - boundaries, confidentiality, diversity;
  - communication skills;
  - motivating and supporting offenders;
  - dealing with difficult situations; and
  - giving advice.

In 2013–14 28 current and ex-offenders completed their peer mentoring training. The Probation Trust now has a total of 40 active peer mentors, the number changes as many mentors move on to other training and employment.

### **Developing Trust**

Comments from a current peer mentor:

"The impact of peer mentoring on myself and other people has been tremendous. Working with probation staff, peer mentors can help men and women get their lives back on track. The offender knows that we are there because we want to be. We are not getting paid so why else are we doing this? I think they start to trust us because they know we have been through similar experiences."

"You progress through recovery and your self worth starts to improve. What's marvellous about peer mentoring is that you are given responsibilities as you start to move forward. Self-worth and self-value go hand in hand with getting better. Working as a peer mentor has given me purpose and given me direction in my life."

## **Working in Partnership**

### **Improving Health and Opportunities**

LRPT's Health Trainer Project provides training and employment to ex-offenders, who work specifically with men and women on community orders or post-custody licences. Although many service users being supervised by the Probation Trust have health issues and/ or poor lifestyles, health professionals often find this group difficult to engage with.

The Health Trainer initiative is a partnership project with the original funders being the city and county primary care trusts. Funding is now through Clinical Commissioning Groups (CCGs).

This year the Health Trainer Project has launched a new partnership scheme in the Charnwood area of Leicestershire that aims to reduce re-offending by improving the lifestyles and health of current offenders – and vulnerable adults at risk of committing crimes.

The new scheme – the Charnwood Health Champions – received funding of £20,000 for three years from the Leicestershire County Council's Innovation Project Fund.

The approach was to train volunteers to act as voluntary health promoters and mentors – and link in with existing charitable projects that were already operating in Loughborough and the surrounding district.

As testament to its effectiveness, during a seven month period starting in May 2013, 677 individuals with health and wellbeing issues, including mental health, have engaged with the initiative.

### **Building New Links**

Although the main Health Trainer programme has established strong links with other relevant agencies such as STOP Smoking, Fit Active Bodies and Addaction, the main partnership agencies working with the Charnwood Health Champions are:

- Minnie's Friends – a local drop-in service to help people with a drug, alcohol or depression problem.
- Project 5000 – the project is run by volunteers who provide a hot meal to all in need. The project runs every Monday evening from the Old Church Hall at Emmanuel Church, Loughborough.
- The Falcon Centre, a local youth hostel in Loughborough.
- John Storer House in Loughborough, a fully-accessible community centre, serving Charnwood with activities running throughout the day and evening and at weekends too.

The ultimate goals of this project are to achieve a reduction in re-offending and in the cost to both the health economy and Criminal Justice System. In prioritising early intervention and prevention, the project tackles clients' issues in the community before costly interventions (including secondary health care and prison) become necessary.

### **Feedback**

Feedback from partner organisations reveal that the Charnwood Health Champions project has improved social cohesion. Volunteer Charnwood champions have, by their own example and in supporting current offenders and other vulnerable individuals to change their risky behaviours, demonstrated that change is possible. This has contributed to reducing prejudice against individuals with a criminal record.

### **Leicestershire Cares**

For several years, the Probation Trust has managed in a highly successful partnership with Leicestershire Cares, a membership organisation of key employers in Leicester and Leicestershire. Leicestershire Cares is dedicated to corporate responsibility by bringing businesses and the community together for the benefit of both.

The companies are a mix of large nationals as well as medium and small local businesses and organisations.

A key element of this engagement is the two week mentored work placement with these businesses. A LRPT staff member is assigned to this partnership to fully assess the needs of each participant and then develop an individualised approach to support them during their placement.

**Leicestershire Cares engagement figures for 2013–2014**

Clients registered with the project	84
Started work placement	34
Completed placement	30
Obtained paid employment	10

**The Just Women Project**

The Just Women Project, established in 2010, aims to reduce women's offending behaviour by providing a credible alternative to short term custodial sentences. This has been a truly groundbreaking project that has seen its participants begin to believe that change is possible, there are alternatives and, with the right amount of supervision and support, they are empowered to make positive choices.

LRPT has developed the project in partnership with the Leicester-based charity New Dawn, New Day Ltd (NDND) to provide a female only space that sees probation staff working alongside workers from the charity and other providers. The facilities are based at the charity's women's centre in Braunstone Leicester.

The National Offender Management Service (NOMS) provides funding for the project, which is directed through LRPT, with the Trust taking responsibility for the contracting and service monitoring arrangements, within the framework set out by NOMS.

Although the budget for 2013–14 had been reduced by £35,000 to £150,000, the project had undertaken a cost cutting exercise to maintain their front lines services.

From April to December 2013, JWP received 51 new commencements, against a year end target of 70 new engagements. The project has worked with 36 women who have successfully completed their order. The final completion target for 31 March 2014 is 50.

LRPT is one of the few Probation Trusts that has co-located a Probation Officer and a Probation Service Officer at a women only centre. The Trust's psychologist runs the Women's Anger Management course at the facility and a substance abuse worker from the Trust's drug and alcohol team visits every week to work with women who have misuse issues.

The aims of the Just Women Project (JWP) are to work with women most at risk of a custodial sentence by:

- Diverting women from custody;
- Reducing women's offending; and
- Diverting women from entering the Criminal Justice System (CJS).

**Range of the Project**

The project delivers Specified Activity Requirements (SARs), unpaid work placements, as well as operating an additional in-reach service at HMP Peterborough and 'through the gate provision'.

In-reach involves an outreach and support worker, with Probation staff, going into the community link room at HMP Peterborough and providing a wrap-around support package that addresses the nine female offender pathways including attitudes and family relations, and practical issues such as financial management.

A release plan is developed in conjunction with the women and the JWP support team, to enable participants to resettle back into the Leicester area and address debt, finances, accommodation and substance misuse.

Through the gate provision is where a member of the JWP meets a woman leaving custody, either at the gate of the prison or at the train station in Leicester. The newly released prisoner can access their initial support needs in the community, for example housing options or getting their 'script' at the local substance misuse provision. This intervention also enables the transition into independent living and supports the women in accessing the JWP community interventions, thus diverting the women away from offending behaviour.

### **G&S – a Community Payback Partnership**

G&S Services, named after co-founders Gary Bradshaw Mays and Scott Wheatley, is a Social Enterprise based in Loughborough. G&S is dedicated to the rehabilitation of individuals through the provision of support, care, housing, work opportunities and training.

LRPT commissions G&S to run a series of Unpaid Work projects four times per week in the local area. Many of the offenders are from the local town.

Their projects include:

- rejuvenating gardens and internal decorating for the elderly and vulnerable;
- woodland maintenance;
- regeneration of community gardens;
- restoration of council garages; and
- work in council wards that have been blighted by antisocial behaviour and have low confidence in the effectiveness of the Criminal Justice System. The referrals come from the Police and City Wardens.

As well as all this, G&S also provides opportunities for offenders to achieve qualifications. In addition they help individuals to find accommodation – and give practical assistance as they settle into their new home.

## **Staff Development and Support**

LRPT employs 471 people, the largest percentage (71%) are women. There are 333 female staff; 225 are full-time and 108 are part-time. The Trust employs 138 male staff; 104 are full-time workers and 34 are part-time employees.

There are 24 staff working in prisons, 7 in the Youth Offending Service, and 74 staff currently based in the specialist drug and alcohol team.

### **Annual Learning and Development Plan**

The LRPT Training Plan was designed to meet the often changing needs of the Transforming Rehabilitation Agenda. Between April 2013 and March 2014, the LRPT Training Unit delivered more than 2,300 training days.

The packages included the Level 3 and Level 5 Awards in Leadership and Management. The majority of Middle Managers received Level 5 Awards and a high proportion of Admin Managers successfully achieved Level 3.

The training programme entitled Skills for Effective Engagement, Development and Supervision (SEEDS) was adapted to meet the specific requirements of LRPT staff. Feedback on the updated material was positive.

Alongside the usual core skill training schedule, new events were added to assist staff in the expected national changes, such as CV writing, interview skills, resilience training.

## Diversity Event

An annual event for LRPT is its Diversity Awareness Programme. January 2014 was designated the Probation Trust's Diversity Month. Staff members of the Diversity Management Group promoted the programme to individual probation teams, who were able to request speakers to improve their knowledge of the nine protected characteristics.

The events included:

- Autism Awareness;
- Disability Hate Crime; and
- Mental Health.

According to the Mental Health Foundation

- One in four people will experience a mental health problem in their lives;
- One in ten children experience mental health problems; and
- Depression affects around one in 12 of the whole population.

## Stakeholder Event

In March 2014 LRPT staged its Community Reception which highlighted the strength of partnership working and how the Probation Trust has always sought to reflect the diverse communities of Leicester in its range of community payback projects.

## Names of Board Members and Official Contact Address

Between 1 April 2013 – 31 March 2014:

Board Member profiles are available on our website: [www.leicsprobation.co.uk](http://www.leicsprobation.co.uk)

Jane Wilson, Board Chair  
Helen West, CEO (retired June 2013)  
Trevor Worsfold Interim CEO (appointed March 2013)  
Martin Caple  
Colin Golding  
Ann Height, OBE  
Linda Marshall  
Vijay Sharma

His Honour Judge Simon Hammond – Advisory  
Official Contact Address:  
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Website: [www.leicsprobation.co.uk](http://www.leicsprobation.co.uk)

Telephone 0116 251 6008.  
Follow us on Twitter @leicsprobation

Chief Executive Officer  
25 June 2014



## 2. Management Commentary

### Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the 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 2008 (following transition from the Leicestershire and Rutland Probation Board which was established in 2001). The Trust Accountable Officer is accountable to the NOMS Accounting Officer.

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

### Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 13.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 31. The Statement of Changes in Taxpayers' Equity is shown on page 34.

### Operating costs

The net operating cost before tax for 2013–14 stands at £1.496m compared to £1.554m for 2012–13.

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

The Statement of Financial Position and Statement of Cash Flows are on pages 32 and 33.

The net liabilities position has increased from £23.947m, at 31 March 2013 to £29.642m at 31 March 2014. The largest single movement in net liabilities is £6.3m due to an increase in net pension liabilities.

### Payment of creditors

In the year to 31 March 2014, the Trust paid 3,625 trade invoices with a value of £8.828m. The percentage of undisputed invoices paid within 30 days by the Trust was 88.74% compared to 88.02% in 2012–13. Target was 90%.

### Treatment of Pension Liabilities

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

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

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

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

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

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

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

### Sickness absence data

The average levels of absence due to staff sickness were 10.9 days across the Trust (2012–13 9.8 days).

### Personal data related incidents

There were no significant personal data related incidents in 2013–14 and so none had to be formally reported to the Information Commissioner’s Office (ICO).

In the event of an incident arising, a risk assessment would be carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. Staff undertake Information Assurance training when joining the Trust and computerised refresher training is provided.

### 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 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.

Staff have been assigned between the two new organisations in the ratio 58% CRC, 42% NPS.

### Sustainable development

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

### Future developments

The focus of the Trust is to ensure the smoothest possible transition to the new arrangements for delivering Probation services set out as part of Transforming Rehabilitation.

As stated in the Operational and Performance Review, the Trust has explored, with Cabinet Office support, the creation of a mutual (“Momentis”). A limited amount of staff time has been spent on this exercise, with the clear majority of input made outside of normal working hours on an unpaid basis. In partnership with Home Group, a major social enterprise and charity, Momentis is a potential bidder in the Transforming Rehabilitation competition.

### Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. The results of these consultations, that ended on 13 February 2013, were published in “Transforming Rehabilitation:

A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice. This outlined plans to contract out probation services more widely and increase the use of Payment by Results.

As part of the transformation all Probation Trusts ceased trading from 1 June 2014. A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the 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, designed to protect the public from the most dangerous offenders and manage the provision of probation services across England and Wales. The NPS remains part of the public sector.

The remaining services are divided in to 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new 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 successful bidders to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will mandate the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

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

### **Communications and employee involvement**

The Trust communicates with staff through a variety of ways which include one to one discussions, team meetings, briefings for staff on key issues, staff conferences and the intranet. Staff can detail their ideas and give feedback via the Communications Group, the Customer Service Excellence Group and their line-managers.

### **Staff diversity**

The Board is committed to ensuring equality is embedded in the Trust’s work. It operates an equal opportunities policy and validates its successes in diversity via awards such as Investors in People. The Trust has a cross grade Diversity Management Group that meets regularly, co-ordinates a work programme and organises events such as Diversity January and a Community Reception.

### **Audit**

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 29.

Total audit fees reported in the Accounts are £44,418. The audit fees for 2013–14 are made up of:

- Internal Audit                   £17,000
- External Audit (NAO)       £27,418

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

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

### The Leicestershire and Rutland Probation Trust Management Board

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

- Trust Board
- Audit Committee
- Performance Committee
- Joint Health and Safety Committee

The Chair and other members of the Board were all appointed by the Secretary of State in line with the 2007 Offender Management Act.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 18 to 20.

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

<b>Position</b>	<b>Name</b>	<b>Date appointment commenced / ended (during 2013–14) where appropriate</b>
Chief Executive / (Interim)	Helen West / (Trevor Worsfold)	To 7 <sup>th</sup> June 2013 / from 1 <sup>st</sup> April 2013
Chair	Jane Wilson	In post
Non executive	Martin Caple	In post
Non executive	Colin Golding	In post
Non executive	Ann Height OBE	In post
Non executive	Linda Marshall	In post
Non executive	Vijay Sharma	In post

His honour Judge S Hammond is an advisor to the Board and was in post for all of 2013–14.

There are no disclosed conflicting interests for Board members.

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

Trevor Worsfold  
Accountable Officer  
25 June 2014

## 3. Remuneration Report

### Appointments

The Chair, and other members of the Trust Board are all appointed by the Secretary of State in line with the 2007 Offender Management Act. The Chief Executive is appointed by the Trust Board.

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

### A) REMUNERATION – AUDITED

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

	2013/14					2012/13				
	Salary £000	Bonus £000	Benefits in kind £000	Pension Benefits £000	Total £000	Salary £000	Bonus £000	Benefits in kind £000	Pension Benefits £000	Total £000
Chief Executive Officer	70–75	0–5	0	N/A*	75–80	80–85	0–5	0	N/A*	85–90
Chair	15–20	0	0	0	15–20	15–20	0	0	0	15–20
Martin Caple	0–5	0	0	0	0–5	0–5	0	0	0	0–5
Colin Golding	0–5	0	0	0	0–5	0–5	0	0	0	0–5
Ann Height OBE	0–5	0	0	0	0–5	5–10	0	0	0	0–5
Linda Marshall	0–5	0	0	0	0–5	0–5	0	0	0	0–5
Vijay Sharma	0–5	0	0	0	0–5	0–5	0	0	0	0–5

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

The 2013–14 accounts include accrual of the severance payment for the Chief Executive who will retire in July 2014. The total value of the severance package is £100,592.

\* Pension Benefits – these figures are not available due to a change in Pension Fund provider

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)	£75k–80k	£80k–85k
Median for other staff	£25,551	£25,298
Pay multiple ratio	3.0	3.5

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

### Salary

'Salary' includes the gross salary; overtime; etc as applicable to Trusts.

## Benefits in kind

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

## Mutuals

The development of the mutual venture (Momentis) has been led by Paul Kennedy, the Director of Contracted Services; and Carrie Peters, the Director of REACH. This work has been undertaken largely outside of working hours and without any negative effect on delivery of relevant services by the Trust.

## B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2014 £000s	CETV at 31 March 2013 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Chief Executive	98	N/A	597	469*	115

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

## Cash Equivalent Transfer Value (CETV)

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

\* Due to the change in Chief Executive during 2013–14 this figure is not comparable to the figure within the 2012–13 Accounts.

### **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.

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

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

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

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



## 5. Governance Statement

### Introduction

The governance framework comprises the systems and processes, culture and values by which the Trust operates. The system of internal control is a key element of the governance framework and is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to implement policies and achieve its aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of NOMS and LRPT policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework which incorporates the system of internal control has been in place for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury Guidance.

The Trust has in place a Business Risk Management Policy that provides assurance to the Trust Board and the Chief Executive that policies and procedures are in place to systematically identify business risks with a view to reducing the impact of identified threats and facilitating the achievement of the Trust's strategies and operational objectives.

The Trust Board has corporate responsibility for the proper discharge of its statutory functions and compliance with any statutory or administrative requirements for the use of public funds. The Board is also responsible for ensuring that high standards of corporate governance are observed at all times and for establishing the overall strategic direction of the Organisation, within the policy and resources framework determined by the Justice Minister.

Within the Ministry of Justice (MoJ), the National Offender Management Service (NOMS) will, among other things, be the primary source of advice to the Justice Minister, on the discharge of their responsibilities in respect of the Trust, and the primary point of contact for the Trust within the MoJ. NOMS is also responsible for determining and monitoring the Trust's performance against its targets and its financial position.

### Governance Framework

The Business Risk Management Policy outlines key aspects of the risk management process which includes roles and responsibilities, organisational structure, risk identification and evaluation, recording and monitoring, awareness and training, and the processes that the Board will adopt to evaluate the effectiveness of internal control procedures in relation to the main risks.

This Policy also includes a Risk Estimation table and this sets out an assessment of the impact on the Trust, together with the probability of the risk actually occurring, to determine the overall risk assessment.

The Trust manages the risk of unauthorised disclosure of information by:

- Implementation of national information security policies including physical security of buildings, access control to case management systems, remote working and protective marking;
- Training for all staff in information security; both the nationally mandated awareness raising and local training on induction;
- Requires all staff and partners with access to sensitive information to sign a confidentiality agreement clearly setting out their responsibilities for information security;
- Registration with the Information Commissioner as required by law;

- Implementation of standard processes for appropriately dealing with both Freedom of Information Act and Data Protection Act requests; and
- Implementation of the national Incident Management policy where incidents occur which have the potential for release of information, for example, theft of computing equipment.

The key principles, which provide a framework for the risk management processes, are:

- The Chief Executive, as the Trust's Accountable Officer, and the Trust Board have responsibility for overseeing risk management. Risk management is a standing item on the agenda of the Audit Committee that meets quarterly and discusses the risks and progress made with action plans. The Senior Management Team is responsible for implementing this policy as approved by the Board;
- The maintenance of a risk assessment register that is supported by a process for the identification, ranking and analysis of risks, and the assignment of risks to senior managers as risk owners who identify action plans to manage the risks;
- There is in place a system for regular reporting to the Chief Executive and the Trust Board by the Audit Committee of the main risks, and any changes to the risk profile as a result of the steps taken to manage the risks, identified by the Senior Management Team in their review of the action plans;
- The Trust Board has approved policies to promote sound governance and set the standards of operation and ethics against which the Trust operates, for example:
  - Governance Handbook
  - Management statement and Financial Memorandum
  - Standing Financial Instructions including Scheme of Delegation
  - Standing Orders
  - Register of Interests
  - Gifts and hospitality
  - A Counter Fraud and Corruption policy
  - A Whistle Blowing policy
  - An Employee Policy Handbook
  - An Employee Code of Conduct
- An important component of control is the comprehensive performance management system, which is designed to attain and monitor the achievement of key business objectives and targets. As Chief Executive and Accountable Officer I regularly review performance and report to the Performance Committee and the Trust Board quarterly; and
- The budget is managed by the Director of Corporate Services on behalf of the Chief Executive, with delegation of responsibility to Directors and senior managers set out in the Trust's Scheme of delegation. Budget monitoring takes place on a regular basis and is reported to the Performance Committee and the Trust Board quarterly.

The Trust manages risks with partner bodies and sub-contracted services by adopting a framework for the standardised management of contracts.

All services are delivered on standard contracts with clear specifications, including outputs and outcomes, quantitative and qualitative measures, to ensure that both parties are clear about the expectations for delivery of the service. The purpose of effective contract management is to monitor, review, evaluate and plan services, ensuring both parties meet their obligations under the contract. The Trust aims to see the contractual relationship as a partnership to deliver and develop quality services for offenders whilst managing and mitigating any associated risks.

Service review meetings are held with providers regularly to maintain relationships, consider monitoring information, and highlight any difficulties and operational issues. These meetings are a basis for identifying and agreeing any actions necessary on either side to achieve changes or improvements to service.

The Trust generates significant external income for activities related to offender management and interventions from Local Authorities, Prisons, Health and the European Social Fund.

The Trust has produced an income generation strategy which contains a risk register with detailed actions for managing and mitigating the risks of external funding streams terminating. This strategy and risk register is overseen by the Performance Committee.

### Board and Committee structure

The Board met 11 times during 2013/14 to ensure, through the Chief Executive, that arrangements were in place to meet the Trust's accountabilities to the Director of Probation and Contracted Services, NOMS, the Secretary of State and Parliament. It considered its plans and strategic direction within financial parameters allocated through the National Directorate's funding formula for budget allocation. All Board meetings were quorate. The following table summarises attendance by Board members in 2013/14:

Total Number of meetings held	Number of meetings attended						
	Trevor Worsfold	Jane Wilson	Martin Caple	Colin Golding	Ann Height	Linda Marshall	Vijay Sharma
11	11	11	10	11	10	10	7

A number of these meetings were allocated for planning and review with the Chief Executive and Directors. The Board approved the Business Plan and monitored actual performance against this throughout the year. It also received quarterly financial and performance reports that enabled it to ensure that the Trust met its objectives.

The main Committees of the Board that evaluate performance including reviewing the management of organisational risk are the Audit and the Performance Committees. There is, in addition, a Joint Health and Safety Committee. Minutes are taken for all meetings of the Board and Committees and parts of these are available for information and public scrutiny.

Members of the Board during 2013–14 were Jane Wilson (Chair), Trevor Worsfold (Chief Executive); Colin Golding, Linda Marshall, Martin Caple, Ann Height and Vijay Sharma, all of whom were Non-Executives. Staff who also attended the Board as required were Sarah Brookes (Secretary to the Board), Colin Pinfold, Paul Kennedy, Carrie Peters, Bob Bearne, Andrew Claydon and Carolyn Maclean (from 1 June 2013).

### Audit Committee

This is a statutory Committee of the Board. Its terms of reference are:

#### External Audit

- To review the external audit plan, agree audit days, costs and scope of work.
- To consider reports of external audits and to receive reports from the external auditor on service responses to recommendations made.
- To receive and consider the draft Audit Completion Report and Management Letter and to recommend a draft Action Plan in response to the recommendations made.

#### Internal Audit

- To scrutinise the annual and medium term internal audit plans and agree resource levels and scope of work.
- To review the performance of Internal Audit ensuring that the required standards and quality are met i.e., that responses made to audit reports are appropriate and meet necessary standards and guidelines.
- To receive and consider internal audit reports and review reports from the Head of Internal Audit on service responses to recommendations made.
- To receive and consider the Head of Internal Audit's Annual Report and to advise the Accountable Officer on the scope and content of their Governance statement.

### Financial Statements

- To review the Board's internal and external financial statements and reports ensuring that these reflect good practice.
- To consider the draft Statement of Accounts together with accounting policies underlying the Statement prior to their submission for audit and to make recommendations to the Board on their approval.

### Risk Management

- To review the effectiveness of the Trust's Governance arrangements.
- To review the operation of the Board's Code of Practice for members and its Code of Conduct for staff (including any Fraud and Corruption Policies).
- To consider the adequacy of risk management through review of the Risk Assessment Register and assessment and management of risk.

### Other

- To receive information about general audit developments and consider the implications for the Probation Trust.
- To consider and undertake such other matters as the Board may require.

The Chair, Colin Golding, is also a member of the Board as are other members of this Committee Martin Caple, Ann Height, Linda Marshall and Vijay Sharma. The Chair and Chief Executive of the Trust are not members of this Committee but do also attend by invitation as observers. In addition representatives from the Ministry of Justice Internal Audit Service and External Audit also attend. The Committee met quarterly and each meeting was quorate. The following table summarises attendance by Committee members in 2013–14:

Number of meetings attended				
Martin Caple	Colin Golding	Ann Height	Linda Marshall	Vijay Sharma
4	4	4	2	2

Internal Audit undertook reviews of all aspects of the internal control system in accordance with the overall plan approved by the Trust's Audit Committee. Specific areas reviewed by Internal Audit during 2013–14 have included the Financial Control Framework, Accredited Programmes, Corporate Governance, Change Management, Quality Assurance Framework and Serious Further Offences. These assessments of the Trust's systems and procedures have all been classified as either well controlled (green) or not requiring significant improvement to manage risks (amber/green).

### Performance Committee

This is the other main Committee of the Board although it is advisory rather than mandatory. Its terms of reference are:

#### Financial Management

- To promote the highest standards of propriety in the use of public funds and encourage proper accountability in the use of those funds.
- To promote a climate of financial discipline and control which will help satisfy the Board that LRPT will deliver its business objectives and targets in a manner which will make the most economic and effective use of the resources available in core business, programmes and contracts.
- To consider budgetary policies, priorities and proposals for expenditure through the Annual Budget setting procedures.
- To make recommendations to the LRPT Board in relation to the approval of the Annual Budget.
- To monitor expenditure during the financial year against the approved budget and to consider action to be taken by the Trust in the event of significant variance (under/overspend) against forecast expenditure in order to achieve a balanced budget at the end of the financial year.

### Performance – Core Business

- To promote expectations of continuous improvement in respect of performance so that the Trust strives to meet both National and internally-set targets
- To review LRPT’s strategy for achieving national and local targets and the arrangements for monitoring and assessing performance
- To review quarterly the Probation Trust Rating System (PTRS) and Balance Scorecard data, monitor trends in performance delivery and consider remedial action to be taken by the Trust in regard to significant variance against targets and matters causing concern
- To benchmark and consider LRPT’s performance position in relation to other Probation Trusts
- To consider performance outcomes against value for money principles in the use of resources
- To consider the impact of performance delivery in terms of customer service and public confidence.
- To consider reports from external bodies such as Her Majesty’s Inspectorate of Probation in relation to performance monitoring.

### Performance – Programmes and Contracts

- To review bids and delivery plans for external programmes and contracts
- To monitor performance delivery against requirements of programmes and contracts, including financial performance against contract values
- To review variance against targets and any remedial action to be taken by the Trust in order to deliver required outcomes
- To consider outcomes in relation to effective and economic use of resources.

### Business Plans

- To scrutinise draft service plans and comment on them prior to consideration by the Trust Board.
- To consider draft plans that support competition, partnership and other joint ventures and report to the Board accordingly.
- To consider progress against business and action plans and report to the Board accordingly.

### Diversity

- To consider issues of diversity in relation to all aspects of business planning, performance delivery, financial management and use of resources.

### Review

- To reflect on and review the work of the committee on an annual basis and consider its effectiveness.
- To review the Terms of Reference on an annual basis to ensure they remain fit for purpose and reflect the priorities of LRPT Board.

The Committee is chaired by Linda Marshall who is a member of the Trust Board as are the other members Martin Caple, Colin Golding, Ann Height and Vijay Sharma. The Chair and Chief Executive of the Trust are ex officio members of this Committee. The Committee met quarterly and each meeting was quorate. The following table summarises attendance during 2013–14:

Number of meetings attended						
Trevor Worsfold	Jane Wilson	Martin Caple	Colin Golding	Ann Height	Linda Marshall	Vijay Sharma
4	3	4	3	4	2	3

## Compliance with Corporate Governance Code 2011

The Board complies with the key aspects of the Corporate Governance Code of Good Practice 2011. The focus of this code is on ministerial departments but others are encouraged to adopt the practices set out in this. This refers to four aspects of good governance covering leadership (articulating a clear vision), effectiveness (bringing a wide range of relevant experience to bear), accountability (promoting transparency through clear and fair reporting) and sustainability (taking a sensible, long term view about what the organisation is trying to achieve). These define the work and role of the LRPT Board.

The Code highlights five areas that all Boards should advise and supervise on covering strategic clarity, commercial sense regarding clear responsibilities, the requirement for the appropriate skills of people, focus on results and the provision of management information. In addition it highlights that there should be committees responsible for Audit, Risk and Governance. The Board is supported by an Internal Audit Service operating to nationally recognised standards. The Trust is able to demonstrate compliance with all of these requirements with the Board itself taking overall responsibility for governance.

The Code refers to Board members upholding the seven Nolan principles of public life; these are incorporated into the Governance Framework for LRPT, “They will exercise their role through influence and advice, supporting as well as challenging the executive” **Corporate Governance in central government department; Code of Good Practice 2011 (page 7)**.

The Trust Board has a range of experience and diversity amongst its Non Executives covering both the private, public and voluntary sectors and including a mix of men and women.

The Code refers to the role of ministers and departmental accounting officers. The Trust’s Accountable Officer is the Chief Executive and is responsible for similar areas to those of Departmental Accounting Officer. These cover:

- Propriety and regularity;
- Prudent and economical administration;
- Avoidance of waste and extravagance;
- Ensuring value for money;
- Efficient and effective use of resources; and
- Organisation, staffing and management of the Trust.

The Trust Board’s relationship with its Committees is set out in the Governance Handbook including terms of reference and feedback.

In 2011 the Board undertook a systematic review of the skills and qualities of Non Executive members to evaluate and improve on its effectiveness. This was carried out by the Chair in accordance with the Code of Good Practice.

The Board has a Board Secretary who is responsible for developing and agreeing Board and Committee agendas, developing and agreeing Committee Terms of Reference, ensuring the good flow of information between the Board and its Committees based on the quality and timeliness of Board papers, and providing advice on due process including compliance with governance requirements.

The Board and its Committees recorded any declarations of interest in the minutes as a standing item.

## Code of Conduct

The Trust has a Code of Conduct that is based on the seven Nolan principles of public service. These cover selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In addition it has policies on whistle-blowing, fraud and corruption and gifts and hospitality that set out clearly what is acceptable and unacceptable behaviour. Any matters that arise from any of the policies is fully investigated. Non Executive members of the Board, together with Directors and other senior management staff are asked to declare each year any information about related party transactions for their family or themselves. The Code, as well as other policies, is brought to the attention of all new staff. They are used by managers and staff, if appropriate, for dealing with particular instances as part of any disciplinary and grievance procedure.

## Independent Advice

The Board has access to and receives independent advice from the Secretary and the Treasurer. In addition specialist legal and advice is commissioned by the Trust, if required, for matters such as employment issues.

## Complaints

There were 3 formal complaints received during 2013–14 all of which were fully investigated. None of these were referred on to the Prison and Probation Ombudsman.

## Mutuals

During 2013–14, the Trust has explored, with assistance from the Cabinet Office, the potential to create a staff Mutual. In accordance with guidance issued by the Ministry of Justice regarding the observation of “ethical walls” in dealing with information with competition related sensitivity, the Trust observed the following protocols during 2013–14:

- a) the signature of relevant declarations by officers involved in the provision of information to the procurement process (declaration “A”) and those potentially involved in bidding as a mutual body “declaration “B”);
- b) restricted access for declaration “B” signatories to information received or held by the Trust relating to the competition process; and
- c) separation of Management Team, Committee and Board agendas to exclude “declaration B” signatories from discussion or disclosure of commercially sensitive information.

I have responsibility, as the Accountable Officer, for maintaining a sound system of internal control that supports the achievement of Leicestershire and Rutland Probation Trust’s (LRPT) policies, aims and objective, whilst safeguarding public funds and Ministry of Justice assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Statement of Accounting Officer’s responsibilities and the Accounts Direction both of which form part of this Annual Report

I am satisfied that the Trust’s approach to governance and internal control for 2013–14, as set out in this statement, is robust. It provides the Board and myself with the appropriate level of assurance and this has been confirmed through the work of the Audit Committee during the year. The annual Governance statement has been discussed with and approved by the Board on 16 June 2014.

Accountable Officer  
Trevor Worsfold  
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 Leicestershire and Rutland Probation Trust for the year ended 31 March 2014 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Chief Executive and auditor**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Offender Management Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Leicestershire and Rutland Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.



### Opinion on other matters

In my opinion:

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

### Matters on which I report by exception

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

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

### Report

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

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**02 July 2014**

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
<b>Expenditure</b>			
Staff costs	3(a)	15,084	14,831
Other expenditure	6	6,782	5,650
<b>Total Expenditure</b>		<b>21,866</b>	<b>20,481</b>
Income	7	(21,509)	(19,833)
<b>Net operating costs</b>		<b>357</b>	<b>648</b>
Net interest cost on pension scheme	4(c)	1,139	906
<b>Net operating costs before taxation</b>		<b>1,496</b>	<b>1,554</b>
Taxation	5	0	0
<b>Net operating costs after taxation</b>		<b>1,496</b>	<b>1,554</b>

### Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	8	(2)	(4)
<b>Items that may be reclassified subsequently to net operating costs:</b>			
Remeasurement of post employment benefits	23	4,211	4,655
<b>Total comprehensive expenditure for 31 March 2014</b>		<b>5,705</b>	<b>6,205</b>

The notes on pages 35 to 60 form part of these accounts.

## Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	79	133
<b>Total non-current assets</b>		<b>79</b>	<b>133</b>
<b>Current assets</b>			
Trade and other receivables	12(a)	1,994	3,109
Cash and cash equivalents	13	2,285	1,574
<b>Total current assets</b>		<b>4,279</b>	<b>4,683</b>
<b>Total assets</b>		<b>4,358</b>	<b>4,816</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(2,281)	(3,082)
Provisions	15	(24)	(13)
Taxation payables	14(a)	(575)	(784)
<b>Total current liabilities</b>		<b>(2,880)</b>	<b>(3,879)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>1,478</b>	<b>937</b>
<b>Non-current liabilities</b>			
Pension liability	4(c)	(31,120)	(24,874)
<b>Total non-current liabilities</b>		<b>(31,120)</b>	<b>(24,874)</b>
<b>Assets less liabilities</b>		<b>(29,642)</b>	<b>(23,937)</b>
<b>Taxpayers' equity</b>			
General fund	23	(29,684)	(23,977)
Revaluation reserve – property, plant and equipment	24(a)	42	40
		<b>(29,642)</b>	<b>(23,937)</b>

The financial statements on pages 31 to 34 were approved by the Board on 16 June 2014 and were signed on its behalf by:

Trevor Worsfold  
Accountable Officer

25 June 2014

The notes on pages 35 to 60 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(1,496)	(1,554)
Adjustments for non-cash transactions	6	72	4
Adjustments for pension cost	4(c)	2,035	1,559
Decrease in receivables	12(a)	1,115	2,049
Decrease in payables	14(a)	(1,010)	(1,783)
Utilisation of provisions	15	(5)	(164)
<b>Net cash outflow from operating activities</b>		<b>711</b>	<b>111</b>
<b>Cash flows from investing activities</b>			
<b>Net cash outflow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
<b>Net financing</b>		<b>0</b>	<b>0</b>
<b>Net increase in cash and cash equivalents in the period</b>		<b>711</b>	<b>111</b>
Cash and cash equivalents at the beginning of the period	13	1,574	1,463
Cash and cash equivalents at the end of the period	13	2,285	1,574
<b>Increase in cash</b>		<b>711</b>	<b>111</b>

The notes on pages 35 to 60 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2012</b>		<b>(17,768)</b>	<b>36</b>	<b>(17,732)</b>
<b>Changes in taxpayers' equity for 2012–13 (restated)</b>				
Net operating cost after taxation	SocNE	(1,554)	0	(1,554)
Net gain on revaluation of property, plant and equipment	24(a)	0	4	4
Remeasurement of post employment benefits	23	(4,655)	0	(4,655)
<b>Balance as at 31 March 2013</b>		<b>(23,977)</b>	<b>40</b>	<b>(23,937)</b>
<b>Changes in taxpayers' equity for 2013–14</b>				
Net operating cost after taxation	SocNE	(1,496)	0	(1,496)
Net gain on revaluation of property, plant and equipment	24(a)	0	2	2
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Remeasurement of post employment benefits	23	(4,211)	0	(4,211)
<b>Balance as at 31 March 2014</b>		<b>(29,684)</b>	<b>42</b>	<b>(29,642)</b>

The notes on pages 35 to 60 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

#### 1.1 Basis of preparation

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

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

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

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

#### 1.2 Accounting convention

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

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

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

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

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

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

Those that impact on the Trust are:

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

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

#### 1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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

### 1.5 Property, plant and equipment

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

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

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

### Revaluation

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

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

### 1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

### 1.7 Impairment

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

### 1.8 Intangible non-current assets

The Trust did not have any intangible non-current assets.

### 1.9 Non-current assets held for sale

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

### 1.10 Inventories

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

### 1.11 Operating income

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

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

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

### 1.12 Other Expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice.

However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3**, **Note 6**, **Note 7** and **Note 28**.

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

### 1.13 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit

scheme. Retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

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

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

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

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

### 1.14 Leases

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

### 1.15 Provisions

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



### 1.16 Value Added Tax

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

### 1.17 Corporation Tax

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

### 1.18 Cash and Cash Equivalents

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

### 1.19 Financial instruments

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

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

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

## 2. Statement of Operating Costs by Operating Segment

Operational Unit	2013–14	2012–13
	Net Expenditure	Net Expenditure
Corporate Services	£3.253m	£2.637m
Offender Management	£7.714m	£7.496m
Contracted Services	£2.351m	£2.503m
External Contracted Services	£(0.558m)	£(0.026m)
Infrastructure – NOMS premises and IT recharge	£1.802m	£1.941m
Other	£(0.003m)	£0.022m
<b>Total Net Expenditure</b>	<b>£14.559m</b>	<b>£14.573m</b>
<b>Contract Income</b>	<b>(£14.202m)</b>	<b>(13.925m)</b>
<b>Overspend</b>	<b>£0.357m</b>	<b>£0.648m</b>

### 3. Staff numbers and related costs

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

	2013–14			2012–13
	Total	Permanently-employed staff	Others*	Total
	£000	£000	£000	£000
Wages and salaries	12,380	12,307	73	12,605
Social security costs	904	904	0	934
Other pension costs	2,489	2,489	0	2,238
<b>Sub-total</b>	<b>15,773</b>	<b>15,700</b>	<b>73</b>	<b>15,777</b>
Less recoveries in respect of outward secondments	(689)	(689)	0	(946)
<b>Total staff costs</b>	<b>15,084</b>	<b>15,011</b>	<b>73</b>	<b>14,831</b>

#### Restatement of comparatives

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

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

1 individual (2012–13: No individual) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil. This is due to the costs being funded from an ill health retirement policy. (2012–13: £nil)

\* Relates to agency staff costs and so is excluded from the average number of persons employed as stated below in **Note 3b**.

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

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

2013–14		2012–13
Total	Permanently-employed staff	Total
403	403	420
<b>403</b>	<b>403</b>	<b>420</b>

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

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	3	3	0	4	4
£10,000–£25,000	1	1	2	0	1	1
£25,000–£50,000	0	0	0	0	1	1
£50,000–£100,000	0	0	0	0	1	1
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	1	1	0	0	0
£200,000+	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>7</b>	<b>7</b>
<b>Total resource cost £000</b>	<b>11</b>	<b>210</b>	<b>221</b>	<b>0</b>	<b>179</b>	<b>179</b>

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. Exit costs are accounted for in full in the year 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.

In 2013–14 the Trust released 5 people (2012–13: 7 people) under its scheme of voluntary redundancy. Redundancy and other departure costs have been paid in accordance with the provisions of the Local Government Pension Scheme. The table also includes an amount due to an employee whose departure had been agreed by 31 March 2014 but will not leave the Trust until July 2014.

## 4. Pensions costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory, fully funded scheme which provides benefits on a 'final salary' basis at a normal retirement age of 65. A new LGPS was introduced from 1 April 2008. The package of benefits is different to that which previously existed and overall is more beneficial to members and slightly more costly. Members pay contributions within the range of 5.5% to 7.5% of pensionable earnings, with the level of contribution being based on the full time equivalent salary. Pension payments are increased in line with the Consumer Price Index. On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction.

### 4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Hymans Robertson LLP. For 2013–14, employers' contributions of £1,573,000 were payable to the LGPS (2012–13: £1,585,000). The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

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

- Employer's contributions for 2013–14 were 16.8% of salaries; and,
- Employer's contributions for 2014–15 will be 17.8% of salaries; and
- Employer's contributions for 2015–16 will be 18.8% of salaries.

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

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

### Mortality Assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2010 model assuming current rates of improvement have peaked and will converge to a long term rate 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows: Current Pensioners: Males 22.2 years, Females 24.3 years, Future Pensioners: Males 24.2 years, Females 26.6 years.

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

	2013–14		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	47,005	47,005
Funded liabilities	(71,552)	0	(71,552)
Unfunded liabilities	(327)	0	(327)
<b>Opening balance at 1 April (restated)</b>	<b>(71,879)</b>	<b>47,005</b>	<b>(24,874)</b>
Current service costs	(2,489)	0	(2,489)
Net Interest cost	<b>(3,263)</b>	<b>(2,124)</b>	<b>(1,139)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest income	0	(660)	(660)
Loss from change in demographic assumptions	(1,741)	0	(1,741)
Loss from change in financial assumptions	(1,700)	0	(1,700)
Experience losses	(110)	0	(110)
	<b>(3,551)</b>	<b>(660)</b>	<b>(4,211)</b>
Contributions			
Employers	0	1,573	1,573
Plan participants	(698)	698	0
Unfunded benefits	0	20	20
Payments from plans			
Benefit payments	1,789	(1,789)	0
Unfunded benefit payments	20	(20)	0
<b>Closing balance at 31 March</b>	<b>(80,071)</b>	<b>48,951</b>	<b>(31,120)</b>
Plan assets	0	48,951	48,951
Funded liabilities	(79,730)	0	(79,730)
Unfunded liabilities	(341)	0	(341)
<b>Closing balance at 31 March</b>	<b>(80,071)</b>	<b>48,951</b>	<b>(31,120)</b>

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	40,528	40,520
Funded liabilities	(59,188)	0	(59,188)
<b>Opening balance at 1 April</b>	<b>(59,188)</b>	<b>40,528</b>	<b>(18,660)</b>
Current service costs	(1,979)	0	(1,979)
Past service costs (including curtailments)	(259)	0	(259)
	<b>(2,238)</b>	<b>0</b>	<b>(2,238)</b>
Net interest (cost)/income	<b>(2,867)</b>	<b>1,961</b>	<b>(906)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	4,055	4,055
Gain/(loss) from change in financial assumptions	(8,766)	0	(8,766)
Experience gains/(losses)	56	0	56
	<b>(8,710)</b>	<b>4,055</b>	<b>(4,655)</b>
Contributions			
Employers	0	1,585	1,585
Plan participants	(717)	717	0
Payments from plans			
Benefit payments	1,821	(1,821)	0
Unfunded benefit payments	20	(20)	0
<b>Closing balance at 31 March</b>	<b>(71,879)</b>	<b>47,005</b>	<b>(24,874)</b>
Plan assets	0	47,005	47,005
Funded liabilities	(71,552)	0	(71,552)
Unfunded liabilities	(327)	0	(327)
<b>Closing balance at 31 March</b>	<b>(71,879)</b>	<b>47,005</b>	<b>(24,874)</b>

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

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	0	0	0		0	0	0	
Other	1,798	1,921	3,719		1,727	1,845	3,572	
	<b>1,798</b>	<b>1,921</b>	<b>3,719</b>	<b>8%</b>	<b>1,727</b>	<b>1,845</b>	<b>3,572</b>	<b>8%</b>
Debt instruments								
UK Government	606	0	606		581	0	581	
Other	3,500	0	3,500		3,361	0	3,361	
	<b>4,106</b>	<b>0</b>	<b>4,106</b>	<b>8%</b>	<b>3,942</b>	<b>0</b>	<b>3,942</b>	<b>8%</b>
Property								
UK	0	4,576	4,576		0	4,394	4,394	
	<b>0</b>	<b>4,576</b>	<b>4,576</b>	<b>9%</b>	<b>0</b>	<b>4,394</b>	<b>4,394</b>	<b>9%</b>
Cash and cash equivalents	<b>1,111</b>	<b>0</b>	<b>1,111</b>	<b>2%</b>	<b>1,066</b>	<b>0</b>	<b>1,066</b>	<b>2%</b>
Investment funds								
Equities	24,680	0	24,680		23,699	0	23,699	
Bonds	1,673	1,548	3,221		1,607	1,487	3,094	
Hedge funds	1,614	59	1,673		1,550	56	1,606	
Commodities	1,315	902	2,217		1,263	866	2,129	
Infrastructure	0	1,110	1,110		0	1,066	1,066	
Other	2,538	0	2,538		2,437	0	2,437	
	<b>31,820</b>	<b>3,619</b>	<b>35,439</b>	<b>72%</b>	<b>30,556</b>	<b>3,475</b>	<b>34,031</b>	<b>72%</b>
<b>Total</b>	<b>38,835</b>	<b>10,116</b>	<b>48,951</b>	<b>100%</b>	<b>37,291</b>	<b>9,714</b>	<b>47,005</b>	<b>100%</b>



#### 4e. Sensitivity analysis

##### Change in assumptions at 31 March 2014:

0.5% decrease in Real Discount Rate  
 1 year increase in member life expectancy  
 0.5% increase in the salary increase rate  
 0.5% increase in the Pension increase rate

Approx % increase to Employer Liability	Approx Monetary amount (£000)
11%	9,105
3%	2,402
5%	3,664
7%	5,244

## 5. Taxation

UK corporation tax

**Total**

2013–14	2012–13
£000	£000
0	0
<b>0</b>	<b>0</b>

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

During 2013–14 no (£nil) Corporation tax was payable (2012–13: £nil).

## 6. Other Expenditure

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	11		15	
Accommodation, maintenance and utilities	1,345		1,551	
Travel, subsistence and hospitality	250		217	
Professional services	343		344	
IT services	820		729	
Communications, office supplies and services	212		216	
Other staff related	1,452		317	
Offender costs	843		560	
Other expenditure	1,390		1,642	
External Auditors' remuneration – statutory accounts	27		27	
External Auditors' remuneration – other	0		12	
Internal Auditors' remuneration	17		16	
		<b>6,710</b>		<b>5,646</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	56		64	
Other provisions provided for in year	16		(60)	
		72		4
<b>Total</b>		<b>6,782</b>		<b>5,650</b>

### Restatement of comparatives

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

## 7. Income

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	14,202		13,925	
		<b>14,202</b>		<b>13,925</b>
EU income from NOMS		1,528		1,535
Other income received from Probation Trusts		44		5
Other income from NOMS		31		129
Other income from rest of MoJ Group		2		2
Other income from other Government departments		4,715		3,886
Miscellaneous income		986		349
		<b>21,508</b>		<b>19,831</b>
Interest received:				
From bank	1		2	
<b>Total interest received</b>		<b>1</b>		<b>2</b>
<b>Total income</b>		<b>21,509</b>		<b>19,833</b>

### Restatement of comparatives

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

## 8. Property, plant and equipment

	2013–14				
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
<b>As at 1 April 2013</b>	<b>0</b>	<b>163</b>	<b>246</b>	<b>90</b>	<b>499</b>
Disposals	0	0	(21)	0	(21)
Impairments	0	(1)	0	0	(1)
Indexation/revaluation	0	0	2	1	3
<b>As at 31 March 2014</b>	<b>0</b>	<b>162</b>	<b>227</b>	<b>91</b>	<b>480</b>
<b>Depreciation</b>					
<b>As at 1 April 2013</b>	<b>0</b>	<b>119</b>	<b>228</b>	<b>19</b>	<b>366</b>
Charge in year	0	27	11	18	56
Disposals	0	0	(21)	0	(21)
Impairments	0	(1)	0	0	(1)
Indexation/revaluation	0	0	1	0	1
<b>As at 31 March 2014</b>	<b>0</b>	<b>145</b>	<b>219</b>	<b>37</b>	<b>401</b>
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>17</b>	<b>8</b>	<b>54</b>	<b>79</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>44</b>	<b>18</b>	<b>71</b>	<b>133</b>
<b>Asset financing</b>					
Owned	0	17	8	54	79
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>17</b>	<b>8</b>	<b>54</b>	<b>79</b>

## 8. (Continued)

	2012-13				
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
<b>As at 1 April 2012</b>	17	193	234	198	642
Disposals	(17)	(36)	0	(110)	(163)
Indexation/revaluation	0	6	12	2	20
<b>As at 31 March 2013</b>	<b>0</b>	<b>163</b>	<b>246</b>	<b>90</b>	<b>499</b>
<b>Depreciation</b>					
<b>As at 1 April 2012</b>	17	120	201	111	449
Charge in year	0	31	15	18	64
Disposals	(17)	(36)	0	(110)	(163)
Indexation/revaluation	0	4	12	0	16
<b>As at 31 March 2013</b>	<b>0</b>	<b>119</b>	<b>228</b>	<b>19</b>	<b>366</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>44</b>	<b>18</b>	<b>71</b>	<b>133</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>73</b>	<b>33</b>	<b>87</b>	<b>193</b>
<b>Asset financing</b>					
Owned	0	44	18	71	133
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>44</b>	<b>18</b>	<b>71</b>	<b>133</b>

## 9. Intangible assets

The Trust did not have any intangible assets in 2013–14 (£nil: 2012–13).

## 10. Impairments

There were no impairment expenses charged to the Statement of Comprehensive Net Expenditure for the year ended 31 March 2014 (£nil: 31 March 2013).

## 11. Assets held for sale

The Trust had no assets held for sale as at 31 March 2014 (£nil: 31 March 2014).

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2013–14	2012–13
	£000	£000
<b>Amounts falling due within one year</b>		
Trade receivables	23	12
Receivables, Accrued Income and Prepayments due from NOMS Agency	1,762	2,863
Receivables, Accrued Income and Prepayments due from other Government departments	176	116
Other receivables	16	15
Prepayments	17	0
Accrued income	0	103
<b>Total</b>	<b>1,994</b>	<b>3,109</b>

There were no amounts due after one year (2012–13: £nil).

### 12b. Intra-Government receivables

	Amounts falling due within one year	
	2013–14	2012–13
	£000	£000
Balances with other central Government bodies (inc. parent department)	1,762	2,863
Balances with local authorities	160	108
Balances with NHS bodies	16	8
	<b>1,938</b>	<b>2,979</b>
Balances with bodies external to Government	56	130
<b>Total</b>	<b>1,994</b>	<b>3,109</b>

## 13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	1,574	1,463
Net change in cash and cash equivalents	711	111
<b>Balance at 31 March</b>	<b>2,285</b>	<b>1,574</b>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	2,285	1,574
<b>Balance at 31 March</b>	<b>2,285</b>	<b>1,574</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2013–14	2012–13
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	203	189
Accruals	179	356
Deferred income	0	2,237
Staff payables	253	72
Payables due to Probation Trusts	92	54
Payables, Accruals and Deferred Income due to NOMS Agency	862	138
Payables, Accruals and Deferred Income due to other Government departments	493	34
Unpaid pensions contributions due to the pensions scheme	199	2
	<b>2,281</b>	<b>3,082</b>
<b>Tax falling due within one year</b>		
VAT	320	502
Corporation tax	0	0
Other taxation and social security	255	282
	<b>575</b>	<b>784</b>
<b>Total</b>	<b>2,856</b>	<b>3,866</b>

There were no amounts payable after more than one year (2012–13: £nil).

For 2013–14 deferred income has been reclassified and now split between NOMS Agency and other Government departments.

### 14b. Intra-Government payables

	Amounts falling due within one year	
	2013–14	2012–13
	£000	£000
Balances with other central Government bodies (inc. parent department)	1,529	992
Balances with local authorities	415	1,085
Balances with NHS bodies	78	125
	<b>2,022</b>	<b>2,202</b>
Balances with bodies external to Government	834	1,664
<b>Total</b>	<b>2,856</b>	<b>3,866</b>



## 15. Provisions for liabilities and charges

	2013–14		
	Early retirements costs £000	Other Provisions £000	Total £000
Balance at 1 April	0	13	13
Provided in year	0	16	16
Provision utilised in the year	0	(5)	(5)
<b>Balance as at 31 March</b>	<b>0</b>	<b>24</b>	<b>24</b>

	2013–14		
	Early retirements costs £000	Other Provisions £000	Total £000
<b>Analysis of expected timing of discount flows</b>			
Not later than one year	0	24	24
<b>Current liability</b>	<b>0</b>	<b>24</b>	<b>24</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>24</b>	<b>24</b>

	2012–13		
	Early retirements costs £000	Other Provisions £000	Total £000
Balance at 1 April	0	237	237
Provided in year	0	13	13
Provisions not required written back	0	(73)	(73)
Provision utilised in the year	0	(164)	(164)
<b>Balance as at 31 March</b>	<b>0</b>	<b>13</b>	<b>13</b>

	2012–13		
	Early retirements costs £000	Other Provisions £000	Total £000
<b>Analysis of expected timing of discount flows</b>			
Not later than one year	0	13	13
<b>Current liability</b>	<b>0</b>	<b>13</b>	<b>13</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>13</b>	<b>13</b>

The provision as at 31<sup>st</sup> March 2014 relates to legal claims against the Trust.

## 16. Capital commitments

As at 31 March 2014, the Trust had no capital commitments which would need to be disclosed (31 March 2013: £nil).

## 17. Commitments under leases

### 17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
<b>Other</b>		
Not later than one year	6	7
Later than one year and not later than five years	7	9
<b>Total</b>	<b>13</b>	<b>16</b>

The Trust has entered into operating leases for franking machines and photocopiers.

### 17b. Finance leases

As at 31 March 2014, the Trust had no entered into any lease arrangements which may give rise to finance lease commitments (31 March 2013: £nil).

## 18. Other financial commitments

As at 31 March 2014, the Trust had not entered into any arrangements which may give rise to other financial commitments (31 March 2013: £nil).

## 19. Deferred tax asset

As at 31 March 2014, there were no deferred tax assets (31 March 2013: £nil).

## 20. Financial instruments

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

## 21. Contingent liabilities

As at 31 March 2014, the Trust did not have any contingent liabilities (31 March 2013: £nil).

## 22. Losses and special payments

### 22a. Losses statement

There were no losses of this nature to disclose over £300,000 (2012–13: £nil).

### 22b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	6	221	7	179
<b>Total</b>	<b>6</b>	<b>221</b>	<b>7</b>	<b>179</b>

Special Payments made during the financial year ended 31 March 2014 relate to redundancy payments. There were 6 cases of redundancy amounting to £221,000 in redundancy payments (2012–13 7 cases amounting to £179,000). There were no special payments over £300,000 (2012–13: £nil).

## 23. General fund

	2013–14 £000	2012–13 £000
Balance at 1 April	(23,977)	(17,768)
<b>Balance restated at 1 April</b>	<b>(23,977)</b>	<b>(17,768)</b>
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,496)	(1,554)
Remeasurement of post employment benefits	(4,211)	(4,655)
<b>Balance at 31 March</b>	<b>(29,684)</b>	<b>(23,977)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2013–14 £000	2012–13 £000
<b>Balance restated at 1 April</b>	<b>40</b>	<b>36</b>
Arising on revaluations of PPE during the year (net)	2	4
<b>Balance at 31 March</b>	<b>42</b>	<b>40</b>

### 24b. Intangibles

As at 31 March 2014, the Trust did not hold any intangible assets (31 March 2013: £nil).

## 25. Related party transactions

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

The Trust purchases support services from Leicestershire County Council including financial systems, payroll and caretaking. Expenditure to Leicestershire County Council was £82,000 (£93,000 in 2012–13). The Trust has a number of partnership arrangements for the provision of services to other organisations. This income totalled £5,355,000 (£4,767,000 in 2012–13). The income includes the following: HM Prison Service £616,000 (staff secondments), Leicester City Council £3,967,000 (significantly Criminal Justice Pathway £3,565,000, Quality of Life £167,000, Integrated Offender Management £131,000, Restriction on Bail £52,000, Leicestershire County Council £164,000 (significantly Integrated Offender Management £161,000), Rutland County Council £2,000, Leicestershire Police Authority £159,000 (significantly IOM £109,000, staff secondments £49,000), Hinckley & Bosworth Borough Council £8,000, Leicestershire County & Rutland Primary Care Trust £132,000, Leicester City PCT £110,000, NHS England £186,000, Leicestershire Partnership NHS Trust £7,000, North West Leicester District Council £1,000, Bottesford Parish Council £2,000, Groby Parish Council £1,000.

At the year end the following income was outstanding: NHS England £16,000, Leicester City Council £38,000, North West Leicester District Council £1,000. None of these amounts are irrecoverable debts, and do not require a bad-debt provision. The Trust has a contract for services and receives Ministry of Justice (MoJ) funding from the Senior Community Manager. The MoJ is therefore the ultimate controlling party. Members of the Probation Trust Board and its executive Directors have been asked to provide information about possible related party interests. During the year, none of the members of the Trust Board, or the senior management team, or other related parties, have undertaken any material transactions with the Trust.

### Mutuals

The Trust has explored the creation of and set up a staff mutual, Momentis CIC. The organisation is incorporated as a Community Interest Company. While the potential for the organisation to hold contracts was explored, no contracts have passed from the Trust to Momentis during 2013–14 or are intended to do so subsequently.

Momentis, in conjunction with Home Group (a Social Enterprise and Charity) have indicated their potential involvement in the Transforming Rehabilitation bidding process.

There are no balances owed or due between the Trust and Momentis.

## 26. Third-party assets

As at 31 March 2014, the Trust did not hold any third party assets (31 March 2013: £nil).

## 27. Events occurring after the reporting period

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

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

### **Dissolution of the Trust**

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

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

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

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

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

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

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

#### *Pensions*

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

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

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS have transferred with the employee to the new

employer (the CRC or the NPS) as referred to in **Note 1.4**. The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

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

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

#### *Leases and service contracts*

Property and IT leases remain within the Ministry of Justice.

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

#### *Staff related balances*

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

#### *All other balances*

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

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

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

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

## 28. Prior period adjustments

### IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

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

	2012–13
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
Net operating expenditure after taxation	1,301
Other comprehensive expenditure	4,904
<b>Total comprehensive expenditure</b>	<b>6,205</b>
Restatement:	
Increase in programme expenditure (interest costs)	253
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(253)
	<b>0</b>
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	1,554
Other comprehensive expenditure	4,651
<b>Total comprehensive expenditure</b>	<b>6,205</b>

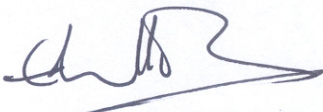
### Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
General fund balance as at 31 March 2013	(23,977)
Restatement:	(23,977)
Increase in net operating expenditure	(253)
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	253
General fund balance as at 31 March 2013 after restatement	<b>(23,977)</b>

## Accounts Direction

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

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



Edward Kirby

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



## Appendix 1

35 Probation Trusts:

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

## 8. Sustainability Report

(Not subject to audit)

### Introduction

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

This report covers 7 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; and
- 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 and 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; and
- 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

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

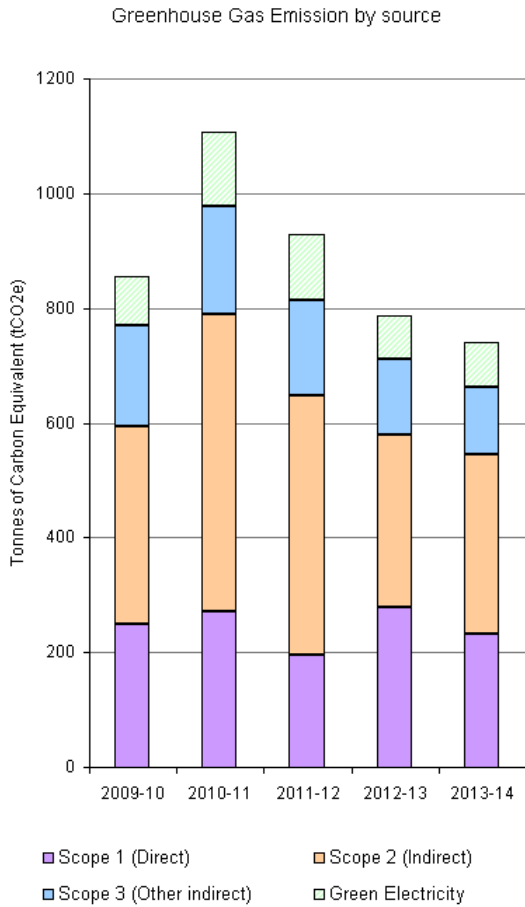
### Social and environmental awareness

The initiatives identified in the previous annual report (particularly the relocation of Headquarters) have been placed on hold during the implementation of Transforming Rehabilitation.

## Performance summary

### Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO <sub>2</sub> e)	Scope 1 (direct): Site-based emissions & owned transport	248.60	271.0	196.0	277.6	232.4
	Scope 2 (indirect): Supplied energy (electricity and heat)	344.1	519.7	453.2	301.9	313.1
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	177.5	186.3	166.0	131.8	118.0
	<b>Total gross GHG emissions</b>	<b>770.3</b>	<b>977.0</b>	<b>814.2</b>	<b>711.3</b>	<b>663.5</b>
	Electricity: green/renewable	86.0	129.9	113.3	75.5	78.3
	<b>Total net GHG emissions</b>	<b>684.2</b>	<b>847.1</b>	<b>700.9</b>	<b>635.9</b>	<b>585.2</b>
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	522,605	874,876	763,031	508,280	527,115
	Electricity: renewable	174,202	291,625	254,344	169,427	175,705
	Gas	1,094,910	1,338,616	946,385	1,317,359	1,048,585
	<b>Total energy</b>	<b>1,791,716</b>	<b>2,505,117</b>	<b>1,963,760</b>	<b>1,995,066</b>	<b>1,751,405</b>
Financial indicators	Expenditure on energy (£)	109,933	178,971	145,213	122,43	123,316
	Expenditure on official business travel (£)	313,534	297,752	272,210	250,907	201,344



**Performance commentary (including targets)**

Performance in 2012–14 shows the impact of the Trust’s actions to reduce energy usage and business travel.

**Controllable impacts commentary**

The Trust has taken action to increase staff awareness of energy usage, and ensured that business travel is only undertaken in accordance with core business.

**Overview of influenced impacts**

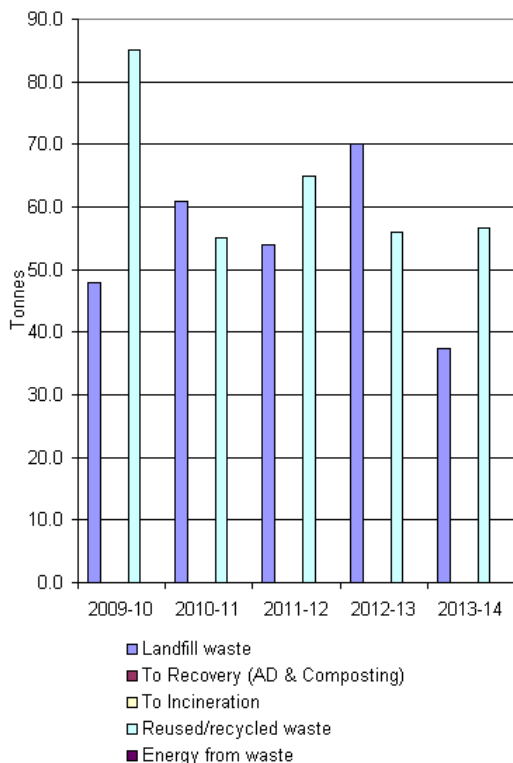
Improved quality and timeliness of data will help the Trust improve its performance in the future.

**Waste**

Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste
		Reused/recycled waste
	<b>Total waste arising</b>	
Financial indicators	Non-hazardous waste	Landfill waste
		Reused/recycled waste
	<b>Total waste costs (£)</b>	

2009–10	2010–11	2011–12	2012–13	2013–14
48.0	61.0	54.0	70.0	37.4
85.0	55.0	65.0	56.0	56.7
<b>133.0</b>	<b>116.0</b>	<b>119.0</b>	<b>126.0</b>	<b>94.1</b>
3,824	4,869	4,354	8,190	4,372
12,742	7,977	9,602	6,552	6,636
<b>16,566</b>	<b>12,846</b>	<b>13,956</b>	<b>14,742</b>	<b>11,009</b>

Waste by final disposal



**Performance commentary (including targets)**

Performance in 2013–14 shows the impact of the Trust's actions to reduce waste.

**Controllable impacts commentary**

The Trust has continued to taken action in 2013–14 to increase staff awareness of energy usage and ensured that business travel is only undertaken in accordance with core business.

**Overview of influenced impacts**

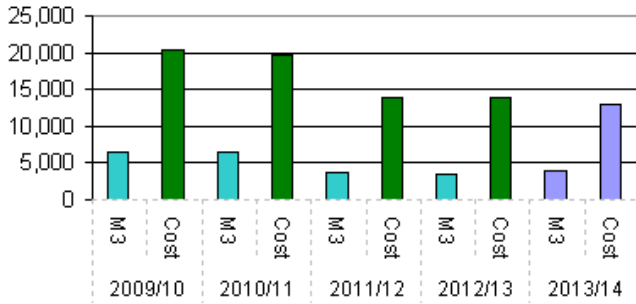
Improved quality and timeliness of data will help the Trust to improve its performance.

## Water

Non-financial indicators **Total water consumption (cubic metres: m<sup>3</sup>)**  
 Financial indicators **Total water supply costs (£)**

2009–10	2010–11	2011–12	2012–13	2013–14
6,585	6,498	3,691	3,438	3,913
20,469	19,623	13,950	13,915	12,915

Water (consumption and costs).



### Performance commentary (including targets)

The quality of information currently available means that it is difficult to draw meaningful conclusions about performance.

### Overview of influenced impacts

Improved quality and timeliness of data will help the Trust to improve its performance.

## Paper

Cost (excluding VAT)

2009–10	2010–11	2011–12	2012–13	2013–14
6,039	5,852	5,599	5,071	6,886

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