

Hertfordshire
Probation Trust



Hertfordshire Probation Trust

Annual Report and Accounts
2013–2014

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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 and Values of Hertfordshire Probation Trust

Our Mission:

Working with partners and communities to reduce re-offending and protect the public, thus leading to fewer victims.

Our Vision:

Hertfordshire Probation Trust – Transforming Lives, Reducing Reoffending, Protecting our Communities

These will be achieved by:

- Providing hope and opportunities towards change
- Working in partnership to protect the public through effective risk management
- Working to safeguard known and potential victims
- Providing the courts with skilled assessment and the delivery of effective sentences
- Explaining our work to our communities and how they can contribute
- Developing our valued, skilled and confident workforce
- Deploying our resources efficiently to commission and deliver effective services

Our **PICTURE** of how we aim to deliver and the values that underpin our approach:

Professionalism: we are committed to high standards and aim to act decisively and consistently

Integrity: we aim to be fair and honest in our decision making and activities

Communication: we want to exchange and share information clearly and promote understanding

Teamwork: we learn from each other and value everyone's skills and contributions

Understanding: we are keen to understand the needs of stakeholders, offenders, staff and our community

Respect: we support and draw strength from diversity and value different cultures, perspectives and view points

Excellence: we are ambitious and determined to deliver quality and value for money

Foreword

This year has been an exceptional year in the history of the Probation Service. The Secretary of State announced in the May 2013 the Government's intention to implement the Transforming Rehabilitation (TR) Strategy. The strategy determined the closure of the 35 Probation Trusts, creation of a new National Probation Service for advice to courts, enforcement and management of high risk offenders and the creation of 21 Community Rehabilitation Companies to manage medium and lower risk offenders. www.gov.uk/publications/transforming-rehabilitation-a-strategy-for-reform

While implementation of the TR strategy has taken place at pace, Hertfordshire Probation Trust (HPT) has performed well, making sure it delivered its contract and achieved overall good performance, with green status on all domains of the probation trust rating system for 2013/14. Staff have remained focused on front-line service delivery and we have continued to build upon our commitment for improving service user engagement through a project with 'Revolving Doors' and the annual Service User Achievement Awards.

Our commitment to the Hertfordshire Integrated Offender Management programme, including Choices and Consequences remains sustained, supported by a strong partnership ethos with key partners. Likewise, the Multi Agency Public Protection Arrangements have remained a high priority. We celebrated achieving a finalist for the National Probation Victim Services Award for the second year running.

The original change programme to collaborate and work towards merger with Bedfordshire, Northamptonshire, Cambridgeshire and Peterborough Probation Trusts was realigned to support the four counties in preparing for transition to the Bedfordshire, Northamptonshire, Cambridgeshire and Hertfordshire (BeNCH) Community Rehabilitation Company (CRC). The foundation stones for these four relatively small probation trusts to work together have provided a platform for BeNCH CRC start up activity. In particular, work was undertaken to engage with potential prime providers prior to launch of the competition and gain a greater understanding of the implications of working in a future commercial environment. The four respective Police and Crime Commissioners (PCC) actively engaged in the TR agenda and there is a shared determination to reap the benefits of scale but safeguard the strong commitment to Localism and delivery of services tailored to respective local communities.

Hertfordshire Probation Trust staff transfer into the National Probation Service (NPS) and BeNCH CRC on 1 June 2014. They have a great deal to be proud of and their commitment, professionalism and positive approach to strong working relationships should mean they are well placed to cope with the changes ahead.

Tessa Webb
Chief Executive Officer
10 June 2014

Delbert Sandiford
Board Chair
10 June 2014

1. Operational & Performance Review 2013/14

Management Commentary

Part 1: Operational and Performance Review

Enablers

This section is based on the Annual Business Plan for 2013/14, which identified a number of measures regarded as priorities for improving our operations and performance. These measures were based on priorities from national, regional and local initiatives and Hertfordshire Probation Trust assessments.

LEADERSHIP

In partnership with Hertfordshire Constabulary, build on the success of Hertfordshire's Integrated Offender Management (IOM) scheme – Hertfordshire Horizons. Further develop approaches targeted at all offenders identified as those with the highest likelihood of re-offending including: improved screening for substance misuse (attending to alcohol related crime in particular); provision of voluntary drug testing; using ex-offenders as mentors to promote/inspire engagement; improving access to suitable accommodation; and development of Restorative Justice Interventions.

The IOM Team has again seen significant reductions in re-offending within the 2013/14 cohort. Accommodation, Employment and Substance Misuse remain key pathways for this group.

An accommodation pathway workshop took place in November and was well attended by partners and the PCC's lead for accommodation. The Hertfordshire Offender Accommodation protocol is being revisited.

Drug testing training has been made available to HPT staff following some good collaborative work between HPT and CRI/Spectrum who provide Drug Rehabilitation Requirements (DRR) services for HPT. Training has been provided to a number of staff.

Referrals to alcohol interventions remain strong and there has been a strong improvement in referrals to the Drink Wise Specified Activity Requirement (SAR). Direct face-to-face Restorative Justice (RJ) activity is taking place and two HPT staff have been trained as RJ trainers.

The IOM Cohort for 2014/15 has been finalised and will see an increase in numbers against 2013/14.

Contribute to the ongoing development of Multi-Agency Public Protection Arrangements (MAPPA) in Hertfordshire and in particular its links to Child and Adult Safeguarding structures and 'Young MAPPA' in Hertfordshire and Victims services.

HPT continues to hold the MAPPA Strategic Management Board (SMB) chair in Hertfordshire and is represented at both child and adult safeguarding boards and key sub-groups. The 2013/14 MAPPA Annual Report was developed prior to the October 2013 publication. HPT has contributed to two Hertfordshire Safeguarding Children's Board (HSCB) Serious Case Reviews. Work has been completed to address representation post 1 June 2014 on the HSCB/Hertfordshire Safeguarding Adults' Board (HSAB) by NPS and CRC and looking at options to cover activity and avoid duplication where possible.

Work with the Police and Crime Commissioner (PCC), Health & Well-Being Board (HWBB), Districts, County Children & Adult Services and Housing providers to deliver solutions to address the problem of securing suitable accommodation for Hertfordshire's highest risk violent and sexual offenders, so that they can be safely managed and the public better protected.

The PCC's attendance at MAPPA SMB in July 2013, where there was a presentation by HPT on accommodation need for high risk offenders has raised the profile of accommodation as a key offender management issue. The PCC accommodation pathway lead was involved in a workshop with a number of partner agencies and accommodation providers in November 2013.

A workshop for staff raising awareness on mental health issues took place in September and a new protocol between MAPPA and the HSAB has been agreed. This is being taken forward by both the CRC and NPS (via MAPPA).

Hertfordshire Probation Trust, along with neighbouring probation trusts, will work together to transform probation services, aligned to the TR programme led by the Ministry of Justice, and support local innovative integrated services that enhance rehabilitation, reduce reoffending and protect the public.

HPT provided strong leadership to the local response to the TR programme, with the CEO providing the Senior Responsible Officer (SRO) role across the four Probation Trusts until July 2013 and HPT hosting the Programme Management Office. The CEO attended the Ministerial Sounding Board through 2013/14.

Every effort has been taken to prepare and support staff for their transition to the future NPS and BeNCH CRC, with a specific training programme on the new processes completed in March 2014.

The Probation Board established a specific committee to monitor progress against exit management and transition, which dominated HQ activity during the latter part of 2013/14.

POLICY AND STRATEGY

Maintain a focus on Reducing Re-offending through: supporting the implementation and delivery of a Reducing Re-offending Strategy for Hertfordshire with key partners; and continue to develop and implement internal county and local Reducing Re-offending improvement plans.

The Hertfordshire Reducing Reoffending Strategy is led by the PCC who has been supported by the HPT Director for Localism in her seconded capacity. The increased engagement of Public Health has been noticeable and welcome, alongside the improved access to services in respect of Personality Disorder (PD).

The HPT Reducing Re-offending Action Plan was kept under review and Professor Carol Hedderman joined HPT managers to enhance skills and understanding of the critical assessment factors. It has been pleasing to observe an overall improved direction of travel through 2013/14.

Hertfordshire Constabulary continue to raise their sanction detection rate and are now one of the highest performing police forces for sanction detection. A close correlation between strong Standard Delivery Reports (SDR) and poor NI18 has been noted. Police are indicating a rise in acquisitive crime however, which will need to be monitored going forward.

Implement the HPT strategy to support young adult offenders, including those in transition from Youth Justice/Children's Services and focussing interventions on young adults needs, aligned to the HMIP action plan Youth to Adult Transitions.

A Single Point of Contact (SPOC) was identified in each of the offices and work commenced to explore how sentences can be made more meaningful and more successful for young adult offenders. The SOVA mentoring contract was renewed which included greater use of peer mentors prioritising Youth Offender Institution (YOI) and offenders who are under 25 years old.

Take forward the HPT strategy to develop women’s services, to improve access to local services and community integration.

We achieved our Women’s Services Activity Requirement (WSAR) completions target in 2013/14 (77 compared to a target of 60). The successful completion rate was 85.6%, i.e. 77 out of 90 cases. 85 new WSAR requirements were made in 2013/14 at a steady rate across the year. NACRO ended their contract with HPT on 31 March 2014 and the WSAR activity is now being delivered directly by HPT and will be taken forward by the CRC.

Continue to develop our work with mentally disordered offenders (MDOs) and those with learning difficulties, including: implementation of our Personality Disorder Strategy Action Plan in partnership with Hertfordshire Partnership Foundation Trust (HPFT); and supporting pre-sentence diversion approaches post-arrest and at court to provide the most effective outcomes to meet need and reduce risk.

The probation caseload has now been screened. Two further 3-day training events for Knowledge Understanding Framework (KUF) PD awareness training have taken place. The specialist PD team have provided training to SOVA, Circles of Support and Accountability and have run county wide workshops. In addition they have training planned for administrators, unpaid work supervisors and will be planning training for group workers and managers.

MDO diversions approach has been processing data on cases going through this process to determine effectiveness of the approach not just for probation but across the criminal justice system.

Support the implementation of Hertfordshire’s Domestic Violence & Abuse Strategy, including: contributing expertise to the development and targeting of interventions aimed at domestic abuse perpetrators at all levels of risk; and supporting victims of domestic abuse through our work with partners of domestic abusers and our contribution to MARACs and Domestic Violence (DV) Forums.

Following good multi-agency work, Hertfordshire has now identified a perpetrator programme of non-convicted men and are currently piloting this. The programme is Essex Relate, which runs and includes a strong victim contact focus.

HPT has contributed to a strategic review of the Domestic Abuse strategy and the role of the Domestic Abuse Strategic Board in Hertfordshire.

HPT continues to support and Chair the Multi Agency Risk Assessment Conferences (MARAC) and DV Forums across the county and is represented at the DV Strategic Board, Operational group and related commissioning groups.

Focus the Trust’s 2013/14 Communication Strategy on the promotion of the Trust’s work with offenders and the provision of stories of our work to partners and the public through all media channels. Include communication actions in local delivery unit action plans.

External communication and publicity reduced as the year progressed, given the impact of exit management and mobilisation concerning TR.

HPT staff contributed to local engagement days with Stevenage and Broxbourne during the summer. The High Sheriff, Lady Trenchard, visited a number of community payback projects and supported the HPT Staff Awards along with St Albans Resident Judge, Andrew Bright.

The Service User Achievement Awards in March provided a highlight where the work of probation staff and partners was celebrated with high achieving service users.

A delegation from the Singapore High Commission visited the Trust in October 2013.

A communiqué was sent to all stakeholders in December with an explanation of the implications of TR and planned closure of HPT.

Contribute to the development of Hertfordshire's Thriving Families (TF) initiative.

HPT continues to be involved within the TF programme and was one of the first agencies to undertake some specific pilot work, in our case with a group of women offenders in East Hertfordshire. Changes to and expansion of the Troubled Families agenda is likely to see domestic abuse and substance misuse feature more strongly as TF targets and this will likely lead to greater probation involvement in TF in 2014/15.

PEOPLE MANAGEMENT

Support staff to access relevant training to support them to deliver effectively in a payment by results framework and manage delivery of our work during transformation.

The annual training plan has been delivered, to budget. Highlights specific to 2013/14 include:

- Resilience training which has been delivered in all teams with excellent feedback from staff and unions. Further 1:1 coaching sessions have been made available for managers and staff at each site.
- Diversity Training has been delivered along with follow up sessions for Managers and Diversity Champions taking up themes raised.
- Project Management Training was delivered to all managers in November.
- The Training Team have worked with NAPO to deliver a series of Interview skills and CV workshops which have been well received.

PARTNERSHIPS AND RESOURCES

Improve offender employment opportunities by creating a single entry point and referral pathway bringing together Employment, Training and Education providers, including Job Centre Plus, Work Programme, Job Deal and Basic Skills providers. Work with the Police and Crime Commissioner to improve engagement with local employers.

The single process is working well and most partnerships are robust. The link with Job Centre Plus is working well and there are good links with the work programme. Intensive Community Payback (CP) projects are available for unemployed offenders across Hertfordshire. Two of these are beneficiary supervised.

Continue to develop the delivery of Intensive CP for unemployed offenders in Hertfordshire and involve the PCC to support new district and county community safety projects which benefit local communities.

The annual report was published on the HPT website. It has been well received. The PCC has started to visit a number of CP projects across Hertfordshire and is very supportive.

Continue to refine our approach to unit cost information in order to: benchmark performance; contribute to the NOMS PREview model; improve efficiency of internally provided and contracted services; and inform planning, business development and negotiations.

HPT completed the national benchmarking (PREview) returns that are co-ordinated by NOMS and the process was refined by implementing a more robust system for recording activities using process maps.

Contract management processes improved further by increasing performance from some external suppliers. Quarterly Contract Management reports were reviewed by the Business Development Group.

Continue to explore joint commissioning opportunities with partners to improve services, reduce duplication and realise efficiencies.

The updated specification for the mentoring services was awarded. HPT worked alongside Hertfordshire County Council and other partners in developing a joint commissioning approach for adults with complex needs.

Report Community Payback (CP) beneficiary feedback providing information for the Trust and Community Safety Partners. Where possible include local community feedback on publicly visible projects.

The data from two beneficiary services carried out for the four-monthly CP update reports has now been analysed. The data shows high levels of beneficiary satisfaction.

Work with Local PCC and the Health and Well-Being Board to support interventions that reduce re-offending and ensure victim and offender need is suitably addressed in key commissioning decisions.

The Director of Public Health picked up responsibility for leading the health pathway for the Hertfordshire Reducing Re-offending strategy and encouraging the two Clinical Commissioning Groups to engage and improve targeted access to relevant services. The Hertfordshire Public Health Board is now meeting regularly, and there is strong representation from all ten District/Borough Councils, the County Council, Police and Crime Commissioner's Office, Healthwatch, NHS Clinical Commissioning Groups and the Community Sector.

The PD has made good progress, re supporting and training probation staff with relevant service users.

The Director of Interventions has continued to challenge delivery of drug and alcohol services and we are beginning to see some improvement in delivery; this will continue to be monitored closely.

Continue to work with sentencers to ensure interventions are targeted effectively in order to deliver punishment and address risk and need. Raise awareness of the greater effectiveness of community interventions and the resources required to deliver them.

We have continued to monitor referrals across all interventions. Demand reduced for Community Payback and some programmes and revised and reduced contract targets for these were agreed in Quarter 2 and for CP the Quarter 3 Contract Review Meeting with NOMS.

Support the work of the Hertfordshire Criminal Justice Board (HCJB) and PCC to review and update the Community Safety Strategic Partnership structure for Hertfordshire.

HPT continued to fully engage with HCJB, CSPs and the secondment of a manager to the PCC office during 2013/14 has been highly valued. The PCC has made regular positive reference to probation through his extensive external media reporting, and on his website and led bringing together the four

PCCs to a shared strategy for TR. All efforts are being taken to nurture partnership relationships, so they can be sustained in the future operating arrangements.

PROCESSES

Review workforce planning models in light of: MoJ TR probation services reform programme; and sustaining HPT's commitment to the Change Programme to work with neighbouring probation trusts to achieve long term influence on the future delivery of offender facing services in the community.

The four trust Change Programme was reframed during the course of the year to support the start for the NPS and BeNCH CRC. All four probation trusts have continued to exchange information in respect of preparation and mobilisation for the new arrangements that come into operation on 1 June 2014. Respective senior managers across the future landscape have been meeting in shadow form, with every effort taken to collaborate and work together to support staff and the business through transition. The pace and work streams have been dictated by the MoJ TR implementation team and there has been a considerable amount of additional business related to exit management undertaken by the HPT HQ staff during the second part of this year and it has been commendable how they have kept pace with the demands.

HPT completed the staff assignment process for the future NPS and CRC. The CEO for Hertfordshire Probation, Tessa Webb, has been appointed as CEO for the BeNCH CRC and Sonia Crozier as Deputy Director for the NPS South East Division.

Staff have remained focused on 'Business As Usual' and acted with professionalism, and commitment through a period of considerable uncertainty.

Support the Hertfordshire Criminal Justice Boards digital efficiency approach. Implement systems to manage the electronic transfer of advanced disclosure from the CPS. Review internal court administration processes to support this and realise efficiencies.

HPT commenced taking digital Advanced Information from CPS in October 2013. Whilst there have been some issues with technology to support this, e.g. wi-fi links in Court and our new document management system, these are being actively managed and things are settling down well. Our expectation was that we would manage all Court Work including Breach work digitally from 1 June 2014.

Review internal processes and in particular internal administrative support practices in light of the introduction of n-Delius case management system. Identify and realise efficiencies.

The n-Delius pilot was completed just before the beginning of this business year. n-Delius, OASys-R and IAPS are now bedded in. Additionally the new local Data Management System has been deployed, providing opportunities for paperless operation and supporting court processes.

Improve offender engagement through the implementation of the SEEDs model across HPT. Review and evaluate impact of staff and service users.

SEEDs continues to be rolled out in HPT although given all the changes currently taking place within TR we have postponed further training roll-out until after April 2014. HPT has been represented on a national SEEDs development group looking at best practice and quality standards.

Implement the HPT Performance & Quality Framework, which includes internal audit based on HMIP Inspection of Adult Offending Work criteria and OASys Quality Assurance processes to provide information on: Risk and Sentence Plan construction quality; Risk and Sentence Plan delivery effectiveness; and Outcomes for Offenders.

HPT continued to review and update its Practice Framework Guidance to staff, which set out the practice standards the Trust aimed to achieve (like internal national standards). These have been updated for NPS/CRC separation on 1 June 2014.

Peer Review Workshops continue and have become embedded practice.

We have shared with managers and staff some of the common themes arising from the initial HMIP IAOW inspections that have taken place across the country.

TR has significantly reduced our capacity for ongoing internal audit although OASys QA continues and performance has been above target for the year.

Undertake a Sentencer Survey on the quality of Court and Pre-Sentence Report Services.

This was completed in January. We had a limited response so put out the survey again and the results will be reported in 2014/15.

Implement the Accredited Programme Audit Action Plan and undertake a peer review on randomly selected programmes.

The internal pre-audit took place with colleagues from Cambridge and Peterborough Probation Trust in November 2013. The audit data is of good quality. The external audit has now been completed. We were also involved in a national pilot of the new method for audit. The accredited programme action plan has been implemented well.

Further develop service user engagement approaches in partnership with Revolving Doors. In particular include ex-offenders in the review of the delivery of key interventions, including, employability, accommodation, substance misuse and debt management.

A pilot project with Revolving Doors, developing service users to carry out a peer research project has been delivered with feedback to SMT in September. SMT has responded to the list of recommendations and work will go on to develop action plans with the peer researchers, who have become part of the Watford Service User group. The Watford Service User group have fed back some useful observations and ideas especially for Education Training Employment (ETE) and CP which are being implemented. A member of the group attended a county conference on service user accommodation and their contribution was well observed and useful. Three staff have now had training in getting peer research projects service user groups up and running in each centre.

Performance Targets and Performance Measures 2013/14

Target	Hertfordshire result	National result
OM021 Reducing Reoffending Rate (Target 7.24%) Reduce the rate of proven reoffending whilst under the supervision of probation (expressed as the number of offenders who commit offences during the period whilst under the supervision of probation as a percentage of the total number of offenders being managed)	8.7%	9.2%
OM4 Licence Recall Requests 92% of licence recall requests to reach NOMS (Post Release Section) within 24 hours of the decision by the Offender Manager	98.13%	97.22%
OM026 OASys Quality (Probation) 90% of OASys offender assessments judged at least satisfactory	92.49%	91.16%
OM027 Indeterminate Sentence Prisoners Report Timeliness 80% of IPP (Lifer) assessment reports completed and returned to prison within 8 weeks of Parole Review Commencement Date	96.15%	92.14%
OM020 Orders and Licences Successfully Completed At least 75% of Orders and Licences successfully completed	79.38%	77.13%
OM039 Tier 2, 3, 4 and PPO OASys Final Reviews At least 90% of OASys termination assessments to be completed within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 and PPO offenders	85.00%	88.27%
OM017 Accommodation at Termination (Probation) At least 80% of offenders in settled and suitable accommodation at the end of their Order or Licence	88.30%	86.74%
OM040 Court Report Timeliness (incl. RIC) 95% of SDRs/FDRs/ODRs completed within the timescales set by the court.	99.91%	98.29%
OM0005 Enforcement 90% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply – all Tiers	90.24%	92.34%
OM032 Victim Feedback 90% of victim questionnaires at least satisfactory	100.00%	98.17%
OM029 Offender Feedback 67% of offenders respond positively in annual sample	76.50%	76.68%
INT009 Employment at Termination 47% of offenders in employment at termination of their Order or Licence	56.99%	51.09%
INT001 Sex Offender Programme Completions (Probation) 38 accredited sex offender treatment programme completions	38	38
INT002 Domestic Violence Programme Completions (Probation) 60 accredited domestic violence programme completions	60	60
INT003 Accredited OBP (excl SOTP and DV) Completions (Probation) 190 accredited offending behaviour programme completions	190	190
INT007 ATR Completions 50 Alcohol Treatment Requirement completions	108	50
INT017 DRR Completions 50 Drug Rehabilitation Requirement completions	67	50
INT005 Community Payback Completions 640 Community Payback completions	687	640
INT008 Sustained Employment 210 offenders under supervision who find and sustain employment for 4 weeks	282	210

Workload and Activity Statistics

Commencements by type of order/licence

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
CPO	17	0	0	0	0	0
CRO	11	0	0	0	0	0
CPRO	4	0	0	0	0	0
DTTO	0	0	0	0	0	0
Com Order	3,027	3,033	2,881	2,706	2,668	2,328
Licence	419	440	438	523	555	443

Caseload

	31 March 2009	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
CPO	14	0	0	0	0	0
CRO	0	0	0	0	0	0
CPRO	16	N/A	0	0	0	0
DTTO	0	N/A	0	0	0	0
Com Order	2,389	2,485	2,387	2,220	2,132	2,009
Licence	417	431	510	425	600	436

Reports produced (PSR, SSR) by court type:

	2008/09		2009/10		2010/11		2011/12		2012/13		2013/14	
	MAG	CRN	MAG	CRN	MAG	CRN	MAG	CRN	MAG	CRN	MAG	CRN
SDR	1,395	835	1,017	772	633	717	345	401	537	378	586	294
FDR/ODR	1,005	17	1,465	45	1,631	277	2,014	288	1,589	251	1,207	345

Community Punishment hours ordered / worked

CPO/CPRO/UPW	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Hours ordered	156,014	155,667	153,463	145,128	145,430	137,750
Hours worked	107,500	119,115	126,425	114,688	103,258	99,786

Tessa Webb
Chief Executive Officer
10 June 2014

2. Management Commentary

Statutory background

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

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury (HMT) and in accordance with the Accounts Direction, on page 65, issued by the Secretary of State under the OM Act.

Principal activities

Hertfordshire Probation Trust covers the Hertfordshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.014 million. During the year, the Trust employed some 227 full-time equivalent staff that worked from 4 buildings.

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

The discharge of policies as established by NOMS/MoJ are designed to ensure:

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

The Chief Executive Officer (CEO) is the accounting statutory office holder appointed by the Secretary of State. The CEO is the Accounting Officer for the Trust and is accountable to the Director of Probation Trusts and Contracted Prisons who reports to the Chief Executive of NOMS for the stewardship of resources provided to the Probation Trust.

Operational Performance during 2013/14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 12.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 28. The Statement of Changes in Taxpayers' Equity is shown on page 31.

Operating costs

The net operating cost before tax for 2013/14 stands at a loss of £337k compared to a surplus of £116k for 2012/13 (as restated). The main reason for the change in 2013/14 is due to a significant increase in the net interest costs of the pension scheme, following changes to IAS19.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 29 and 30.

The non-current assets total has increased from £596k at 31 March 2013 to £754k at 31 March 2014. The largest single movement in net assets is £1,188k on receivables due from NOMS, due to the fact that the March 2014 contract sum was not received until after year-end. This was partly offset by fall in the bank account balance of £817k.

The other largest movement in the Statement of Financial Position was the overall reduction in the pension fund deficit of £2,991k resulting largely from strong asset returns.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2,470 trade invoices with a value of £3,187,206. The percentage of undisputed invoices paid within 30 days by the Trust was 90% compared to 90% 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 will transfer to the Greater Manchester Pension Fund (GMPF).

The Trust will no longer be required to pay employer contributions to the fund from 1 June 2014.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS transfer with the employee to the new employer the Community Rehabilitation Company (CRC) or the National Probation Service (NPS). The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transfer 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 transfer 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 9.1 days across the Trust (2012/13 11.2 days).

Personal data related incidents

There were no cases of personal data related incidents reported to the Information Commissioner's Office (ICO) in 2013/14 (2012/13: Nil).

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 ceases trading on 1 June 2014. The operations of the Trust have been divided between the NPS and a CRC, both public sector bodies as of 1 June 2014. 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.

From 1 June 2014 all staff employed by HPT will be transferring to either the NPS or BeNCH CRC. The proportion of staff transferring to the CRC/NPS is approximately 151/99.

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 67 to 69.

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

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

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

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

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

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

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

Communications and employee involvement

HPT utilises a range of methods to ensure good communication with staff and key stake holders, these include:

- Daily Information Centre meetings for staff in each Centre
- Monthly LDU Management Meetings
- Monthly Team Brief cascaded to all staff concerning key messages, with opportunity to raise questions
- Quarterly Internal News – *Probation e-Courier*
- Quarterly Diversity Strategy Group, chaired by CEO, including representatives from staff reference groups, Service user group, Unions
- Bi Monthly Union/ Management Meetings

- Quarterly Local Joint Negotiating Consultative Committee
- Assigned lead probation board member to each centre and the team at HMP The Mount
- A wide range of projects include staff representation from across LDUs, specialisms and grade
- CEO walk and talk visits planned through the year
- CEO and Board Chair briefings and engagement to support TR Consultation
- Trained Diversity Champions in each centre
- Staff and Service User suggestion boxes
- Service User reference groups in each centre
- Key stakeholders (approx 80, including MPs and Sentencers) consulted in preparation of annual business plan
- Quarterly LDU reports to Community Safety Partnerships and key partners re reducing reoffending and caseload profiles
- MAPPA Annual Report
- Community Payback Annual Report
- Maintained website with regular updates concerning local media coverage

Staff diversity

HPT regularly collects data to ensure we meet our objectives to promote equalities and remove discrimination, both in the services we deliver and within our HR processes.

The HR Training and Diversity Report containing a range of information and analysis of both service user and employee data is published on the website www.hertfordshireprobation.gov.uk/about-us/diversity-and-equality.

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 26.

- Total audit fees reported in the Accounts are £22,028

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 Hertfordshire Probation Trust Management Board

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

- Board meetings
- Audit Committee
- Finance Committee
- Performance Committee
- Workforce and Diversity Committee
- Exit Management Committee
- Health and Safety Committee

The Chair and other members of the Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments “Guidance on Appointments to Public Bodies”.

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

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

Position	Name	Date appointment commenced
Chief Executive	Tessa Webb	1 April 2010
Chair	Delbert Sandiford	1 April 2010
Board Member	Tap Bali	1 April 2010
Board Member	Robin Gardner	1 April 2010
Board Member	Judith Greenwood	1 October 2010
Board Member	Gabrielle Prince	1 April 2010
Board Member	Anthony Keen	1 August 2013
Magistrates Advisor to the Board	Valerie Beale	17 October 2011
Magistrates Advisor to the Board	Andrew Stevenson	2 November 2011

There have been no conflicts of interest for members of the Board or the Senior Management Team.

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.

Tessa Webb
 Chief Executive Officer and Accounting Officer for the Trust
 10 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 the Commissioner for Public Appointments “Guidance on Appointments to Public Bodies”. The emoluments of these persons are paid for through the Ministry of Justice funds. These disclosures are subject to audit as laid out in the Government’s Financial Reporting Manual (FReM).

The salary and pension entitlements of the senior managers and non-executive directors of the Hertfordshire 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 £000s		Pension Benefits (To nearest £1000)		Total £000s	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials						
Tessa Webb, CEO	75–80	75–80	7,000	5,000	85–90	80–85
Delbert Sandiford, Chair of the Board	15–20	15–20	--	--	15–20	15–20
Tap Bali (RTN Bali), Board Member	0–5	0–5	--	--	0–5	0–5
Robin Gardner, Board Member	0–5	0–5	--	--	0–5	0–5
Judith Greenwood, Board Member	0–5	0–5	--	--	0–5	0–5
Anthony Keen, Board Member	0–5	0–5	--	--	0–5	0–5
Gabrielle Prince, Board Member	0–5	0–5	--	--	0–5	0–5
Valerie Beale, Magistrates Adviser	0–5	0–5	--	--	0–5	0–5
Andrew Stevenson, Magistrates Advisor	0–5	0–5	--	--	0–5	0–5

No bonus payments were paid to members of the Board in 2013–14 (2012–13 – £nil) and no benefits in kind were paid in 2013–14 (2012–13 – £nil).

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

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2010, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013/14	2012/13
Highest paid Director (pay band)	£75k–£80k	£75k–£80k
Median for other staff	£26,052	£25,349
Pay multiple ratio	3.1	3.3

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

Salary

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

Benefits in kind

No benefits in kind are payable by HPT.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2014 £000s	CETV at 31 March 2013 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Tessa Webb (CEO)	£30k–35k plus lump sum of £65k–£70k	0–£1k plus lump sum decrease of (0–£5k)	623	582	22

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

Cash Equivalent Transfer Value (CETV)

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

Real increase in CETV

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

Tessa Webb
Chief Executive Officer and Accounting Officer for the Trust
10 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 Hertfordshire 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 accruals 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 (FReM) and in particular to:

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

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

5. Governance Statement

Introduction

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of HPT's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Secretary of State has delegated to the Permanent Secretary the responsibility for the management of the Ministry of Justice. I am accountable through the Director of Probation Trusts and Contracted Prisons who reports to the Chief Executive of the NOMS for the stewardship of resources provided to the Probation Trust.

I, or an Officer of the Trust delegated by me, give account of service performance to Board meetings, its sub-committees and to the Director of Probation Trusts and Contracted Prisons on a regular basis throughout the year. The Trust gives account of its performance at the end of the financial year by providing an annual report to the Chief Executive of NOMS.

The Annual Governance Statement describes the system of internal control which is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hertfordshire Probation Trust for the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

Governance Framework

HPT has a Board which is made up of the Chair, the Chief Executive, five Board Members and two Magistrates Advisers. It has sub-committees that report in to it with minutes and comments from Committee Chairs. The Committees are Finance, Performance, Audit and Workforce and Diversity and each has their own Terms of Reference which are reviewed on an annual basis. There is also a Health and Safety Committee which submits its minutes and update reports to the Board. Attendance records are kept for the Board and the Committees and for 2013/14 attendance was at 90%.

A Business Risk Management Policy and Framework, approved by the Board, identifies the roles of the Chief Executive Officer, Board, Strategic Management Team, Staff and the Trust's Committees. In addition, it identifies risk management as an integral part of the system of internal control specifying the Trust's requirements in relation to policies and procedures, business planning, budgeting and regular reporting. As Trust policy, its status is such that it requires compliance from all staff.

The Strategic Risk Register is monitored and reviewed by the Trust's Audit Committee which identifies and monitors overall risks significant to the Trust. The Audit Committee reports to all Board meetings on the effectiveness of internal controls and alerts me as Accounting Officer and the Board on any emerging issues. An annual agreed programme of internal audit work is undertaken by the MoJ Internal Audit and Assurance Team and reported to the Audit Committee.

Training is provided for Senior Managers and Board and Audit Committee members as appropriate.

The Board reviews its effectiveness by the Chair carrying out annual appraisals for each Board Member. The Board completed the Institute of Directors questionnaire and the main points arising from this were discussed at the Board Development Day in June 2012. This confirmed good levels of satisfaction with internal control, risk management, performance management and the Audit Committee. The Audit

Committee undertakes an annual self-assessment using a checklist taking account of the Committee's Terms of Reference. The results are reported and discussed at the Audit Committee.

The Trust has considered its compliance with the HM Treasury Corporate Governance in Central Government Departments, Code of Good Practice. The Trust's practices are consistent with the principles of the Code as the Board reviews its effectiveness and role on annual basis. There are effective arrangements in place for risk management and internal control.

In 2011/12 the Board appointed two Magistrates Advisers to the Board and both also attend some of the Committees of the Board.

Regular meetings of the Strategic Management Team (SMT) review all new Policies and Strategies, taking account of consultation feedback before implementation. Progress on Action Plans is regularly monitored. The Trust implements a system of Team Briefings to continue to ensure regular consistent internal communication and the staff publication The 'e-Courier' continues to work effectively, as well as the Intranet 'Touch Point' and the website.

The Trust has made impressive efforts through the year to improve processes specifically in relation to risk management, expense payments, financial control and performance.

Internal Audit's recommendations are considered by the Strategic Management Team, the Local Delivery Unit (LDU) Management Teams and the Audit Committee. They are subject to regular reporting to the Audit Committee.

Risk and Control Framework

The Business Plan, Budget and Business Risk Management Policy and Framework are agreed annually by the Board. The Audit Assurance Framework is established and this provides the Audit Committee with additional assurances of the controls in place. It documents the areas covered by internal and external audits and other internal and external assurances

As part of the Business Risk Management Policy and Framework, a Strategic Risk Register is maintained throughout the year. The Risk Register is reviewed and re-scored on a monthly basis to evaluate the residual risks after taking in to account the controls in place by SMT. The Risk Register is then reported to every Audit Committee and then to the Board. From 2011/12 the Audit Assurance Framework was established and this provides the Audit Committee with additional assurances of the controls in place. It documents the areas covered by internal and external audits and other internal and external assurances.

The Trust has established a framework of policies and procedures that form a key part of the Trust's Control framework. These include:

- Contract Standing Orders
- Standing Financial Instructions
- Scheme of Delegation
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy

The Register identifies risks which underpin each Service priority and objective in the Business Plan. All risks are assessed in terms of both "likelihood" and "impact" and, where relevant, informed by the views of key stakeholders such as Local Authorities, Police and Sentencers. Control measures are identified in respect of every risk. The major risks identified for 2013/14 related to inadequate financial sustainability, failure to manage change and demand effectively, disruption to business affecting service delivery and inability to recruit/retain suitably skilled staff. A new risk identified was for the impact of TR on HPT. Along with the Strategic Management Team and Audit Committee, I formally review monthly all identified risks and consider the updated assessment of the risk. Any significant variation of risk is reported to the Audit Committee as part of the Strategic Risk Register report to every meeting.

The Director of Finance and Business Development reports monthly to SMT, the monthly Management Accounts and Forecasts on the position of the Trust's finances. These are then reported to every Finance Committee and then reported to the Board.

The Board has reviewed, formalised and developed its arrangements by establishing Committees with delegated powers and advisory groups across the range of Service activity. The terms of reference of these groups includes a responsibility to assist in the identification and monitoring of relevant risks. The risks associated with management and control of information are monitored through the Strategic Risk Register and with compliance to external verification.

The internal auditors for Probation Trusts, the Internal Audit and Assurance Team, are well placed to ensure that I am aware of best practice and can take account of it in developing the Trust's capacity to manage risk. Their Audit Programme has not identified any significant issues and the Annual Internal Audit Report showed that all audit reports for 2013/14 were rated mainly Green and 1 Amber Green. This gave a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place, in doing so I ensure that:

- The Business Risk Management Policy and Framework is updated, reviewed and approved as necessary on an annual basis;
- The Audit Committee undertakes an annual review of effectiveness;
- The recommendations of Internal Audit are implemented in a timely and comprehensive fashion;
- The implementation of Internal Audit recommendations is regularly monitored by the Audit Committee;
- Areas for Improvement identified as part of the European Foundation for Quality Management (EFQM) Recognised For Excellence assessment are assimilated into the Business Plan;
- The Performance Management Framework challenges the organisation to continually improve;
- The Internal Audit Annual Report is provided to the Audit Committee to provide assurance to the Audit Committee and the Board, and;
- The Audit Committee provide an Annual Report detailing its activities during the year.

The Trust has continued to consolidate its position with regard to improved performance and has achieved a favourable position on the PTRS (NOMS performance measurement tool); the final performance rating at the end of 2013/14 continues to be green.

In summary, internal control is maintained through management processes that identify risks impacting on the organisation as a whole and on specific improvement plans. I monitor these risks through Strategic Management Team meetings, input from Lead Board Members, the Audit Committee, other Board Committees (Health and Safety, Finance, Performance and the Workforce and Diversity Committees) with minutes and comments from Committee Chairs being reported to the full Board. A "traffic light" system is used to highlight status of risk and exception reports are provided where risk in relation to "likelihood" or "impact" are determined as increasing. Board Members provide assurance with regard to Human Resources, Finance, Diversity, Health and Safety and Performance Management.

Additional information in relation to risk is provided by internal and external audit reports, thematic national reports from NOMS and HM Inspectorate of Probation. The Trust also undertakes a number of internal reviews including European Foundation for Quality Management (EFQM) self-assessment.

The Performance Management Framework ensures that the service continues to benefit from both a comprehensive embedded monitoring system and a culture among staff that puts performance at the forefront of delivery.

The Business Plan was submitted to the Director of Probation Trusts and Contracted Prisons Community Lead following wide external consultation and sets a programme to work towards maximising the value of working with other providers whilst recognising the value for money principles of public service delivery. Training continues to take place with Budget holders to outline their responsibilities for financial control along with a re-issue and review of the financial regulations and delegations and Contract Standing Orders.

Significant Internal Control Issues

No significant internal control matters have been identified.

Tessa Webb
Chief Executive Officer and Accounting Officer for the Trust
10 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 Hertfordshire 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 Hertfordshire 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 1 June 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

Date : 3rd 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)	8,367	7,983
Other expenditure	6	2,820	2,620
Total Expenditure		11,187	10,603
Income	7	(11,487)	(11,289)
Net operating costs		(300)	(686)
Net interest cost on pension scheme	4(c)	637	570
Net operating costs / (income) before taxation		337	(116)
Taxation	5	(3)	39
Net operating costs / (income) after taxation		334	(77)

Other Comprehensive Expenditure

		2013/14	2012/13
	Notes	£000	Restated £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(2)	(6)
Net (gain)/loss on revaluation of intangibles	9	(1)	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Remeasurement of post employment benefits	23	(3,480)	2,084
Total comprehensive expenditure / (income) for 31 March 2014		(3,149)	2,001

The notes on pages 32 to 64 form part of these accounts. The restatement relates to the application of IAS19 (revised). (see note on page 32, item 1.3 'Changes in accounting policies and restatement of comparatives'). All activities are from continuing operations and there are no minority interests.

Statement of Financial Position

As at 31 March 2014

	Notes	2013/14 £000	2012/13 £000
Non-current assets			
Property, plant and equipment	8	68	92
Intangible assets	9	44	49
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		112	141
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	1,276	146
Cash and cash equivalents	13	721	1,616
Total current assets		1,997	1,762
Total assets		2,109	1,903
Current liabilities			
Trade and other payables	14(a)	(441)	(519)
Provisions	15	(12)	(8)
Taxation payables	14(a)	(902)	(780)
Total current liabilities		(1,355)	(1,307)
Non-current assets plus/less net current assets/(liabilities)		754	596
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(11,250)	(14,241)
Total non-current liabilities		(11,250)	(14,241)
Assets less liabilities		(10,496)	(13,645)
Taxpayers' equity			
General fund	23	(10,505)	(13,651)
Revaluation reserve – property, plant and equipment	24(a)	8	6
Revaluation reserve – intangible assets	24(b)	1	0
		(10,496)	(13,645)

The financial statements on pages 28 to 31 were approved by the Board on 10 June 2014 and were signed on its behalf by

Tessa Webb
Chief Executive Officer and Accounting Officer for the Trust
10 June 2014

The notes on pages 32 to 64 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013/14	2012/13
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(334)	77
Adjustments for non-cash transactions	6	36	33
Adjustments for pension cost	4(c)	489	9
(Increase)/decrease in receivables	12(a)	(1,130)	1,250
Increase/(decrease) in payables	14(a)	44	(297)
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	49	(49)
Net cash outflow from operating activities		(846)	1,023
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(49)	49
Purchase of intangibles	9	0	(49)
Proceeds on disposal of property, plant and equipment	8	0	0
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		(49)	0
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net (decrease) / increase in cash and cash equivalents in the period			
		(895)	1,023
Cash and cash equivalents at the beginning of the period	13	1,616	593
Cash and cash equivalents at the end of the period	13	721	1,616
(Decrease) / increase in cash		(895)	1,023

The notes on pages 32 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(11,644)	0	(11,644)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2012		(11,644)	0	(11,644)
Changes in taxpayers' equity for 2012/13 (restated)				
Net operating cost after taxation	SocNE	77	0	77
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	6	6
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	0	0	0
Net gain/(loss) on revaluation of intangibles	24(b)	0	0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)	0	0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	(2,084)	0	(2,084)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(13,651)	6	(13,645)
Changes in taxpayers' equity for 2013/14				
Net operating cost after taxation	SocNE	(334)	0	(334)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	2	2
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	0	0	0
Net gain/(loss) on revaluation of intangibles	24(b)	0	1	1
Transferred to General Fund from tangibles revaluation reserve	24(b)	0	0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	3,480	0	3,480
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2014		(10,505)	9	(10,496)

The notes on pages 32 to 64 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 transferring to the CRCs, relating to past service, and the future financing of all other liabilities in the NPS and CRCs falling due past 31 March 2014.

On 1 June 2014, the Trust ceases trading.

On this date the operations of the Trust transfer to the Secretary of State for Justice on behalf of the Ministry of Justice. They are administered by a new NPS and 21 CRCs.

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

A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the 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 influence the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

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

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 reverse.

1.6 Depreciation

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

Asset lives are currently in the following ranges:

Information technology	5 to 11 years depending on individual asset type
Plant & equipment	7 to 10 years depending on individual asset type
Vehicles	7 to 12 years depending on individual asset type

1.7 Impairment

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

1.8 Intangible non-current assets

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

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

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

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

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

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 5 to 11 years. Licences are amortised over the length of the licence.

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

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

1.9 Non-current assets held for sale

Non-current assets held for sale are identified as assets whose carrying amount will be recovered through sale rather than through continuing use. Depreciation on non-current assets held for sale ceases upon reclassification. Depreciation is re-instated and retrospectively applied to any assets which are subsequently not sold and re-classified as in-use.

1.10 Inventories

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

1.11 Operating income

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

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

1.12 Other Expenditure

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

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

Programme costs and income were shown separately in the Statement of Comprehensive Net Expenditure (SoCNE) in 2012/13. For 2013/14 these costs and income have been absorbed into the main categories of costs and income for the trust and the prior year comparative figures in the SoCNE have been adjusted accordingly.

1.13 Pensions

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

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

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

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

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

1.14 Leases

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.

1.15 Provisions

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

1.16 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of

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

1.17 Corporation Tax

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

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

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

2. Statement of Operating Costs by Operating Segment

As stated in the Trust's Accounting Policies (**Note 1.19**), the Trust's activities are presented in total in the Annual report and Accounts, so no further segmental is required. This is in accordance with IFRS 8 Segmental Reporting. The internal reporting to the Board covers the nature of the services, the type and class of customer for the services, the methods used to provide the services and, the nature of the regulatory environment.

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	7,046	6,252	794	6,861
Social security costs	477	477	0	487
Other pension costs	1,226	1,226	0	1,015
Sub-total	8,749	7,955	794	8,363
Less recoveries in respect of outward secondments	(382)	(382)	0	(380)
Total staff costs	8,367	7,573	794	7,983

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**. The change in other pension costs relates primarily to a large number of staff joining the LGPS due to the introduction of auto-enrolment from HPT's staging date of 1 February 2014.

No staff retired early on ill-health grounds so no additional pension liabilities were accrued in the year (2012/13; No staff £nil).

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
227	205	22	232
227	205	22	232

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	3	3
£10,000–£25,000	0	0	0	0	1	1
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	0	4	4
Total resource cost £000	0	0	0	0	34	34

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 and are included in the above figures. Ill health retirement costs are met from the pension scheme and are excluded from the above table.

4. Pensions costs

The provision of the Local Government Pension Scheme (LGPS) covers past and present employees. The Trust participates in the LGPS administered by London Pension Fund Authority on behalf of Hertfordshire County Council. The LGPS provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at a rate one-eighth of pensionable pay for each year of service. In addition a lump sum equivalent to three-eighths of final pay for every year of total membership is payable upon retirement.

4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Hyman Robertson. For 2013/14, employers’ contributions of £1,374,129 were payable to the LGPS (2012/13 £1,576,130) at 15.5%, with lump sum payments totalling £591,000. The scheme’s Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. The Trust will continue to use the CIPFA discount rate for valuing liabilities (unless advised otherwise by NOMS) – this methodology has previously been agreed with the National Audit Office.

With effect from 1 April 2010, early retirement costs have been included within the Actuarial pension valuation and calculated on the same bases as the pension fund scheme assets and liabilities, in accordance with IAS 19. This was a change to the accounting policy, but as the Trust did not hold any early retirement costs outside the Actuarial valuation, the pension figure did not require reinstatement.

Employer contributions from 1 June 2014 will not be required to be paid by Hertfordshire Probation Trust as it will have ceased trading.

Partnership accounts are excluded under IAS 19.

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

- Employer’s contributions for 2012–13 were 15.5% of salaries and total lump-sum contributions of £761,000; and,
- Employer’s contributions for 2013–14 were 15.5% of salaries and a lump-sum contribution of £591,000; and
- Employer’s contributions for 2014–15 (April and May only) were 15.5% of salaries and total lump-sum contribution of £100,000.

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

	2013/14	2012/13
	%	%
Inflation assumption	2.8%	2.8%
Rate of increase in salaries	4.1%	5.1%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.8%
Discount rate	4.3%	4.5%

Mortality Assumptions made by the Actuary are based on the funds 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% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Current Pensioners – 22.3 years (males) and 24.5 years (females);
 Future Pensioners – 24.3 years (males) and 26.7 years (females).

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

	2013/14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	30,602	30,602
Funded liabilities	(44,843)	0	(44,843)
Unfunded liabilities	0	0	0
Opening balance at 1 April (restated)	(44,843)	30,602	(14,241)
Current service costs	(1,226)	0	(1,226)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(1,226)	0	(1,226)
Net Interest (cost)/income	(2,016)	1,379	(637)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	2,897	2,897
Gain/(loss) from change in demographic assumptions	1,563	0	1,563
Gain/(loss) from change in financial assumptions	700	0	700
Experience gains/(losses)	(1,680)	0	(1,680)
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	583	2,897	3,480
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,374	1,374
Plan participants	(346)	346	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,603	(1,603)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(46,245)	34,995	(11,250)
Plan assets	0	34,995	34,995
Funded liabilities	(46,245)	0	(46,245)
Unfunded liabilities	0	0	0
Closing balance at 31 March	(46,245)	34,995	(11,250)

	2012/13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	26,187	26,187
Funded liabilities	(38,335)	0	(38,385)
Unfunded liabilities	0	0	0
Opening balance at 1 April	(38,335)	26,187	(12,148)
Current service costs	(1,002)	0	(1,002)
Past service costs (including curtailments)	(13)	0	(13)
Gains and losses on settlements	0	0	0
	(1,015)	0	(1,015)
Net interest (cost)/income	(1,839)	1,269	(570)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	2,640	2,640
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(4,789)	0	(4,789)
Experience gains/(losses)	65	0	65
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(4,724)	2,640	(2,084)
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	1,576	1,576
Plan participants	(361)	361	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,431	(1,431)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(44,843)	30,602	(14,241)
Plan assets	0	30,602	30,602
Funded liabilities	(44,843)	0	(44,843)
Unfunded liabilities	0	0	0
Closing balance at 31 March	(44,843)	30,602	(14,241)

4d. Plan assets are comprised as follows

	2013/14				2012/13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	3,524	0	3,524		3,064	0	3,064	
Energy and utilities	1,554	0	1,554		1,475	0	1,475	
Financial institutions	3,801	0	3,801		3,134	0	3,134	
Health and care	537	0	537		702	0	702	
Information technology	2,461	0	2,461		2,090	0	2,090	
Manufacturing	4,032	0	4,032		3,440	0	3,440	
Other	399	1,419	1,818		309	1,288	1,597	
	16,308	1,419	17,727	51%	14,214	1,288	15,502	51%
Debt instruments								
UK Government	2,156	0	2,156		2,451	0	2,451	
Corporate bonds (investment grade)	2,901	0	2,901		2,429	0	2,429	
Corporate bonds (non-investment grade)	0	0	0		0	0	0	
Other	741	0	741		830	0	830	
	5,798	0	5,798	17%	5,710	0	5,710	19%
Property								
UK	0	1,355	1,355		0	1,352	1,352	
Overseas	0	769	769		0	280	280	
Property funds	0	0	0		0	0	0	
	0	2,124	2,124	6%	0	1,632	1,632	5%
Derivatives								
Inflation	0	0	0		0	0	0	
Interest rate	0	0	0		0	0	0	
Foreign exchange	0	30	30		0	15	15	
Other	0	0	0		0	0	0	
	0	30	30	0%	0	15	15	0%
Cash and cash equivalents	1,139	0	1,139	3%	1,139	0	1,139	4%
Investment funds								
Equities	5,325	0	5,325		4,717	0	4,717	
Bonds	853	0	853		612	0	612	
Hedge funds	0	0	0		0	0	0	
Commodities	148	0	148		114	0	114	
Infrastructure	0	0	0		0	0	0	
Other	1,851	0	1,851		1,161	0	1,161	
	8,177	0	8,177	23%	6,604	0	6,604	22%

	2013/14				2012/13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Other	0	0	0	0%	0	0	0	0%
Total	31,422	3,573	34,995	100%	27,667	2,935	30,602	100%

4e. Sensitivity analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

	Approximate % Increase in Employer Liability	Approximate Monetary Amount
	%	£000
Change in assumptions at 31 March 2014		
0.5% decrease in real discount rate	10%	4,549
1 year increase in member life expectancy	3%	1,387
0.5% increase in the salary increase rate	3%	1,557
0.5% increase in the pension increase rate	6%	2,924

5. Taxation

	2013/14	2012/13
	£000	£000
UK corporation tax	(3)	39
Total	(3)	39

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

The negative taxation charge in 2013/14 arises from the difference between the accrued CT liability at 31 March 2013 and the actual payment made in 2013/14 following the submission of the detailed CT computation.

6. Other Expenditure

	2013/14		2012/13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	3		8	
Interest charges	0		0	
Accommodation, maintenance and utilities	774		814	
Travel, subsistence and hospitality	215		170	
Professional services	203		196	
IT services	534		397	
Communications, office supplies and services	178		187	
Other staff related	145		148	
Offender costs	625		474	
Other expenditure	71		156	
External Auditors' remuneration – statutory accounts	22		22	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	14		15	
		2,784		2,587
Non-cash items				
Depreciation of tangible non-cash assets	26		38	
Amortisation of intangible non-cash assets	6		0	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	0		0	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	4		(5)	
Early retirement provisions not required	0		0	
		36		33
Total		2,820		2,620

Restatement of comparatives

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

7. Income

	2013/14		2012/13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	10,904		10,824	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		10,904		10,824
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		178		184
Other income received from Probation Trusts		135		85
Other income from NOMS		19		24
Other income from rest of MoJ Group		4		0
Other income from other Government departments		113		76
Miscellaneous income		125		90
		11,478		11,283
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		9		6
Total income		11,487		11,289

Restatement of comparatives

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

8. Property, plant and equipment

	2013/14			
	Information technology	Plant and machinery	Transport equipment	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2013	9	181	225	415
Additions	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	0	2	2	4
As at 31 March 2014	9	183	227	419
Depreciation				
As at 1 April 2013	6	160	157	323
Charge in year	2	7	17	26
Disposals	0	0	0	0
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	0	1	1	2
As at 31 March 2014	8	168	175	351
Carrying value as at 31 March 2014	1	15	52	68
Carrying value as at 31 March 2013	3	21	68	92
Asset financing				
Owned	1	15	52	68
Finance leased	0	0	0	0
Carrying value as at 31 March 2014	1	15	52	68

8. (Continued)

	2012/13			
	Information technology	Plant and machinery	Transport equipment	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2012	8	174	213	395
Additions	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	1	7	12	20
As at 31 March 2013	9	181	225	415
Depreciation				
As at 1 April 2012	3	135	133	271
Charge in year	2	20	16	38
Disposals	0	0	0	0
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	1	5	8	14
As at 31 March 2013	6	160	157	323
Carrying value as at 31 March 2013	3	21	68	92
Carrying value as at 31 March 2012	5	39	80	124
Asset financing				
Owned	3	21	68	92
Finance leased	0	0	0	0
Carrying value as at 31 March 2013	3	21	68	92

9. Intangible assets

	2013/14		
	Software	Payments on account and assets under construction	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2013	10	49	59
Additions	49	(49)	0
Disposals	0	0	0
Reclassifications	0	0	0
Indexation/revaluation	1	0	1
Transfers	0	0	0
Impairments	0	0	0
As at 31 March 2014	60	0	60
Amortisation			
As at 1 April 2013	10	0	10
Charge in year	6	0	6
Disposals	0	0	0
Reclassifications	0	0	0
Indexation/revaluation	0	0	0
Transfers	0	0	0
Impairments	0	0	0
As at 31 March 2014	16	0	16
Carrying value as at 31 March 2014	44	0	44
Carrying value as at 31 March 2013	0	49	49
Asset financing			
Owned	44	0	44
Finance leased	0	0	0
Carrying value as at 31 March 2014	44	0	44

9. (Continued)

	2012/13		
	Software £000	Payments on account and assets under construction £000	Total £000
Cost or valuation			
As at 1 April 2012	10	0	10
Additions	0	49	49
Disposals	0	0	0
Reclassifications	0	0	0
Indexation/revaluation	0	0	0
Transfers	0	0	0
Impairments	0	0	0
As at 31 March 2013	10	49	59
Amortisation			
As at 1 April 2012	10	0	10
Charge in year	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Indexation/revaluation	0	0	0
Transfers	0	0	0
Impairments	0	0	0
As at 31 March 2013	10	0	10
Carrying value as at 31 March 2013	0	49	49
Carrying value as at 31 March 2012	0	0	0
Asset financing			
Owned	0	49	49
Finance leased	0	0	0
Carrying value as at 31 March 2013	0	49	49

10. Impairments

There have been no impairments of non-current assets during 2013/14 (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	20	54
VAT	0	0
Deposits and advances	0	0
Receivables due from Trusts	11	80
Receivables, Accrued Income and Prepayments due from NOMS Agency	1,188	0
Receivables, Accrued Income and Prepayments due from MoJ Group	0	0
Receivables, Accrued Income and Prepayments due from other Government departments	9	12
Other receivables	0	0
Prepayments	24	0
Accrued income	24	0
	1,276	146
Amounts falling due after more than one year		
Trade receivables	0	0
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	1,276	146

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Balances with other central Government bodies (inc. parent department)	1,199	80	0	0
Balances with local authorities	9	12	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,208	92	0	0
Balances with bodies external to Government	68	54	0	0
Total	1,276	146	0	0

13. Cash and cash equivalents

	2013/14	2012/13
	£000	£000
Balance at 1 April	1,616	593
Net change in cash and cash equivalents	(895)	1,023
Balance at 31 March	721	1,616
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	721	1,616
Balance at 31 March	721	1,616

14. Trade payables and other current liabilities

14a. Analysis by type

	2013/14	2012/13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	0	90
Other payables	0	3
Accruals	172	77
Deferred income	0	14
Staff payables	123	137
Bank overdraft	0	0
Payables due to Probation Trusts	2	6
Payables, Accruals and Deferred Income due to NOMS Agency	117	40
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	22	9
Unpaid pensions contributions due to the pensions scheme	0	94
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	49
	441	519
Tax falling due within one year		
VAT	661	591
Corporation tax	(3)	39
Other taxation and social security	244	150
	902	780
Total amounts falling due within one year	1,343	1,299
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	1,343	1,299

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	1,019	826	0	0
Balances with local authorities	27	09	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,046	835	0	0
Balances with bodies external to Government	297	464	0	0
Total	1,343	1,299	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	8	0	8
Provided in year	0	0	12	0	12
Provisions not required written back	0	0	(8)	0	(8)
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	12	0	12

	2013/14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	12	0	12
Current liability	0	0	12	0	12
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	12	0	12

	2012/13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	13	0	13
Provided in year	0	0	0	0	0
Provisions not required written back	0	0	(5)	0	(5)
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
Balance as at 31 March	0	0	8	0	8

	2012/13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	8	0	8
Current liability	0	0	8	0	8
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
Non-current liability	0	0	0	0	0
Balance as at 31 March	0	0	8	0	8

The provision held at 31 March 2013 has been written back as it is no longer required. Further provisions have been made in 2013/14 in respect of six ongoing potential health and safety claims, where the Trust's liability is capped at a maximum of £2,000 per claim.

16. Capital commitments

Commitments for capital expenditure and major maintenance works for which no provision has been made in these accounts were as follows:

	2013/14	2012/13
	£000	£000
Property, plant and equipment	0	0
Intangibles	0	25
Total	0	25

There were no capital commitments at the reporting date (2012/13: £25,000 relating to the then unspent portion of a bespoke document management system).

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	0	1
Later than one year and not later than five years	30	0
Later than five years	0	0
Total	30	1

The Trust previously held operating leases for the provision of water coolers and water boilers and these were cancelled in 2013/14. The new lease signed in 2013/14 relates to the rent of storage facilities in Hemel Hempstead from Dacorum Borough Council and used for the storage of CP tools, equipment and some vehicles.

17b. Finance leases

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

Obligations under finance leases for the following periods comprise:

	2013/14	2012/13
	£000	£000
Other		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Less interest element	0	0
Present value of obligations	0	0

Present value of obligations under finance leases for the following periods comprise:

	2013/14	2012/13
	£000	£000
Other		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Total present value of obligations	0	0

The Trust does not hold any finance leases (2012/13 : £nil).

18. Other financial commitments

The Trust has not entered into any non-cancellable contracts which are not leases (2012/13 – £nil).

	2013/14	2012/13
	£000	£000
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Total	0	0

19. Deferred tax asset

The Trust had 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.

21. Contingent liabilities

The Trust was not aware of any contingent liabilities as at the reporting date (2012–13 – £nil).

22. Losses and special payments

22a. Losses statement

	2013/14		2012/13	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	1	0	1	0
Store losses	0	0	0	0
Total	1	0	1	0
Details of cases over £300,000				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Store losses	0	0	0	0
Total	0	0	0	0

The Trust made no payments for losses in excess of £300,000 in 2013/14 (2012/13 – £nil).

22b. Special payments schedule

The Trust made no special payments in excess of £300,000 in 2013/14 (2012/13 – £nil).

23. General fund

	2013/14	2012/13
	£000	£000
Balance at 1 April	(13,651)	(11,644)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(13,651)	(11,644)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(334)	77
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	3,480	(2,084)
Balance at 31 March	(10,505)	(13,651)

24. Revaluation reserve

24a. Property, plant and equipment

	2013/14	2012/13
	£000	£000
Balance at 1 April	6	0
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	6	0
Arising on revaluations of PPE during the year (net)	2	6
Transferred to General Fund	0	0
Balance at 31 March	8	6

24b. Intangibles

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

25. Related party transactions

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

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

26. Third-party assets

The Trust held no third-party assets as at the reporting date (2012/13 £nil).

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

The Trust will cease 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 ceases 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 will transfer 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 will transfer 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 transfer 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 will transfer to the NPS under the Secretary of State for Justice.

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

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	(262)
Other comprehensive expenditure	2,263
Total comprehensive expenditure	2,001
Restatement:	
Increase in programme expenditure (interest costs)	185
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(185)
	0
Extract from the 2012/13 accounts after restatement:	
Net operating expenditure after taxation	(77)
Other comprehensive expenditure	2,708
Total comprehensive expenditure	2,001

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	(13,651)
Restatement:	
Increase in net operating expenditure	185
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(185)
General fund balance as at 31 March 2013 after restatement	(13,651)

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**.

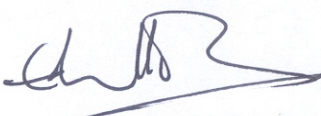
Trust insert any other prior period adjustments cleared with Auditors and NOMS.

	31 March 2013 as per 2012/13 Audited Accounts	31 March 2013 restated comparatives	Differences
	£000	£000	£000
Programme Costs			
Staff costs	140	0	140
Other programme costs	30	0	30
Income	(184)	0	(184)
	(14)	0	(14)

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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 four buildings.

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 and 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 adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

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

Social and environmental awareness

Since 2011, Hertfordshire Probation Trust has adopted its own Environmental Strategy and Policy and this has been implemented across our four offices with the involvement of staff.

Performance summary

Greenhouse gas (GHG) emissions

		2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	486	477	396	214
	Electricity: green/renewable	0	0	0	0
	Total net emissions for scopes 1 & 2	486	477	396	214
	Travel emissions scope 3	18	102	113	100
	Total gross GHG emissions (all scopes)	504	579	509	314
Non-financial (kWh)	Electricity: Grid, CHP and non-renewable	519,845	536,471	207,216	167,727
	Electricity: renewable	86,161	91,703	0	0
	Gas	913,445	801,468	776,289	724,159
	Other energy sources	0	0	0	0
	Total energy	1,519,450	1,429,641	983,505	891,896
Financial indicators	Expenditure on energy	89,253	217,367	79,050	47,130
	Expenditure on official business travel	-	237,780	163,919	185,559

Performance commentary (including targets)

The buildings occupied by Hertfordshire Probation Trust are:

- Argyle House, Stevenage
- Bishops College, Cheshunt
- King Street, Watford
- Victoria Street, St Albans

Waste

			2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste	27	17	10	9
	Non-hazardous waste	Landfill waste	10	7	6	6
		Reused/recycled waste	17	11	7	2
		Energy from waste	0	0	0	0
		Total waste arising		54	35	23
Financial indicators	Hazardous waste	Hazardous waste	-	-	-	-
	Non-hazardous waste	Landfill waste	825	536	-	-
		Reused/recycled waste	2,519	1,641	-	-
		Energy from waste	0	0	0	0
		Total waste costs (£)		3,344	2,177	-

Water

		2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres)	2,917	3,550	-	933
Financial indicators	Total water supply costs (£)	8,277	11,790	-	1,905

Paper

	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)	9,061	11,935	10,745	8,471

Glossary

Term	Abbreviation
Activity Requirement	AR
Anger Replacement Training	ART
Alcohol Treatment Requirement	ATR
Bail Assessment and Support Service	BASS
Choices and Consequences	C2
Children and Family Courts Advisory Service	CAFCASS
Chief Executive Officer	CEO
Criminal Justice System	CJS
Community Order/Suspended Sentence Order	CO/SSO
Community Payback	CP
Community Payback Officer	CPO
Case Recording And Management System	CRAMS
Community Rehabilitation Company	CRC
Crown Court	CRN
Community Rehabilitation Order	CRO
Community Safety Partnerships	CSPs
Drug Testing and Treatment Order/Drug Rehabilitation Requirement	DTTO/DRR
Domestic Violence	DV
European Foundation Quality Framework	EFQM
Early Response to Domestic Abuse Programme	ERDAP
European Social Fund	ESF
Employment Training and Education	ETE
Fast Delivery Reports	FDR
Hertfordshire County Council	HCC
Hertfordshire Drug and Alcohol Service	HDARS
Hertfordshire Probation Trust	HPT
Hertfordshire Safeguarding Adults Board	HSAB
Hertfordshire Safeguarding Children's Board	HSCB
Health and Well Being Board	HWBB
Intensive Alternative to Custody	IAC
Inspection of Adult Offending Work	IAOW
Integrated Domestic Abuse Programme	IDAP
Independent Domestic Violence Adviser	IDVA

Term	Abbreviation
Integrated Offender Management	IOM
Legal Aid Sentences and Punishment of Offenders Act	LASPO
Local Criminal Justice Board	LCJB
Local Delivery Unit	LDU
Magistrates Court	MAG
Multi Agency Public Protection Arrangements	MAPPA
Multi Agency Risk Assessment Conference	MARAC
Mentally Disordered Offenders	MDO
Ministry of Justice	MoJ
National Association for Care and Resettlement of Offenders	NACRO
National Offender Management Service	NOMS
National Probation Service	NPS
Offender Assessment System	OASys
Offender Engagement Programme	OEP
Offender Managers	OMs
Police and Crime Commissioner	PCC
Probation Case Management System	PCMS
Probation Trust Rating System	PTRS
Personality Disorder	PD
Prolific and other Priority Offender	PPO
Pre Sentence Report	PSRs
Recognised for Excellence	R4E
Restorative Justice	RJ
Reflective Supervision Model	RSM
Specified Activity Requirement	SAR
Standard Delivery Report	SDR
Skills for Engagement and Effective Delivery	SEED
Strategic Management Board	SMB
Strategic Management Team	SMT
Supporting Others through Volunteering Action	SOVA
Senior Responsible Officer	SRO
Service Users Reference Group	SURG
Targeted Assessment and Support	TAS
Voluntary Early Departures	VED

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