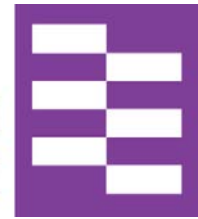


**West Mercia
Probation Trust**



West Mercia Probation Trust

**Annual Report and Accounts
2013–2014**

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Annual Report and Accounts

2013–2014

Presented to Parliament pursuant to The Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012 (S.I. 2012, No. 854).

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Vision, Mission & Values

Vision

To be an exemplar for probation services, by working with local communities and agencies and continually striving for improved services and efficiency.

Mission

- Protect the Public.
- Reduce re-offending.
- Punish and rehabilitate offenders.
- Build confidence for communities, courts and victims.

Values

- Treat people fairly, openly and with respect.
- An uncompromising stance against harm caused by crime.
- A strong belief that people can change.
- The importance of taking personal responsibility for behaviour.
- The necessity of learning from experience.

Foreword

Welcome to the West Mercia Probation Trust Annual Report for 2013–14. The Trust will close at the end of May 2014 as part of the Government proposals for Transforming Rehabilitation. The Board has always respected the right of the Secretary of State for Justice to make different proposals for the provision of probation services and has aimed to deliver a smooth transition to the new arrangements over the past year.

During the year there were once again significant achievements by the Trust despite the backdrop of considerable change. The proposals for Transforming Rehabilitation have meant splitting the Trust's services in two. One part will deal with only the most serious offenders and will be integrated into the new National Probation Service. The other will deal with rehabilitating offenders in the community and will be merged with Warwickshire Probation Trust to form a new Community Rehabilitation Company (CRC). It is to the credit of management, staff and the partners who work with us that throughout these profound changes we have continued to improve, develop and extend services to offenders and victims in West Mercia throughout the year.

The operational successes of the service can be seen throughout this report. Although West Mercia is only a middle sized Trust in terms of numbers of employees and budget, it is ranked fifth most successful nationally. Performance throughout the year has continued at the highest levels, whilst costs have been reduced.

Our partnership working continues to be recognised for its innovative delivery with the voluntary and community sector and this year we won an award from the Howard League for Penal Reform with one of our care farm partners, Willowdene Farm.

In the forthcoming competitive tendering of future community rehabilitation services in West Mercia, amongst other bidders, a staff-led mutual will be taking part with the aim of winning the contract by building on the high performance and innovation they have shown over the life of the Trust. The Trust Board will cease operations on 31 May 2014 and we hope that under the new arrangements the people of West Mercia will continue to have high standards of public protection and high quality rehabilitation services to reduce reoffending.

2013–14 was the last full year for David Chantler, CEO of West Mercia Probation Trust, after a long and distinguished career in Probation in London and West Mercia. David has been instrumental in the successes of West Mercia and as well as offering thanks, the Board wish him a long, happy and well-deserved retirement. I would like to express my own personal appreciation for David's leadership, strategic thinking and attention to detail to ensure the high standards of the service.

The Board wishes to express its satisfaction with how West Mercia Probation Trust managers and staff have responded to the challenges of change over the past year. It has been my privilege to be Board Chair for the past 7 years and I would like to thank all the Board members and Associates who have contributed to the excellent governance of the Trust. But most of all I owe thanks to the managers, staff and partners who have delivered such a successful integrated probation service over the 13 years that the Trust has existed. I hope that the new arrangements for probation, which have been set out by the Secretary of State for Justice, will prove at least as successful as those of the Trust which is now being abolished and that the protection of the public will continue to the same high levels.

James R. Kelly

James R Kelly
Chair of the Board

1. Operational & Performance Review 2013–14

Operational and Performance Review 2013–14

This Annual Report is structured according to the European Foundation for Quality Management (EFQM) Excellence Model and it covers:

- (A) Enablers – what an organisation does and how it does it in order to achieve results. Whilst separated into five elements, ie Leadership, Strategy, People, Partnership & Resources and Processes, they are inevitably inter-connected in terms of organisation structure and impact.
- (B) Results – what the organisation has achieved in the reporting year.

A Enablers

Leadership

Transforming Rehabilitation

2013–14 was dominated by Transforming Rehabilitation (TR), the Government's strategy to split the probation service into a National Probation Service (NPS) providing services to courts, making decisions about risk and supervising the highest risk offenders and Community Rehabilitation Companies (CRCs) which will manage the remainder of the probation workload and are scheduled to provide a post-release supervision service to short sentence prisoners.

The NPS will become part of the Civil Service and will fall into the Midlands division and the area that has been West Mercia will join with Warwickshire to become a CRC. The CRC will be established as a company, owned initially by the Secretary of State, but due to be sold through a competitive process during the second half of 2014.

We have consulted widely with staff as we believe they should always be at the forefront of knowing about probation changes and the assignment process to split the staff between the NPS and the CRC resulted in only one appeal. We have also consulted widely with stakeholders with the consistent aim that organisations within West Mercia should be the best informed in the country over the Government plans. This has involved extensive rounds of meetings and briefings for interested parties but has led to a high level of engagement with partners in dismantling our current and extensive partnership arrangements.

We chose to make a submission for a British Quality Foundation's Recognised for Excellence (R4E) award during this final year of the Trust's life. This may appear counter-intuitive but served, as intended, to pull the Trust together during this very challenging period. This effect was strengthened by the award of R4E at five star, on our first submission, which is the highest level achievement. We believe that we are the only Trust to hold a five star R4E and a green starred performance rating in the probation trust rating system at the same time. This achievement has been a fitting end to the Trust and a tribute to the commitment of our staff both in the local teams and in the corporate support services at head office.

Following the publication of 'Transforming Rehabilitation – a Strategy for Reform' in May 2013 the Chief Officer joined the Ministerial Sounding Board and this has provided a direct route to engage in the debates around TR. Within a week of the strategy being published our staff conference focused on the TR agenda including giving staff the opportunity to consider establishing a mutual organisation to bid for the CRC. Whilst the Trust itself cannot bid for the CRC work we are immensely proud that our staff attracted Cabinet Office support, largely through the appointment of consultants to work with them in developing their bid. At the time of writing the outcome of this process is unknown but the Trust will close for operational purposes on 31 May 2014.

TR poses particular challenges in the rural environment requiring, as it does, the work that has constituted the probation service to be split into two parts. In our case these are often very small units serving communities that are widely dispersed and not always well served by public transport. Clearly the generic model of working we have developed and which has served us so well is no longer appropriate in this era of clear functional division. We have been anxious to implement the various new processes and procedures required under TR in order to test their applicability whilst the Trust still has responsibility, although we are aware that this has created pressure for staff.

New Police and Crime Commissioner

In the last Annual Report we recorded the election of Bill Longmore as the independent Police and Crime Commissioner (PCC) for West Mercia. We can now report on a first year of very constructive working with the PCC and on the identification of a common agenda within which we are pleased to welcome him as another champion for our distinctive use of care farming. We were particularly pleased that he was able to speak at a recent conference organised by the Howard League to celebrate their award to West Mercia and Willowdene Farm for our joint work on education, training and employment.

West Mercia Youth Offending Service (YOS)

We have, until the end of the year, continued to make good progress in hosting the West Mercia Youth Offending Service on behalf of the partner agencies. This has been the second year of operation since the two former local Youth Offending Services merged. Following an initial reduction of 20% in running costs we are budgeting a 16% reduction for the coming year. At the same time the fruits of close working between the youth and adult services are shown in the low numbers of young adult offenders on the probation caseload; these stand at 28% compared to a national average of 35%. Unfortunately, it was not possible to maintain this close relationship given the organisational changes and from 1 May 2014, Worcestershire County Council will become the host authority as well as providing the Chair of the YOS Board. We are very grateful to the County Council for ensuring a smooth handover though it remains a matter of regret that a backwards step into this more traditional model has been necessary when our shared innovative approach was proving so successful.

Policy and Strategy

During the year the strategic plan has been reviewed and simplified to focus on four key areas as follows:

- Effective Quality Service – led by Director of Operations, Manjinder Purewal
- Building Capacity – led by Head of Learning and Organisational Development, Kate Bramford
- Delivering Value for Money – led by the Head of Finance and Business Services, Graham Mallinson
- Developing and Delivering the Exit Strategy – led initially by Anthony Brewerton but then merged with Building Capacity and passed over to Kate Bramford.

As the strategic plan has developed during the course of the year so the roles of the Board Members have changed with Les Kinmond, Chair of Audit, taking on responsibility for the operation of the ethical walls within the TR programme. James Kelly, Board Chair, and Nicola Inghald have developed an interest in the CRC side and Valerie Reynolds and Bridget Nisbet for the NPS.

Offender Management

In last year's report we referred to West Mercia's excellent performance in the Offender Management Inspection. During this year the Inspectorate published its overview of that programme and we are pleased that West Mercia was identified by the Inspectorate as one of the most successful probation trusts. In terms of outcomes we place this alongside the Recognised for Excellence five star and PTRS 'exceptional' rating from the MoJ to show that the quality of our offender management has been consistent and resilient as demonstrated from three highly reputable stand points.

Interventions

We have developed a number of new specified activities, either with care farms or through the 'One Step Beyond' partnership. During the year we have:

- Launched a new Women's Residential Programme at Willowdene Farm in April 2013.
- Launched a new Women's Specified Activity programme in November 2013.
- Extended the approach we use at Willowdene to include work with Shift Care Farm in Herefordshire.
- Introduced a new domestic violence programme called "Building Better Relationships".
- Become a pilot area for a new consultation service in Shropshire for personality disordered offenders.
- Introduced the Violence Prevention Specified Activity.
- Continued to operate the Senior Attendance Centre at Worcester with YSS and at Shropshire with Willowdene.
- Continued to develop the Enhanced Supervision Scheme undertaken by YSS to give offender managers more option to flexibly manage their offenders.
- Provided over 116,000 hours of Community Payback, often in partnership with community based projects and organisations.
- Achieved and sustained a high level of occupancy at Braley House Approved Premises in Worcester, with an intake reflecting the Government's policy that Approved Premises should be used to provide an enhanced level of supervision for offenders who have committed serious offences.
- Delivered the Drink Impaired Drivers Programme and the Community Sex Offender Programme.

Telford Local Delivery Unit

Throughout 2013–14, despite the distractions and uncertainties of Transforming Rehabilitation, the Telford team continued to provide excellent offender services to the Telford community. Working in partnership in an innovative way has been the flavour of our work throughout the year.

Willowdene and YSS, an established regional voluntary sector body, are our main partners in delivering work to a cohort of offenders who need interventions appropriate to their needs. As a Trust we have also commissioned services to work with violent offenders.

Willowdene has expanded provision to include specialist services to women offenders through the Women's Residential Programme and specialist activities. Entrenched drug mis-users and prolific offenders are receiving crisis interventions to prevent offending when relapses have occurred.

YSS has been instrumental in delivering interventions to non-statutory offenders which have been effective in reducing re-offending for those offenders who receive no supervision on release from custody.

In partnership with former Birmingham City professional footballer, Ricky Otto of Living Xperience, a reducing violence programme has been developed as an additional intervention for offender managers to propose to courts to address instrumental violence.

Critical to our public protection role has been ensuring the commitment to safeguarding for adults and children. Family connect systems and processes are well established in Telford with co-location with partner agencies at a multi-agency safeguarding hub which has improved information sharing and intelligence between partners in respect of perpetrators.

The TR programme will make changes to the delivery of probation services, nevertheless, effective professional working relationships between partners and agencies will continue to be the focus as we reduce harm to communities by reducing re-offending.

Worcestershire Local Delivery Unit

In Worcestershire we have focused on continuing to target those offenders who commit the most crime and making the best use of available resources, including community and partnership resources. This has included co-locating probation staff with police colleagues and with drug and alcohol services to ensure offenders receive swift support to stop them re-offending and using Residential Intervention Beds at the care farm for intensive, focused, short term interventions when offenders are at most risk.

Probation and police make considerable investment via our partner, YSS, to provide interventions, mentoring and support to offenders who are at most risk of offending. Whilst it is difficult to evaluate success with such a difficult cohort of offenders, community safety colleagues produce a quarterly newsletter which gives a number of examples of successful case studies.

During the year the Community Safety Partnership employed a strategic lead to build on existing partnerships and plug gaps where specific provision to prevent re-offending is needed such as accommodation, health, family support, finance/debt and employment.

We have continued to make maximum use of Specified Activities at Willowdene Farm where offenders engage in a therapeutic community environment, focusing on the causes of their offending behaviour whilst also engaging in skills training activity and achieving qualifications to enable them to improve their life chances.

Worcestershire continues to engage in providing a care farm placement for offenders who are released from short term prison sentences and are not statutorily obligated to be involved with the Trust. Attendance for this group is therefore voluntary, however, we have engaged in this in order to continue targeting those who commit the most crime. This activity is undertaken at The Fold, Hollywell Farm in Worcester utilising external community resources.

In conjunction with YSS we have set up a Senior Attendance Centre at Carden Street, Worcester and a specified activity for women involving restoration of furniture which operates from the same location. In addition we continue to provide specific unpaid work (community order) facilities and supervision of women offenders at the Worcester Asha Women's centre where we have two co-located probation staff.

All of these initiatives provide a range of sentencing options for the courts to tailor sentences specifically to the needs of the offender in terms of providing the appropriate punishment and requirements to prevent further offending.

Finally, during the year we played host to the High Sheriff of Worcestershire where he shadowed officers and saw, first hand, the work of the probation service. We were extremely pleased later in the year that one of our longest serving staff members at Worcester received the High Sheriffs' award for West Mercia, having been nominated by a number of colleagues.

Shropshire Local Delivery Unit

Shropshire Local Delivery Unit worked throughout the year to improve standards of delivery and achieve consistently high levels of performance. At the same time that the Trust achieved its five star European Excellence Award, Shropshire staff achieved 100% in quality assurance of its core assessments (OASys) and demonstrated the largest sustained reduction in reoffending in West Mercia. This reflects a staff group that are not only well practiced in getting things right in their own processes but also in engaging effectively with partners who bring the 'added value' to communities and individuals who are supported to make positive changes in their lives.

Integrated Offender Management is a key area of activity which relies upon the active involvement of partnerships to deliver reductions in re-offending. This operates with the support of a multi disciplinary team, currently based at Prospect House in Shrewsbury but scheduled to move to the police station in the near future. There is an emerging evidence base which has, over the past year, incorporated the use of 'Crime-pics' (McGuire et al) used at the start and end of contact to demonstrate changes in service

user attitudes, away from offending. This change is actively supported by dedicated police personnel, substance misuse services, housing providers, employment and training initiatives and mentoring support by YSS and is directed by probation offender managers. This area of work receives additional funding from the Police & Crime Commissioner and other sources.

Public Health has ensured the continuation of intervention beds at Willowdene Care Farm for those recovering from high levels of dependency, involving them in more active work-based routines which have proved to be singularly successful in providing alternatives to substance misuse and crime. One specific example of this involved a short notice referral to this project, resulting in immediate take up of a bed space, whilst removing the person from a situation in which his life had been threatened (at gun point) by others more entrenched in drug supply from outside the area. Security was put in place, the situation was very carefully managed by the police, probation, Willowdene and others which ensured this man could engage actively on the programme. This was so successful that after seven weeks high intensity input, he was resettled in another area, found both accommodation and a job and has not reoffended (12 months later).

Willowdene has provided a range of other services and interventions for Shropshire, including Specified Activity Requirements, a Senior Attendance Centre and a Women's Residential Programme as a direct alternative to custody. The latter has been crucial in responding to evidence that women in the area tend to reach the threshold for custody sooner and proportionately have more suspended sentences than other LDUs in West Mercia. This information, together with the recommendations from the Corston Report (2007) on women in the justice system, led to the development of a dedicated women only resource, delivered by Together UK, an organisation well versed in delivering psychologically informed interventions. This programme is at an early stage but already is providing good evidence of positive engagement and outcomes.

Arising from the development of the NOMS/NHS Personality Disorder Community Specification, Shropshire developed a successful funding bid which provides a consultation service delivered jointly by a Consultant Clinical Psychologist and a seconded Senior Probation Officer. Thus far it has delivered individual case consultation (formulation) meetings with Offender Managers, formal and informal training, and has contributed nationally to the evaluation of this project. In a recent review with Commissioners this project was highlighted as being of an excellent standard.

Herefordshire Local Delivery Unit

Three cohorts of offenders who present the highest risk of reoffending have completed a Specified Activity Requirement of accredited learning at Shift Care Farm in the last twelve months. The local Integrated Offender Management (IOM) scheme, in which probation staff are part of a co-located team at the police station, continues to have a national profile for its work involving Herefordshire Housing tenancies and a sponsored football team in the work to reduce crime. As part of the multi-agency and holistic approach of IOM work, police are now also using the care farm with non-statutory offenders. Work to develop probation contribution to the Troubled Families and Domestic Abuse strategies remains ongoing.

A group of female offenders has participated in a Specified Activity operated by Stonham to address a range of basic needs relating to accommodation, employment, education and self-esteem. Many continue to be involved with Stonham, despite the end of the requirement, either as an accommodation provider or for ongoing voluntary intervention. A second cohort of the Reducing Violence Programme is currently underway after the successful completion of the first cohort by five offenders; two offenders felt so positive about their progress on the programme that they agreed to speak to the Magistrates' Forum about its content and effect on their lives in order to encourage further use of the programme by the court for future offenders.

Staff have been committed to maintaining a service to offenders, despite the upheavals, uncertainties and staffing shortages of the Transforming Rehabilitation process. The arrival of the Youth Offending

Team to co-locate with our staff team is awaited and our two future staffing teams are established ready for the end of the Trust.

Work with Courts

We continue to prioritise work with courts as our customers. Our programme of liaison forums in all bench areas have been well attended and achieved positive feedback, as has the area-wide forum steering group consisting of representatives from benches, legal advisors and the probation staff group. At these meetings sentencers, probation staff and legal advisors are provided with probation performance information, details of punishment and rehabilitation interventions and exchange information on legislative and structural changes in the criminal justice system.

Following last year's reorganisation Her Majesty's Court & Tribunal Service have, this year, further rationalised their use of court buildings. Whilst we have had the flexibility to respond to these changes as a Trust, courts specialisation may pose challenges for the NPS in the coming period with changes in the proportion of cases. Another significant change has been the introduction of Saturday courts posing a challenge to which the Trust has been able to respond positively but which will need to be attended to with some priority within the NPS with fewer staff available for this purpose.

Multi Agency Public Protection Arrangements (MAPPA)

In West Mercia MAPPA Co-ordinators chair all level two and level three meetings which co-ordinate the management of offenders representing the greatest risk to the community.

This year they also organised a 'Keeping Communities Safe' conference which brought together people from faith communities, leisure services and libraries, amongst others, to make them aware of the contribution they can make to becoming more alert to the risk of harm from, and co-operative management of, offenders in our communities.

We would like to extend our thanks and wish a happy retirement to Pete Clark, who has been a MAPPA Co-ordinator since the creation of MAPPA locally in 2003. He has been pivotal in shaping and developing MAPPA in West Mercia. Pete retired in March this year after working for West Mercia for over 20 years.

Our two lay advisors have provided an external view on behalf of the public as to whether MAPPA is delivering effective public protection and they have contributed to the strategic development of public protection arrangements by attending MAPPA Strategic Management Board meetings.

People Management

European Foundation for Quality Management (EFQM)

Following a major review of our operation of the principles of the EFQM a group of staff, led by the Head of Learning and Development, worked on a submission for the British Quality Foundation, Recognised for Excellence Award which was submitted in the summer. Assessors spent nearly a week at West Mercia where they carried out site visits and met with a wide range of staff of different grades. They also reviewed our evidence portfolio, had sight of key systems and visited Willowdene Farm to look at the facilities on offer and to find out more about our partnership working. This was the first submission for the Trust so it was an outstanding achievement to be graded at the top level, as a five star organisation, following the assessment.

Investors in People

West Mercia has held the Investors in People (IiP) for a number of years. The last assessment was received in 2011 and the next was due in 2014 but will not take place with the Trust ceasing operations.

Under Equalities and Diversity the Trust has continued to operate under the "Two Ticks" positive about Diversity arrangements and was successful in having this status reconfirmed during the course of the year.

Sickness Absence

This year has ended on an average of 10.69 days per full time equivalent, narrowly missing the target of 10.5 days for the organisation.

Staff Development Day

In lieu of a staff conference a Staff Development Day was held in May this year to consider the implications of 'Transforming Rehabilitation' as the theme. This gave staff the first opportunity to consider the TR agenda, its challenges and opportunities including the potential for establishing a staff mutual.

High Sheriffs' Awards

Nominations were received for what was the final West Mercia High Sheriffs' Awards to recognise a significant achievement, a significant contribution or an innovative piece of work by an individual member of staff or a team. This year the winner of the individual High Sheriffs' Award was Amanda Fairclough, Unit Performance Officer, a long standing member of staff based in our Worcester office. The runner-up was Nina Kane, Offender Manager, based at Kidderminster.

The winning Team this year was the EFQM Working Group drawn together from across the service and who put together the successful Recognised for Excellence submission referred to above. The award for the team runners-up went to the N-Delius and OASys-R Operation Group who were responsible for putting these new IT systems in place. The awards were presented by Diana Flint, High Sheriff of Shropshire, Nick Wentworth-Stanley, High Sheriff of Worcestershire and Bob Tabor, High Sheriff of Herefordshire.

Equality and Diversity

The Equality and Diversity Group (EDOG), made up of a cross section of staff from the Trust, meets bi-monthly to ensure equality and diversity is embedded into all aspects of our work. Enabling groups at each location meet regularly and feed into the main operational group.

This year EDOG has been working to achieve equality and diversity objectives as set out by the group. The Senior Management Team oversees all equality and diversity work within the organisation with each member having responsibility for a protected characteristic. A comprehensive equality and diversity annual report was produced for the year.

As previously mentioned in this report the Trust made a submission for the British Quality Foundation Recognised for Excellence Award and one of the Assessors considering our submission said: "Diversity lives and breaths here".

Learning and Development

We have remained committed to developing our staff throughout the Transforming Rehabilitation process so that whatever the changes in probation work they have the best opportunities to thrive in the new landscape. Workshops have been organised on preparing CVs and interview skills to ensure staff are prepared, whatever the outcome of Transforming Rehabilitation may be. We have also provided access to stress management and managing personal change e-learning to support staff during this time.

Our partnership with the University of Worcester has developed further. This initially started out with the development of a Post Graduate Certificate in Enhancing Professional Practice: Working with Offenders but now includes the development of a graduate level degree in Applied Criminology.

We have continued to use a suite of e-learning courses to supplement individuals' learning and offer a blended approach to the variety of training we deliver.

We have also focused on management development and we now have an established management development programme. Thirteen managers have been registered to achieve Chartered Management Institute (CMI) qualifications. The Trust has also supported aspiring managers' development and nine staff are self-funding management qualifications.

Partnerships and Resources

YSS

Our work with YSS under the 'One Step Beyond' partnership has remained crucial to deliver on the effective quality service strand of our strategy. One Step Beyond has organised a series of events during the year to engage with the voluntary sector and other providers of programmes identified as priorities by the Trust. In particular, this produced a highly innovative violence prevention programme much better suited to our rural needs than the competing accredited programme.

Excalibur and Clarent Commerce

Over the past few years we have been developing our partnership with our procurement contractor, Excalibur, in the form of a Community Interest Company, Clarent, that we reported on in the last Annual Report. With the Trust ceasing operations it has not been appropriate to pursue this initiative and by agreement all eight collaborating probation trusts relinquished their interest in Clarent to Excalibur.

Willowdene Farm

Our partnership with Willowdene Farm has gone from strength to strength resulting in a Howard League award. This year we have developed various interventions for women offenders including, very much the jewel in the crown of this work, the Women's Residential Programme aimed at reducing the use of custody for women in West Mercia. We strongly hope that this innovation finds a place in the post TR world.

Education, Training and Employment (ETE) Provision

Our employment, training and education provision for offenders continues to be delivered through our partners. ETE is also embedded in our Care Farm projects with Willowdene Farm and Shift, in our contract with Asha Women's Centre, in our Senior Attendance Centres and in some of our Community Payback projects. Offenders needing the additional YSS support will also have access to ETE provision built into their individually tailored programme.

Personality Disorder Provision

A new probation and psychology consultation service was launched in Shropshire in September. The service is jointly funded by NOMS and the Department of Health and involves a Consultant Clinical Psychologist and a Senior Probation Officer working together to provide additional support to probation staff that work with personality disordered offenders.

Community Payback

We have continued with our strategy of locating Community Payback as firmly as possible within the community but new developments have been difficult to deliver in the context of Community Payback forming part of the CRC remit under Transforming Rehabilitation. There is uncertainty about who will own the CRC and what sort of contracts will be possible. Despite this we have still managed to develop new initiatives this year. Worcestershire Highways Department has joined our partnership with Worcestershire Countryside Service which has provided new types of work for offenders and we have two new partnership arrangements with Shropshire County Council, one carrying out landscaping and cleansing activities and the other for the Council's Recreation Service where offenders have been working on the rights of way network, in particular on the Shropshire Way footpath.

Regional Community Sex Offender Unit

Collaboration continued around the Regional Community Sex Offender Unit which is providing positive outcomes in terms of completion of sex offender programmes across the region.

University of Worcester

An indication of West Mercia's commitment to innovation right to the end has been the emergence of a very exciting partnership with the University of Worcester, initially around post graduate advanced qualifications for practitioners but now including a graduate level degree in Applied Criminology, mapping closely to the needs of probation and enabling students to achieve the underpinning knowledge prior to finishing off the full probation qualification.

Despite the pressures on the Senior Management Team this year we have been pleased to have been able to second Kate Bramford half time to work with the University. Kate will move to full time employment at the University in 2014.

Local Crime – Community Sentence (LCCS)

This year we carried out eight 'Local Crime – Community Sentence' presentations to local community groups. This is a joint venture between the Probation Association and the Magistrates' Association. A Magistrate and Probation Officer give community groups the opportunity to 'be the Judge', sentencing a serious crime and deciding whether the offender goes to prison or is given a community sentence. We have not actively pursued more bookings for presentations this year due to the changes taking place with TR and the uncertainty about what will happen to the LCCS scheme in future.

Processes

PAM – Platform for Achieving More

The Trust continues to use the project management tool, PAM (Platform for Achieving More), to help with managing the varied activities of the organisation including risk management. PAM is being used to help with knowledge management within the Trust and can be used to provide an information technology link into our partners. PAM has been particularly useful this year with managing the TR process of closing down the Trust and setting up a new CRC as it can be used across Warwickshire and West Mercia.

Recognised for Excellence

The Trust made a submission to the British Quality Foundation, Recognised for Excellence award and was very pleased, on its first submission, to have achieved the highest five star rating.

Website

A new staff area has been launched on the website which has been particularly useful this year to ensure all staff can access documents relating to Transforming Rehabilitation. We have posted regular blogs and tweets this year which has not only given us an alternative vehicle to communicate with our audiences but has also attracted more visitors to our websites via links from Tweets.

Equality Impact Assessments

West Mercia is committed to working to ensure that everyone is treated equally and fairly. It is this commitment to equality and diversity that resulted in the Trust having an external equalities impact assessment (EIA) of its policies. The policies of the Trust are being reviewed and updated to take account of the findings of the EIA. The Trust is committed to the use of EIA to support major decisions.

OASys-R and National Delius

Work has been undertaken this year to implement the replacement Offender Assessment System (OASys-R), a single offender assessment system that is used in Prison Establishments and Probation Trusts. Overlapping this, work was also undertaken to prepare for the implementation of n-DELIUS in August 2013, which included data migration activities, training all end users, re-writing MIS reports and re-configuring n-DELIUS templates.

Combined, these two major IT Projects presented a number of challenges for all staff involved in their delivery and ultimately the end users who use them on a day to day basis.

B Results

Summary of Achievements 2012–2013

- Achieved a rating of 'green four – exceptional' on the Probation Trust Rating System
- Rated by the British Quality Foundation as a 5 Star Organisation
- Over 116,000 hours of Community Payback carried out
- Achieved 69 completions of the Care Farm Skills Training Specified Activity Requirement
- Achieved 55 completions against a target of 49 for the Sex Offender Programme
- Achieved 36 completions against a target of 37 for the Integrated Domestic Violence Programme
- Attendance Centre completions 27 against a target of 75
- Finished the year within budget
- Won a Howard League Community Award for our work with Willowdene
- Won a Virtual College e-learning award for most effective use of e-learning in the safeguarding sector

Financial Performance

The Trust started the year following a Strategic Plan that covered the period to March 2015. This was supported by a Medium Term Financial Plan that covered the same period. This plan is reviewed annually taking into account the changes in demand from the courts for the service along with items such as our contract with the Secretary of State for Justice and assumptions for inflation. It is important that the financial requirements are aligned with the operational and performance requirements.

In May 2013 the Government published the outcome of the consultation for Transforming Rehabilitation. This changed the planning and budgeting environment as the Trust would only operate to the end of March 2014. This date was subsequently changed to the end of May 2014.

The core funding for the Trust from the National Offender Management Service (NOMS) was predominantly maintained from the 2012/13 year, recognising the costs of the change programme relating to Transforming Rehabilitation. It has been important for the Trust to manage its resources carefully during this period and to manage the risks for the service accordingly. The funding requirements for the Trust have reduced during the year due to the end of the Trust; this has occurred primarily because of decisions to carry vacancies where possible until clarity of future arrangements was known and also due to stopping future developments of services. In this challenging environment, overall performance has been good and the finances have been well managed.

Customer Results

Performance Indicator	Description	Target 2013–14	Result 2013–14
OM7 Victim Contact	The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence.	90%	99%
OM19 Education referrals to awards conversion rate	The percentage of education referrals that resulted in an award	35%	23%
INT9 Offenders in employment	The percentage of offenders in employment at termination of order or licence	45%	57%
INT8 Offenders in sustained employment	Number of offenders placed in employment that is retained for four weeks	185	216

People Results

Performance Indicator	Description	Target 2013–14	Result 2013–14
IPPF8 Sickness Absence	Reduce sickness absence in the Probation Service	10.5 days	10.69 days
IPPF14 Staff Diversity	Contribution to achieving regionally set employment targets for minority ethnic staff (including white Irish and white others)	No target	7.68%

Society Results

Complaints

We received 20 complaints this year and, of those, seven were satisfactorily dealt with at the informal stage one. Three have been closed following the formal stage two and three processes. Two complaints were withdrawn prior to investigation and five complaints are on-going. Three of the 20 complaints received between 1.4.13 and 31.3.14 were not eligible under the Trust's complaints process.

Media Coverage

Regular news stories are posted to our website (on average three a month). We have increased traffic to the news pages of our website by posting tweets about news stories with links.

Presentations to Community Groups

During the year we have carried out 8 'Local Crime, Community Sentence' presentations to community groups which involve a Magistrate and Probation Officer. In addition, the Chief Executive has spoken at a number of regional and national events.

Feedback

During the year we have collated a range of feedback including feedback from offenders, victims and sentencers.

An offender feedback survey was carried out in October 2013 with 332 offenders completing the feedback forms. Of those 267 (80%) had positive feedback of their experiences of probation.

Victims of crime contacted by the Trust have the opportunity to provide feedback of their experience of the contact provided. Feedback is collated quarterly. The following feedback sample was received in the period October – December 2013.

- How satisfied were you that you were given enough opportunity to express your views and opinions – 100%
- How satisfied were you with the attention we paid to issues surrounding your safety – 93%
- How satisfied were you with the service you received from the Victim Liaison Service – 100%

We collate sentencer feedback following every probation forum meeting. These take place three times a year in each bench area. The feedback is largely positive and Magistrates welcome the opportunity to meet with probation colleagues and keep themselves up-dated on probation work. The feedback is particularly positive when an offender has attended the forum to talk about their experience of their community sentence.

Key Performance Results

Performance Indicator	Description	Target 2013–14	Result 2013–14	Result 2012–13
OM7 Victim Contact	The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence.	90%	99%	96%
OM19 Education referrals to awards conversion rate	The percentage of education referrals that resulted in an award	35%	24%	39%
INT9 Offenders in employment	The percentage of offenders in employment at termination of order or licence	45%	57%	51%
INT8 Offenders in sustained employment	Number of offenders placed in employment that is retained for four weeks	185	216	288

People Results

Performance Indicator	Description	Target 2013–14	Result 2013–14	Result 2012–13
IPPF8 Sickness Absence	Reduce sickness absence in the Probation Service	10.5 days	10.69 days	10.48 days
IPPF14 Staff Diversity	Contribution to achieving regionally set employment targets for minority ethnic staff (including white Irish and white others)	No target	7.68%	No Data

Key Performance Results

Performance Indicator	Description	Target 2013–14	Result 2013–14	Result 2012–13
OM1 Court report timeliness	The percentage of Pre-sentence Reports (PSRs) (excluding RICs – Remand in Custody) completed within the timescales set by the Court	90%	100%	100%
FDR percentage of total reports	Percentage of PSRs for Magistrates' Courts to be fast delivery	70%	74%	81%
OM5 Enforcement	The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	94%	88%
OM8 Tier 2,3 Oasys timeliness	Oasys assessments completed or updated within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders	90%	95%	92%
OM15 Parole Assessment Report timeliness	The percentage of parole eligible cases in which the Parole Assessment Report was provided within the required timescales	85%	95%	100%
OM17 Accommodation at termination	The percentage of offenders in settled and suitable accommodation at the end of their order or licence	85%	88%	88%
OM20 Order or licence successfully completed	The percentage of orders and licences successfully completed against target	72%	80%	76%
OM9 Tier 4 offender assessments	Risk assessments and Oasys sentence plans completed within appropriate timescales	90%	93%	91%

Performance Indicator	Description	Target 2013–14	Result 2013–14	Result 2012–13
OM39 Oasys Tier 2, 3, 4 and PPO Final Reviews	Oasys final reviews (terminations) to be completed within the appropriate timescales for all Tier 2,3, 4 and PPO offenders	90%	91%	95%
INT1 Sex offender programme performance	The number of accredited sex offender programme completions against target	49	55	58
INT2 Integrated Domestic Violence Programme*	The number of accredited domestic violence programme completions against target	37	36	41
INT3 Accredited general offending behaviour programmes	The number of accredited offending behaviour programme completions (excluding sex offender and domestic violence) against target	62	64	113
INT5 Unpaid work performance **	The number of unpaid work completions against target	900	857	998
INT6 DRR performance	The number of Drug Rehabilitation completions against target	103	148	128
INT7 Alcohol Treatment Requirement performance	The number of Alcohol Treatment Requirements (ATR) completions	111	164	128
INT11 Unpaid work stand-downs	The percentage of unpaid work offender days which are lost because of stand-downs on the day against target	Not to exceed 1.5%	0.5%	1.7%

* Shortfall of one completion attributable to scheduling of programmes to meet offender need rather than profiling results.

** Reflecting national reduction in usage of UPW resources reallocated from UPW during the course of the year to reflect this change in demand.

C Workload and Activity Statistics

Orders	2010/2011	2011/2012	2012/2013	2013/2014
Life Sentence	13	2	1	6
Stat Post-release supervision	673	672	663	565
Community Order	2384	2329	2100	1849
Indeterminate Public Protection/Extended Determinate	14	18	18	13
Immediate Custody	1145	1019	925	928
Suspended Sentence Order	771	748	707	729
Total	5020	4794	4414	4090

Caseload	At 31.03.2011	At 31.03.2012	At 31.03.2013	At 31.03.2014
Life Sentence	135	140	137	137
Stat post-release supervision	493	558	520	485
Community Order	1644	1638	1449	1215
Indeterminate Public Protection/Extended Determinate	106	121	134	148
Custody	753	715	753	722
Suspended Sentence Order	630	610	560	479
Total	3789	3787	3553	3186

Amount of PSRs written	2010/2011	2011/2012	2012/2013	2013/2014
Crown Court	1056	813	689	341
Magistrates' Court	1181	660	417	399
Total	2237	1473	1106	740

Amount of SSRs/FDRs written	2010/2011	2011/2012	2012/2013	2013/2014
Crown Court	46	190	216	216
Magistrates' Court	1277	1873	1743	1662
Total	1322	2063	1959	1878

Community Punishment Hours	2010/2011	2011/2012	2012/2013	2013/2014
Amount of hours ordered	207,200	188,800	163,330	131,300
Amount of hours worked	168,900	147,300	133,960	113,350 projected

Victims	2010/2011	2011/2012	2012/2013	2013/2014
Total number of victims contacted within 8 weeks of sentence	154 (April–Dec)	171 (April–Dec)	204 (April–Dec)	126 (April–Dec)


D Names of Board Members and official contact address

Mr James Kelly – Chair
Mr David Chantler – Chief Executive Officer
Mr Keith Austin
Mrs Nicola Inchbald
Mr Leon Murray (left in 2013)
Mrs Bridget Nisbet
Mrs Valerie Reynolds
Mr Les Kinmond – Chair of Audit Committee

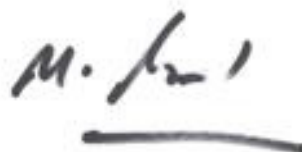
Mrs Libhin Bromley – Associate Member
Mrs Elaine Hickman – Associate Member

Secretary to the Board – Ms Alison Hallworth
Treasurer to the Board – Mr Graham Mallinson

Registered Office:
West Mercia Probation Trust
Stourbank House
90 Mill Street
Kidderminster DY11 6XA



David Chantler
Chief Executive Officer
31 May 2014



Manjinder Purewal
Accountable Officer from 1 June 2014
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 as one of the initial six “First Wave Trusts”, following transition from West Mercia Probation Area which was established in 2001 from the merger of Hereford & Worcester and Shropshire Probation Services.

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 68, issued by the Secretary of State under the OM Act.

The Management Commentary includes the Strategic Report disclosure requirements.

Principal activities

The principal activity of the Trust is to deliver against the requirements of the contract with the Secretary of State, the key elements of which are summarised in the sections that follow.

The Trust has reviewed its objectives and strategies during the course of the year to reflect gradual wind down of the Trust during the course of the year and the reduction in the strategic timescale the Trust is working to. The Trust’s KPIs have been outlined in Section 1, Operational and Performance Review 2013–14, part B “Results” described on pages 13 to 16 of this report.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 18.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 37. The Statement of Changes in Taxpayers’ Equity is shown on page 40.

Operating costs

The net operating cost before tax for 2013–14 stands at £1,405,000 compared to £1,006,000 for 2012–13. The reason for the increase is due to the reduction in contract income during the year as a result of reduction in caseload and subsequent reduction in staff numbers.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 38 and 39.

The net liabilities position has decreased from £28,043,000 at 31 March 2013 to £24,640,000 at 31 March 2014. The largest single movement in net liabilities is £3,323,000 due to the decrease in Pension Liability.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2567 trade invoices with a value of £5 million. The percentage of undisputed invoices paid within 30 days by the Trust was 96.14% compared to 96.4% in 2012–13.

Treatment of Pension Liabilities

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

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

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

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 10.69 days across the Trust (2012–13 10.5 days).

Personal data related incidents

There were no significant personal data related incidents in 2013/14 which required reporting to the Information Commissioner's Office (ICO).

All staff undertake a compulsory Information Assurance training course when joining the Trust and an annual refresher course.

Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the 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.

With effect from midnight on 31st May staff from the Trust transferred either to the newly created National Probation Service or to the Community Rehabilitation Company which in the case of West Mercia is Warwickshire and West Mercia. We applied the national scheme as circulated by the Probation Association on behalf of the NNC and SCOG and staff were allocated in the following proportions:

NPS	CRC	Total
147	177	324
45.37%	54.63%	100%

Although this split was of enormous practical and emotional significance for all staff it was effective with only one Appeal against the outcome which, in the event, was unsuccessful although the individual concerned later obtained a position within the new organisation that had been their preference.

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 70 and 71.

Future developments

During the course of the year 2013–14 the Board and Senior Management have constantly reviewed the Strategic and Business Plans of the Trust, focusing future developments on effecting an efficient transition into the CRC and NPS, whilst initially aiming for a solvent compliant closure at the end of 2013/14 and readjusting this following the Secretary of State's decision to delay the closure of the Board so as to provide the foundation for that solvent and compliant closure in the early months of 2014/15. There are a number of longer term Strategic Plans which the Trust will not be able to see through but which would have formed the core of our future plans had the Trust remained in being. These are now being nurtured by the partners with whom we develop them and are as follows:

- Development of Professional and Post Qualifying Qualifications with the University of Worcester. The member of staff seconded to the University will continue that secondment under the auspices of the CRC. The University remains committed to developing this work.
- Youth Offending and Transition to Adulthood. The Trust had, uniquely, been the host for the newly merged West Mercia Youth Offending Team. This created a strong base from which to work at Transition to Adulthood (T2A) issues and to drive considerable savings in the costs of Youth Offending. Worcestershire County Council have taken on the hosting of the YOS and the commitment to work on T2A is still held by the YOS Board which hopes to engage the NPS in that agenda.
- Care Farming and Land Based Initiatives. During the course of the year we have continued to expand the range of specified activities available through our Care Farming partners and are pleased to have transferred to the CRC contracts that will have provided a platform to further develop this very successful suite of interventions should the CRC and its eventual purchaser think that appropriate.

Although not a Trust initiative, the staff of the Trust have come together to form a Mutual, Mercia Community Action (MCA), in order to bid for the Warwickshire and West Mercia CRC. Although the initiative originated in West Mercia, Warwickshire staff have joined and together they have won the support of the Cabinet Office in developing this initiative. MCA has submitted a bid in a Consortium also comprising GEO and Willowdene Farm.

Mutuals

As reported elsewhere staff from West Mercia have been involved in establishing a Mutual, were successful in getting Cabinet Office support and have formed a Special Purpose Vehicle (SPV) with GEO UK and Willowdene Farm.

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 with effect from midnight on 31 May 2014. A Statutory Instrument to dissolve the Probation Trust, under section 5(1) (c) of the Offender

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

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

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

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

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

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

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

Communications and employee involvement

The Trust has increased its commitment to communications and employee involvement during the year, driven both by the need to explain to internal and external audiences the implications of Transforming Rehabilitation and by the interest generated particularly in some of our innovative specified activities. We have added a West Mercia Twitter account to that of the Chief Executive and both accounts have built a social media profile. We have maintained the website and developed a staff only function which has enabled us to make information about Transforming Rehabilitation and its associated processes available to staff away from their desktops through the web. We have continued our Sentencer Forums which have co-ordinated communication between Sentencers and the Trust with three area wide co-ordinating meetings during the year and three Bench Meetings in each division.

Specifically in support of TR we have conducted three rounds of consultation meetings at each of our main offices prior to the staff assignment process and a further round after that process. We have also made members of the personnel department and Board Members available in each of our main locations for discussions with staff on receipt of the outcome of the assignment process. In addition to the staff consultation and briefing events we have delivered stakeholder events in each of the constituent Local Authority areas of West Mercia in order to explain Transforming Rehabilitation to the wider partnership network and have met with the Directors of Children's Services and Independent Chairs of Safeguarding Boards, specifically to manage the transfer of public protection and safeguarding responsibilities from the Trust to the NPS. In parallel with these activities we have had a full programme of JNCC meetings, some of which have been held jointly with our colleagues in Warwickshire.

Finally, we have continued with the publication of Pro-Active, our newsletter for partners and stakeholders, the final edition of which was published in March 2014 specifically looking back on the achievements of the Trust over the thirteen years of its existence.

Staff diversity

Equalities and Diversity have continued to be a priority for West Mercia Probation Trust. Our full Diversity Report can be found on our website (www.westmerciaprobation.org.uk) and we anticipate this will be accessible, in future, through the CRC website. The best summary for our achievements is to quote the British Quality Foundation Lead Assessor in giving the feedback on our successful EFQM submission: “Equalities live and breathe in this organisation”.

Employees	2014	2013
Male	95	104
Female	231	248

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 35.

Total audit fees reported in the Accounts are £26,319. The audit fees for 2012–13 relate to the work of the external auditor appointed by the NAO, currently being Deloitte.

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 West Mercia Probation Trust Management Board

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

- Full Board
- Operational Board consisting of the core members appointed by the Secretary of State plus Associate Members
- Audit Committee
- Health & Safety Committee
- Joint Negotiation and Consultation Committee
- The Board also appointed the Chair of the Audit Committee to oversee the operation of the Ethical Wall which was necessary to establish given the development of a potential staff Mutual.

The Chair and other full members of the Board were all appointed by the Secretary of State.

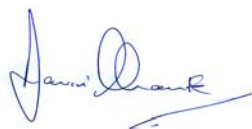
Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 25 to 27.

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

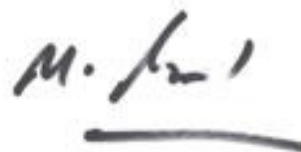
Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate	Gender
Chief Executive	David Chantler	Resigned in 2013	Male
Chair	James Kelly		Male
Board Member	Nicola Inchbald		Female
Board Member	Leon Murray		Male
Board Member	Bridget Nisbet		Female
Board Member	Valerie Reynolds		Female
Board Member	Keith Austin		Male
Associate Member	Libhin Bromley		Female
Associate Member	Elaine Hickman		Female
Associate Member/Audit Committee Chair	Les Kinmond		Commenced 14.1.13
Board Treasurer	Graham Mallinson	Male	
Board Secretary	Alison Hallworth	Female	

There were no conflicts of interest for Full Board Members but the Treasurer has consistently recorded his interest as a member of the group of staff developing the Mutual.

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. The Board will formally approve the Management Commentary and Strategic Report disclosure requirements contained within it.



David Chantler
Accountable Officer up to 31 May 2014
 31 May 2014



Manjinder Purewal
Accountable Officer from 1 June 2014
 25 June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with relevant legislation.

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

A) REMUNERATION – AUDITED

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
David Chantler, CEO	95–100	95–100	0	0	0	0	10–15	10–15	105–115	105–115
James Kelly, Chair	15–20	15–20	0	0	0	0	0	0	15–20	15–20
K Austin – Board Member	0	0–5	0	0	0	0	0	0	0	0
N Inchbald – Board Member	5–10	0–5	0	0	0	0	0	0	5–10	5–10
L Murray – left	0–5	0–5	0	0	0	0	0	0	0–5	0–5
B Nisbet – Board Member	5–10	5–10	0	0	0	0	0	0	5–10	5–10
V Reynolds – Board Member	5–10	5–10	0	0	0	0	0	0	5–10	5–10
L Bromley – Associate Member	0–5	0–5	0	0	0	0	0	0	0–5	0–5
E Hickman – Associate Member	0–5	0–5	0	0	0	0	0	0	0–5	0–5
L Kinmond – Associate Member	0–5	0	0	0	0	0	0	0	0–5	0–5

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2007, with the exception of the Chief Executive and the Chair. The Trust, at its discretion, may pay a travelling allowance and any other relevant expenses incurred. Three Board Members, B Nisbet, V Reynolds and N Inchbald, are paid a standard 28 hours per month based on the £15.40 per hour.

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 – mid point)	£82,825	£82,005
Median for other staff	£23,465	£23,148
Pay multiple ratio	3.5:1	3.5:1

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

The Chief Executive Officer left under the Voluntary Early Departure Scheme on 31st May 2014. The capitalised cost of the package was £151,000.

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

Of the Senior Management Group, Graham Mallinson Director of Finance & Business Services/Board Treasurer and Manjinder Purewal, Director of Operations, have been involved in the development of the staff mutual and have signed the appropriate Ethical Walls declarations.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
David Chantler	55–60	5	1,067	967	100
	110–115	5			

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. The scheme permits employees to take a 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. Membership from 1st April 2014 will be based on actual pensionable pay earned for each year and banked at 1/49th of pensionable pay plus pensions increase for each year of membership.

Cash Equivalent Transfer Value (CETV)

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

account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

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



David Chantler
Accountable Officer up to 31 May 2014
31 May 2014



Manjinder Purewal
Accountable Officer from 1 June 2014
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 West Mercia 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

Governance Framework

The Trust has continued with its structure of a single operational committee “the Operational Board” consisting of the three portfolio holders, historically covering resources, partnerships and performance, plus the Chair and Chief Executive with the Board Secretary/Board Treasurer and Chair of Audit present as non-voting members. As mentioned elsewhere in this report, the Chair of the Audit Committee has also exercised oversight over the operation of the ethical wall in the TR process. The second committee of the Board is the Audit Committee in which associate board members have a majority to provide an assurance of independence in the Audit Committee. The Full Board consists of the Operational Board, the Chair of Audit and the non-portfolio holder Board Members. The Board also maintains the two working committees, namely the JNCC and the Health & Safety Committee. Both of these Committees report through the Operational Board. The Operational Board operates a similar structure to its agenda and utilises the same information sets as the Programmes Board, i.e. the senior managers of the Trust, to ensure continuity and consistency in decision making as between the executive and non-executive leaders of the Trust.

Board Performance

The Board has considered its own performance during the course of the year, particularly in light of the changes heralded within Transforming Rehabilitation. It began the year with a review of the Strategic Plan for the Trust, recognising that at that stage the Trust was not going beyond March 31st 2014 (and subsequently not beyond May 31st 2014). It therefore collapsed the organisational development lead role into the Exit & Transitions lead, reflecting that the strategic aim of the Trust had been to affect a safe, efficient and effective close down and transition to the new arrangements. This is overseen by the Programmes Board of Senior Managers which consists of the Chief Executive, Head Office Business Manager, Director of Finance & Business Services (who leads on the value for money strategic aim), the Head of Operations (who leads on the delivering to contract strategic aim) and the Head of Learning & Organisational Development (who has led on the transition and exit strategic aim). More latterly, covering the two months extension from 31st March, the Chief Executive has taken direct responsibility for the transition and exit strategic aim. The Board has altered its way of working to reflect these changes, with portfolio holder responsibilities shifting to an oversight of what are to be CRC functions, oversight of what are to be NPS functions and an overview of the interface.

In May 2013 the Audit Committee carried out its own self assessment exercise and used this to inform its internal changes during the course of the year. This was presented to the Full Board in June 2013.

Use of Data and Information

For several years the Trust has developed a model of a common data set which is made available to the Senior Managers and to the Operational Board. This data set relates, as far as possible, to a single date in the month and has been very successful in avoiding previous difficulties arising from different sub committee’s having different committee cycles and therefore different reference points, and from lack of clarity about “lags and leads” in terms of making investments and understanding the effect of decisions made. The Board has been able to benefit from the number of assessments of the performance of the Trust based on this work which triangulates the high level of performance from a number of different perspectives. We brought forward from the previous year the very high level of performance in the main Her Majesty’s Inspectorate of Probation (HMIP) Offender Management Inspection II (OMI II) Inspection Programme and indeed, in this year, West Mercia Probation Trust was cited as a good example in the overall HMIP review of that programme. The Trust was also successful, at its first attempt, in achieving recognition for excellence through the British Quality Foundation, using the EFQM Model, at the highest, level five, standard of performance. Throughout the year the Trust has also met its obligations under the contract with MoJ and has consistently recorded green and green star performance in the PTRS. In addition, indications of the quality of the work overseen by the Board include the comprehensive Health

& Safety assessment which demonstrated significant improvement on previous years, external awards such as that from the Howard League for our Care Farm and within the Transforming Rehabilitation process itself, the fact that the entire staff assignment process was completed with only one, as it happened, unsuccessful appeal.

Accountable Officer

David Chantler relinquished his responsibilities as Accounting Officer on 31 May 2014. I was appointed as Accounting Officer for the Trust in succession to David with responsibility for the preparation of the West Mercia Probation Trust Accounts for 2013–14 in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 68, issued by the Secretary of State under the OM Act. As Accounting Officer, I must be able to assure Parliament and the public of high standards of probity in the management of public funds, including the West Mercia Probation Trust Governance Statement.

Performance Summary

That these robust systems do support a Trust that continues to be successful during its final year is demonstrated by performance in the OMI2 Inspection round in which we calculate that we were amongst the top five best performing Trusts; we were subsequently cited in this year's HMIP summary of their Inspection findings as being a high performing Trust.

We also have supporting evidence of our success in our consistent "Green" rating in NOMS' own PTRS scheme for assessing overall performance and the achievement of the EFQM Recognised for Excellence Award at 5 star level, the highest level of achievement and awarded on the first submission.

Oversight and Assurance arrangements

During the course of the year the Accountable Officer had the benefit of the oversight of the operation of the Trust as exercised by the Audit Committee and through the Internal Audit function provided by Internal Audit and Assurance. The Audit Committee is established by a specific resolution of the Probation Trust Board as a means of demonstrating the Board's commitment to the highest standards of probity and propriety in the use of public funds. The Committee helps to promote:

- A climate of financial discipline
- The development and maintenance of internal control systems
- The quality of financial reporting
- The contribution of audit (internal and external)
- Corporate governance

The Committee has no executive powers and any actions it recommends are subject to the approval of the Probation Trust Board. It does not, normally, include any portfolio holders amongst its membership although the long term sickness of a Board Member and demands on Board time as a result of Transforming Rehabilitation required the Board to relax this provision during the course of the year.¹

The Audit Committee exercises the following functions on behalf of the Probation Trust Board:

- Scrutiny of the annual internal audit plan and medium term strategy;
- Review of the external audit plan;
- Review of internal audit performance, ensuring that the standard and quality of audit coverage and the responses made to audit reports are appropriate and meet necessary standards and guidelines;
- Consider progress of external audits and receive reports from the external auditor on responses to recommendations made;
- Receive and consider the draft annual Management Letter and agree a draft Action Plan in response to the recommendations;

¹ WMPT Audit Committee Terms of Reference, 1 April 2011, which are available on request. Details on our website.

- Provide support to both internal and external auditors and encourage joint working arrangements to enhance the value of the overall audit resource;
- Receive information about general audit developments and consider the implications for the Probation Trust Board;
- Review the effectiveness of the Trust’s systems of internal controls, including the operation and application of Financial Regulations/Instructions;
- Review the Trust’s internal and external financial statements and reports ensuring that these reflect best practice;
- Consider and agree the draft Annual Report and Accounts prior to their submission for audit together with accounting policies underlying the Accounts;
- Review the operation of the Trust’s Code of Practice for members and its Code of Practice for staff (including any Fraud and Corruption Policies);
- Consider and undertake such other matters as the Board may determine;
- Value for Money, and
- Risk Management.

At the end of each year it receives an Annual Report on Internal Audit Activity which gives overall assurances that those issues that it has directed should be audited have been reported on. It is also able to follow progress in implementing Internal Audit recommendations through our own tracking reports which are presented to both the Audit Committee and to the Operational Board.

Again, this year, there were no “High Category” recommendations in any of the reports received by the Audit Committee. All of the medium and lower category recommendations were accepted and now form part of our tracking process. There were no significant control deficiencies.

The Board received the following Internal Audit Reports:

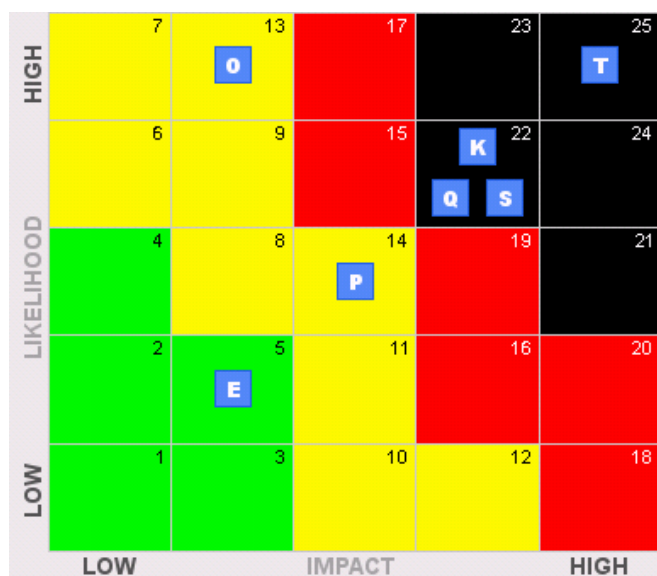
Report	Recommendation
Programme Completion	Amber/Green
Shrewsbury Office Visit	Green
Community Punishment	Amber/Green
Complaints Handling	Amber/Green
Financial Control Framework	Green
Exit Management	Amber/Green

The work of Internal Audit through the year identified moderate/significant rated findings that are isolated to specific systems and processes and when taken in aggregate I believe they are not pervasive to the system of internal control as a whole. Consequently, Internal Audit was able to give a reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Risk Management

The Trust maintains a number of risk logs through the PAM Project Management system that we utilise and these are regularly reviewed by the Chief Executive and the Director of Finance & Business Services, the wider Programme Board, the Operational and Full Boards and the Audit Committee. The end of year risk profile is shown in the diagrammatic representation of the risk log below and the trend with which we close the year is one of declining risk amongst the processes for which the Trust is responsible. However, new and increasing risks arise from the Transforming Rehabilitation programme and the dependence of the Trust on work being undertaken within MoJ. The Trust Board submitted a detailed information pack to the Test Gate III Review to provide the evidence underlining our concern about these risks which centre around ICT concerns and the appropriateness of a functional split in the work of the probation service within a rural operating environment which has deliberately operated a generic approach to the work to ensure sufficient flexibility within necessarily small work locations.

Diagram: Risk Matrix for West Mercia Probation Trust, March 2014



The most significant risks are:

- Risk K: Inappropriate use of social networking sites could lead to reputational damage for West Mercia Probation Trust. Score 22. High Likelihood, High Impact.
- Risk Q: Loss of stable staffing impacts on the delivery of the Trust contract. Score 22. High Likelihood, High Impact.
- Risk S: MoJ fail to co-ordinate demands on the Trust. Score 22. High Likelihood, High Impact
- Risk T: Health & Safety requirements for the NPS and CRC put staff and the public at risk. Score 25. High Likelihood, High Impact.

Summary of Risks Identified

Strategic Risk K. Inappropriate use of social networking sites could lead to reputational damage for West Mercia Probation Trust. The potential impact identified is that it is not possible to impose a complete ban on the use of social networking sites by our employees. Employees can join any social networking site as an individual and then have discussions about the organisation or our work on-line. This could lead to issues of reputational damage and / or potential bullying / harassment of employees / offenders.

Strategic Risk Q. Loss of stable staffing impacts on the delivery of the Trust contract. The potential impact identified is that the current Government plans increase the risk of staff leaving through resignation for either retirement or another job and that staff retention up to the change date may result in the loss of key skills.

Strategic Risk S. MoJ fail to co-ordinate demands on the Trust. The potential impact is that the Trust’s ability to deliver the exit and transition arrangements may be jeopardised.

Strategic Risk T. Health & Safety requirements for the NPS and CRC put staff and the public at risk. The potential impact identified is that the arrangements currently proposed for the NPS do not appear to meet their legal obligations. In terms of Public Protection, Braley House Approved Premises currently has a key role in breach / recall activities out of hours but this facility will not necessarily be available to the CRC. In addition, the Approved Premises provide a contact point for lone working staff (particularly CP Supervisors and Programme Tutors) and, again, this will not necessarily be available to the CRC. Business Continuity is also potentially affected in that Braley House Approved Premises is a key component of the BCP arrangements, including for safe storage of back up tapes for IT and emergency contact information for staff etc.

The Risk Matrix diagram and commentary indicates the position at 31 March 2014.

I can record that apart from the notice given that the Trust was to close, and the subsequent extension of that date, there have been no Ministerial directions given during the course of the year and there have been no significant lapses of protective security.

Impact of Transformation of Rehabilitation on Control Environment

Transforming Rehabilitation has introduced uncertainty into both the financial systems and into future planning. The need to utilise staff to implement TR activities has further complicated the control environment as a number of points of exposure have been created that would not have been present in a “normal” year. That said we have always been aware that as part of our contract we had an exit strategy and that provided us with a starting point in coping with the pressures of closing down. What that plan did not anticipate was the need to manage a Transition process or for the staff of the Trust being key players in the start up activities for the successor bodies.

We were able to make a few key, short term appointments in HR and in the form of a Project Manager and these have been invaluable in managing the inherent risks; an indicator of success on the HR front has been the lack of appeals, one only, against the outcome of that process, but that success should not mask that there was real risk to be controlled.

At the date of this report the transition process has been achieved. As we approached the final stages the outstanding risks were related to national activities, most notably ICT, awaiting action from MoJ.

In relation to the control environment around finances we have had to devise new ways to forecast outturn, for instance changing advice on Voluntary Early Departure. In addition, when the Trust’s original end date was moved to 31 May 2014 the Trust acquired CRC licences prior to the CRC existing.

Again, there is a risk that the implications of this instability are masked because the salary bill has been depressed through this period, initially as we approached staff assignment. Then there was a need to keep some variables constant, ie not appoint new staff during this period, and subsequently through resignations, particularly following the delay in the implementation of the Voluntary Early Departure scheme and the growing realisation that it was unlikely to apply to front line staff who were increasingly in short supply. This has led to a situation in which, within the Trust for the final two months of its operational activities there were vacancies on the CRC side whilst the designated NPS function was almost fully staffed. This has reduced flexibility given the difficulties of applying a functional division of tasks across the geography of West Mercia. Within this scenario we have sought to manage risk by prioritising the appropriate level of qualification over the allocation of cases between teams and there will be a small number of offenders being supervised from the “other” half of the service at the point of the split on 1st June.

Finally there has been a period of uncertainty around future planning, initially leading up to the original close down date of 31st March and then leading up to the new date of 31st May. This has particularly affected extending our programme of awarding contracts in the non-state sector as we have concentrated on novating existing contracts, not in procuring new ones.

Mutuals

Some Trust staff, including some senior managers, have been involved in developing a Staff Led Mutual, which, in turn has submitted a bid for the CPA which includes West Mercia. This has been done through a Special Purpose Vehicle (SPV), along with GEO UK and Willowdene Farm. It is within my knowledge that the SPV will also be bidding for other CPAs within the NPS Midlands region.

The Trust was quick to identify the need for Ethical Walls in this situation and as a member of the Ministerial Sounding Board I had raised the need before the guidance was issued. It will be no surprise, therefore that WMPT has paid careful attention to establishing and operating the Ethical Wall.

Before the NOMS guidance was issued we had identified a single point of contact in the Communications and Information Officer, Jackie Bell, and following the guidance, which required a

second “single” point of contact, we appointed the Head of Learning and Organisational Development, Kate Bramford, to assist with and shadow Jackie Bell’s work. Neither of these members of staff have been involved with the development of the mutual.

In addition to the appointment of the SPOCs the Board has appointed its Chair of Audit, Les Kinmond, to be Compliance Officer, so as to provide Board level scrutiny of these arrangements.

Relevant staff have signed the appropriate declarations in such a way that where direct reports to myself are involved in the Mutual, their respective senior reports are not involved in the Mutual and can work directly with me to avoid any conflict of interest.

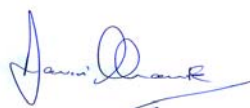
All Board meetings and senior management meetings provide the opportunity for those involved in the mutual to declare their interest and this, together with the compliance arrangements, act as consistent reminders to operate the ethical wall arrangements.

The Board has deliberately not sought any involvement or oversight in the development of the bid, save for assuring itself that the Mutual was making appropriate use of the Cabinet Office funding to the staff group that had been successful in attracting that funding and that they had themselves reported as required to the Cabinet Office. In taking this limited interest the Board was anxious to assure itself that it was not exposed to any reputational risk through association with any shortcoming on this front.

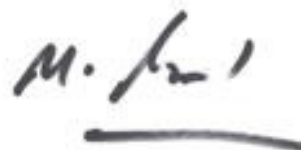
Board Attendance

Name	Role	Meetings Held* / Meetings Attended
James Kelly	Chair	15/14
David Chantler	Chief Executive	15/13
Nicola Inchbald	Board Member	15/14
Bridget Nisbet	Board Member	15/12
Valerie Reynolds	Board Member	15/11
Keith Austin	Board Member	3/2
Libhin Bromley	Associate Member	3/2
Elaine Hickman	Associate Member	3/3
Les Kinmond	Associate Member/Audit Committee Chair	15/14
Graham Mallinson	Board Treasurer	15/13
Alison Hallworth	Alison Hallworth	15/14

(*Includes Operational Board and Full Board meetings)



David Chantler
Accountable Officer up to 31 May 2014
 31 May 2014



Manjinder Purewal
Accountable Officer from 1 June 2014
 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 West Mercia 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 West Mercia 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

3 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	Restated £000
Expenditure			
Staff costs	3(a)	10,388	10,401
Other expenditure	6	4,754	4,949
Total Expenditure		15,142	15,350
Income	7	(14,867)	(15,419)
Net operating costs		275	(69)
Net interest cost on pension scheme	4(c)	1,130	1,075
Net operating costs before taxation		1,405	1,006
Taxation	5	0	0
Net operating costs after taxation		1,405	1,006

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	Restated £000
Items that will not be reclassified to net operating costs:			
Net (gain) on revaluation of property, plant and equipment	8	0	(2)
Remeasurement of post employment benefits	23	(4,808)	3,916
Total comprehensive expenditure for 31 March 2014		(3,403)	4,921

The restatement relates to the application of IAS19 (revised), **Note 28**.

All activities are continuing operations.

There are no minority interests.

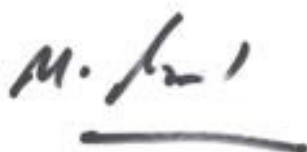
The notes on pages 41 to 67 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13 (Restated)
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	8	26
Total non-current assets		8	26
Current assets			
Trade and other receivables	12(a)	1,134	1,709
Cash and cash equivalents	13	159	57
Total current assets		1,293	1,766
Total assets		1,301	1,792
Current liabilities			
Trade and other payables	14(a)	(360)	(809)
Provisions	15	(171)	(171)
Taxation payables	14(a)	(1,042)	(1,164)
Total current liabilities		(1,573)	(2,144)
Non-current assets plus/less net current assets/(liabilities)		(272)	(352)
Non-current liabilities			
Pension liability	4(c)	(24,368)	(27,691)
Total non-current liabilities		(24,368)	(27,691)
Assets less liabilities		(24,640)	(28,043)
Taxpayers' equity			
General fund	23	(24,641)	(28,044)
Revaluation reserve – property, plant and equipment	24(a)	1	1
		(24,640)	(28,043)

The financial statements on pages 37 to 40 were approved by the Board on 17 June 2014 and were signed on its behalf by



Manjinder Purewal
Accountable Officer from 1 June 2014

25 June 2014

The restatement relates to the application of IAS19 (revised), **Note 28**.

The notes on pages 41 to 67 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 Restated
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(1,405)	(1,006)
Adjustments for non-cash transactions	6	108	20
Adjustments for pension cost	4(c)	1,485	1,007
(Increase)/decrease in receivables	12(a)	575	(122)
Increase/(decrease) in payables	14(a)	(571)	(228)
Utilisation of provisions	15	(91)	(100)
Net cash outflow from operating activities		101	(429)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	8	1	0
Net cash outflow from investing activities		1	0
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period		102	(429)
Cash and cash equivalents at the beginning of the period	13	57	486
Cash and cash equivalents at the end of the period	13	159	57
Increase/(decrease) in cash		102	(429)

The restatement relates to the application of IAS19 (revised), **Note 28**.

The notes on pages 41 to 67 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund Restated £000	Revaluation Reserve Restated £000	Total Restated £000
Balance as at 1 April 2012		(23,122)	(1)	(23,123)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2012		(23,122)	(1)	(23,123)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SoCNE	(1,006)		(1,006)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		2	2
Remeasurement of post employment benefits	23	(3,916)	0	(3,916)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(28,044)	1	(28,043)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SoCNE	(1,405)		(1,405)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		0	0
Remeasurement of post employment benefits	23	4,808	0	4,808
Balance as at 31 March 2014		(24,641)	1	(24,640)

The restatement relates to the application of IAS19 (revised), **Note 28**.

The notes on pages 41 to 67 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.

The Trust ceased trading with effect from midnight on 31 May 2014.

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

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

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

1.6 Depreciation

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

Asset lives are currently in the following ranges:

Information technology	5 years depending on individual asset type
Plant & equipment	3 to 15 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.

1.8 Inventories

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

1.9 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.

1.10 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.

1.11 Pensions

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

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in

these accounts). The last formal actuarial valuation was as at 31 March 2014.

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

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

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

1.12 Leases

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

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

Finance leases

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

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

Operating leases

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

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 Segmental analysis of spend as reported to the Management Board

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

1.19 Third party assets

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

2. Statement of Operating Costs by Operating Segment

Operational Unit	2013-14	2012-13
	Net Expenditure	Net Expenditure
Main/Hostel	(£210,000)	(£129,000)
Education Training and Employment (ETE)	£130,000	£129,000
Total Net Expenditure	(£80,000)	£0
Contract Income	(£14,201,000)	(£14,370,000)
Overspend/(Underspend)	(£80,000)	£0

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	8,795	8,668	127	9,145
Social security costs	653	653	0	672
Other pension costs	1,852	1,852	0	1,466
Sub-total	11,300	11,173	127	11,283
Less recoveries in respect of outward secondments	(912)	(912)	0	(882)
Total staff costs	10,388	10,261	127	10,401

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**.

2 persons (2012–13: 0 persons) retired early on ill-health grounds.

3b. Average number of persons employed

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

2013–14			2012–13
Total	Permanently- employed staff	Others	Total
FTE	FTE	FTE	FTE
292	288	4	307

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	0	0	0	0	0
£10,000–£25,000	0	3	3	0	0	0
£25,000–£50,000	0	3	3	0	0	0
£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
Total number of exit packages by type	0	7	7	0	1	1
Total resource cost £000	0	333	333	0	67	67

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

Six voluntary redundancies were made based on efficiency savings. Included in this number is a reduction of 4 managers which reflects the general reduction in staff across the Trust. The other 2 voluntary redundancies relate to Community Payback where there has been a reduction in demand for work in recent years. The ongoing annual saving in relation to these redundancies equates to in excess of £300,000 per year. In addition, an exit package has been agreed in respect of the CEO, who left the Trust as at 31st May 2014.

In addition as a result of TR the Chief Executive was made redundant on 31st May 2014 and the costs for this redundancy have been included in the 2013–14 accounts.

4. Pensions costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory requirement and intended to be a fully funded scheme which provides benefits on a 'final salary' basis at a normal retirement age of 65. For membership built up to 31st March 2008 benefits accrue at the rate of 1/80th of final pensionable pay for each year of membership plus an automatic lump sum of three times pension. For membership built up from 1st April 2008 benefits accrue at the rate of 1/60th of final pensionable pay for each year of membership. There is no automatic lump sum, but there is an option to exchange some pension of extra lump sum. Members pay contributions of between 5.5% and 7.5% depending on their salary. Once in receipt of a pension it is increased annually in line with the Consumer Price Index. On death, pensions are payable to the surviving spouse at the rate of 1/160th of final pensionable pay for each year of membership.

On death in service the scheme pays a lump sum death grant of three times pay and also provides a survivor pension equal to 1/160th of final pensionable pay times the membership that would have been built up until age 65. Medical retirement is possible in the event of serious ill-health. In this case, the scheme provides a tiered ill health retirement package.

The investment return used in calculating the year end assets is 4.9% (1.049) for the nine months to 31st December 2013 and 1.0031% (0.31) for the three months to 31st March 2014, estimated from market index returns, as advised to us by the Fund's administrators. An adjustment of £29,000 was made for expenses.

4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Mercers Limited. For 2013–14, employers' contributions of £1,496,519 were payable to the LGPS (2012–13 £1,534,277) and were 19.9% of pensionable pay. 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.

Partnership accounts are excluded under IAS19.

The approximate employer's pension contributions for the year were:

- Employer's contributions for 2013–14 were % of salaries; and,
- Employer's contributions for April and May 2014 will be 19.9% of salaries

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

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

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

Mortality Assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies are as follows: Current pensioners males 22.4 years; females 24.4. Future pensioners males 24.3 years; females 26.6 years.

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	(72,624)	46,096	46,096
Funded liabilities	(1,163)	0	(73,787)
Opening balance at 1 April (restated)	(73,787)	46,096	(27,671)
Current service costs	1,755	(29)	(1,784)
Past service costs (including curtailments)	(68)	0	(68)
	(1,823)	(29)	(1,852)
Net Interest (cost)/income	(3,058)	1,928	(1,130)
Remeasurements			
Gain/(loss) from change in demographic assumptions	(483)	0	(483)
Gain/(loss) from change in financial assumptions	4,090	0	4,090
Experience gains/(losses)	204	997	1,201
	3,811	997	4,808
Contributions			
Employers	0	1,497	1,497
Plan participants	(503)	503	0
Payments from plans			
Benefit payments	2,521	(2,521)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(72,839)	48,471	(24,368)
Plan assets	0	48,471	48,471
Funded liabilities	(71,254)	0	(71,254)
Unfunded liabilities	(1,585)	0	(1,585)
Closing balance at 31 March	(72,839)	48,471	(24,368)

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	39,892	39,892
Funded liabilities	(61,547)	0	(61,547)
Unfunded liabilities	(1,113)	0	(1,113)
Opening balance at 1 April	(62,660)	39,892	(22,768)
Current service costs	(1,397)	(22)	(1,419)
Past service costs (including curtailments)	(47)	0	(47)
Gains and losses on settlements	0	0	0
	(1,444)	(22)	(1,466)
Net interest (cost)/income	(3,037)	1,962	(1,075)
Remeasurements			
Gain/(loss) from change in demographic assumptions	(732)	0	(732)
Gain/(loss) from change in financial assumptions	(7,253)	0	(7,253)
Experience gains/(losses)	0	4,069	4,069
	(7,985)	4,069	(3,916)
Contributions			
Employers	0	1,534	1,534
Plan participants	(530)	530	0
Payments from plans			
Benefit payments	1,869	(1,869)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(73,787)	46,096	(27,691)
Plan assets	0	(46,096)	(46,096)
Funded liabilities	72,624	0	72,624
Unfunded liabilities	1,163	0	1,163
Closing balance at 31 March	73,787	(46,096)	27,691

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								
Other	30,003	14,251	44,254	91%	29,270	12,216	41,486	90%
	30,003	14,251	44,254	91%	29,270	12,216	41,486	90%
Cash and cash equivalents	679	485	1,164	2%	922	784	1,706	4%
Investment funds								
Bonds	3,053	0	3,053	6%	2,904	0	2,904	6%
	3,053	0	3,053	6%	2,904	0	2,904	6%
Other	0	0	0	%	0	0	0	%
Total	33,735	14,736	48,471	100%	33,096	13,000	46,096	100%

4e. Sensitivity analysis

	+0.1% £000
Adjustment to discount rate	
Present value of total obligation	23,056
Projected service cost	1,463

	+1yr £000
Adjustment to mortality age rate assumption	
Present value of total obligation	25,765
Projected service cost	1,544

	+0.1% £000
Adjustment to inflation	
Present value of total obligation	25,704
Projected service cost	1,558

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	0	0
Total	0	0

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.

In 2013–14 West Mercia Probation Trust made a loss, therefore no taxation is payable.

6. Other Expenditure

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	58		64	
Accommodation, maintenance and utilities	1,234		1,237	
Travel, subsistence and hospitality	153		154	
Professional services	101		140	
IT services	506		512	
Communications, office supplies and services	208		256	
Other staff related	302		332	
Offender costs	1,842		1,591	
Other expenditure	196		598	
External Auditors' remuneration – statutory accounts	26		26	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	20		19	
		4,646		4,929
Non-cash items				
Depreciation of tangible non-cash assets	17		23	
Other provisions provided for in year	91		(3)	
		108		20
Total		4,754		4,949

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 1.10**.

No non-audit fees were paid to the external auditors in 2013-14 (2012-13 nil)

Included in the above costs is expenditure totalling £13,000 in respect of the new Warwickshire and West Mercia Community Rehabilitation Company Ltd.

7. Income

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	14,201		14,370	
		14,201		14,370
EU income from other Government departments		91		607
Other EU income		0		7
Other income received from Probation Trusts		56		58
Other income from NOMS		29		55
Other income from rest of MoJ Group		6		0
Other income from other Government departments		312		214
Miscellaneous income		169		101
		14,864		15,412
Interest received:				
From bank	3		7	
Total interest received		3		7
Total income		14,867		15,419

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 1.10**.

8. Property, plant and equipment

	2013–14					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2013	106	31	0	16	0	153
Additions	0	0	0	0	0	0
Disposals	(41)	0	0	0	0	(41)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
As at 31 March 2014	65	31	0	16	0	112
Depreciation						
As at 1 April 2013	86	26	0	15	0	127
Charge in year	13	4	0	0	0	17
Disposals	(40)	0	0	0	0	(40)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
As at 31 March 2014	59	30	0	15	0	104
Carrying value as at 31 March 2014	6	1	0	1	0	8
Carrying value as at 31 March 2013	20	5	0	1	0	26
Asset financing						
Owned	6	1	0	1	0	8
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2014	6	1	0	1	0	8

8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	94	30	7	16	0	147
Additions	0	0	0	0	0	0
Disposals	0	0	(7)	0	0	(7)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	12	1	0	0	0	13
As at 31 March 2013	106	31	0	16	0	153
Depreciation						
As at 1 April 2012	60	19	7	14	0	100
Charge in year	16	6	0	1	0	23
Disposals	0	0	(7)	0	0	(7)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	10	1	0	0	0	11
As at 31 March 2013	86	26	0	15	0	127
Carrying value as at 31 March 2013	20	5	0	1	0	26
Carrying value as at 31 March 2012	34	11	0	2	0	47
Asset financing						
Owned	20	5	0	1	0	26
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	20	5	0	1	0	26

9. Intangible assets

There were no intangible assets at the reporting date (2012–13 NIL).

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	38	197
VAT	0	179
Receivables due from Trusts	0	66
Receivables, Accrued Income and Prepayments due from NOMS Agency	869	1,181
Receivables, Accrued Income and Prepayments due from MoJ Group	3	2
Receivables, Accrued Income and Prepayments due from other Government departments	30	79
Other receivables	0	5
Prepayments	15	0
	955	1,709
Total	955	1,709

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13 Restated	2013–14	2012–13 Restated
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	872	1,428	0	0
Balances with local authorities	30	27	0	0
Balances with NHS bodies	0	52	0	0
	902	1,507	0	0
Balances with bodies external to Government	53	202	0	0
Total	955	1,709	0	0

13. Cash and cash equivalents

	2013–14 £000	2012–13 £000
Balance at 1 April	57	486
Net change in cash and cash equivalents	102	(429)
Balance at 31 March	159	57
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	159	57
Balance at 31 March	159	57

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13 Restated
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	23	8
Accruals	260	744
Deferred income	13	4
Staff payables	42	0
Payables due to Probation Trusts	0	35
Payables, Accruals and Deferred Income due to other Government departments	22	18
	360	809
Tax falling due within one year		
VAT	500	793
Other taxation and social security	363	371
	863	1,164
Total amounts falling due within one year	1,223	1,973
Total	1,223	1,973

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13 Restated	2013–14	2012–13 Restated
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	863	1,199	0	0
Balances with local authorities	22	18	0	0
	885	1,217	0	0
Balances with bodies external to Government	338	756	0	0
Total	1,223	1,973	0	0

15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	171	0	171
Provided in year	0	0	0	151	151
Provisions not required written back	0	0	(60)	0	(60)
Provision utilised in the year	0	0	(91)	0	(91)
Balance as at 31 March	0	0	20	151	171

	2013–14				
Analysis of expected timing of discount flows	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Not later than one year	0	0	20	151	171
Current liability	0	0	20	151	171
Balance as at 31 March	0	0	20	151	171

	2012–13 Restated				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	274	0	274
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	(3)	0	(3)
Provision utilised in the year	0	0	(100)	0	(100)
Balance as at 31 March	0	0	171	0	171

	2012–13 Restated				
Analysis of expected timing of discount flows	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Not later than one year	0	0	171	0	171
Current liability	0	0	171	0	171
Balance as at 31 March	0	0	171	0	171

The provisions noted above are to cover the cost of redundancies and minibus repairs following cessation of the leases. All provisions will be utilised within 2014–15.

16. Capital commitments

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

17. Commitments under leases

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
Other		
Not later than one year	16	59
Later than one year and not later than five years	0	41
Later than five years	0	0
Total	16	100

The current operating leases relate to photocopiers.

17b. Finance leases

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

18. Other financial commitments

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

19. Deferred tax asset

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

20. Financial instruments

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

21. Contingent liabilities

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

22. Losses and special payments

22a. Losses statement

Losses are disclosed on an accruals basis and exclude future losses. There have been no losses.

22b. Special payments schedule

Special payments are disclosed on an accruals basis and exclude future losses. There have been no special payments (2012-13 nil).

23. General fund

	2013–14 £000	2012–13 Restated £000
Balance at 1 April	(28,044)	(23,122)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(28,044)	(23,122)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,405)	(1,007)
Remeasurement of post employment benefits	4,808	(3,916)
Balance at 31 March	(24,641)	(28,044)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14 £000	2012–13 Restated £000
Balance at 1 April	1	(1)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	1	(1)
Arising on revaluations of PPE during the year (net)	0	2
Balance at 31 March	1	1

25. Related party transactions

West Mercia Probation Trust is a Non Departmental Public Body. The Trust is part of NOMS which in turn is part of the Ministry of Justice. NOMS and the Ministry of Justice are regarded as a related party. During the year, the Trust had various material transactions with the Ministry of Justice. Additionally, the Trust had transactions with other Trusts', other government bodies and third party organisations.

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

Mutuals

The staff led mutual referred to elsewhere in this report is currently a company with three Directors two of whom are employees of West Mercia Probation Trust; Manjinder Purewal and Graham Mallinson. The third Director being an employee of Warwickshire Probation Trust. Following MoJ guidance this company, Mercia Community Action (MCA) has not been incorporated as a mutual prior to the outcome of the bidding process. The Directors of MCA plan to transform the organisation into a mutual if and when they are successful in their bid, as part of a Special Purpose Vehicle (SPV), with GEO UK and Willowdene Farm.

I have reviewed the funding of the proposed mutual and believe it does not contravene the State Aid rules.

26. Third-party assets

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

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2014
	£000	£000	£000	£000
West Mercia Care Trust	37	7	(28)	16
	37	7	(28)	16

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

Impact on total comprehensive expenditure for the year of application of IAS 19 Extract from the Statement of Comprehensive Net Expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	452
Other comprehensive expenditure	4,469
Total comprehensive expenditure	4,921
Restatement:	
Increase in programme expenditure (interest costs)	555
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(555)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	1,007
Other comprehensive expenditure	3,914
Total comprehensive expenditure	4,921

Extract from the Statement of Changes in Taxpayers' Equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(28,044)
Restatement:	
Increase in net operating expenditure	555
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(555)
General fund balance as at 31 March 2013 after restatement	(28,044)

Administration and programme income and expenditure

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

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

Introduction

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 Sustainability Report is prepared in accordance with 'Public sector annual reports: Sustainability Reporting guidance for 2012–13' guidelines laid down by HM Treasury.

This report covers eleven buildings, including Unit 7 which is an outbuilding of the Redditch office.

Shared occupations are not accounted for here 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 areas are modest in size and accounted for elsewhere we do not consider that their exclusion 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 the 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 Adaptation and Mitigation

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

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

Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is managed by the 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. The MoJ SDT is working to consolidate all CMPs, including those in place in the Prison Service and Courts & Tribunals to deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision is to:

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

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

Travel

There has been a reduction in the cost of staff mileage and of staff miles undertaken compared with the previous year. This reflects a move to Inland Revenue rates for mileage reimbursement which has been fully operational this year and which has had both a direct effect on the cost and an assumed indirect effect in increasing the miles undertaken in hire cars at the expense of personal mileage claims. It is to be assumed that the use of modern, well maintained, fleet vehicles is less environmentally damaging than staff being reimbursed for the use of their own vehicles. There has been a small rise in the use of public transport reflecting, in the main, the limitations of public transport in this area as a viable alternative to private or hired individual transport. CP minibus mileage has seen a significant reduction of 8661 miles which does reflect a strategic review of Community Payback which included a reduction in the use of minibuses in order to demonstrate that more Community Payback was done in town centres where it would be seen, as opposed to at the end of long journeys into more rural areas, and a concern to make less use of an ageing fleet of vehicles which we were unwilling to update prior to the implementation of Transforming Rehabilitation. However, in practice, particularly with the delay in TR, we have had to bring in new vehicles on short term contracts to cover the gap.

Waste

At 24 tonnes this is an all time low in terms of waste generated and is consistent with the established trend going back to 2009/10 when 85 tonnes of waste were created. With all of our waste going to landfill there are no direct costs. It is also possible that this year's low figure reflects an overall hiatus prior to the introduction of TR and it might be expected that the new authorities might generate more waste next year as they reshape the service to meet their needs.

Water

Our use of water last year and the associated cost appeared to be an acceleration of a steady decline in both. 2013/14 results are very much on a par with 2011/12 suggesting a plateau following the reduction from the high levels of 2009/10. What influenced the very low 2012/13 scores is not clear.

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