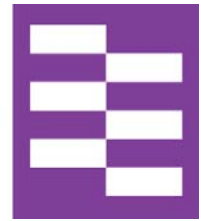
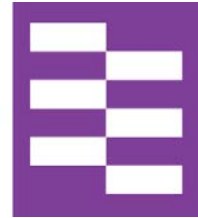


**Northamptonshire**  
Probation Trust



# **Northamptonshire Probation Trust**

**Annual Report and Accounts**  
**2013–2014**



**Northamptonshire Probation Trust**  
**Annual Report and Accounts**  
**2013–2014**

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

## Vision

Our Vision is to be a modern, respected, competitive and forward thinking Trust inspiring loyalty, commitment and real achievement from our staff.

## Mission

Our Mission is to reduce reoffending.

## Strategic Priorities

Our three strategic priorities are:

### Delivery

Delivering an effective service matters. It can make the difference between an average service and the realisation of genuine lasting outcomes. It's about a mindset to want to deliver the best service possible, attentive to risk, yet aware of cost. We want our staff to take pride in delivering quality; we want our partners to experience and contribute to quality, and we want service users to tell us what quality feels like for them. In this way, we can design quality into everything that we do and use it to define who we are.

### Engagement

We know that real engagement with service users can make a genuine difference helping them change their lives and reduce their offending. We are keen to ensure that we design services which meet the needs of offenders and victims, rather than just suiting us so we will listen more and focus on delivery on practice which achieves critical outcomes. We want to harness our professional skill base to ensure that we build powerfully effective relationships with service users, other key professionals and local communities premised on respect and a mutual understanding of core issues and concerns.

### Efficiency

We have been making cumulative savings now for a number of years and as our budgets reduce, this challenge becomes ever more important. Efficiency is broader than just reducing budgets or working with reductions, we want staff to continue to deliver services of quality, but reducing the amount of resources that are used to do so. We want to ensure that staff feel empowered to look at processes, systems and ways of doing things to pursue efficiency without damaging our capability.

## Foreword

On 9 May, the Government published “Transforming Rehabilitation: A Strategy for Reform” – the Government’s response to the consultation document “Transforming Rehabilitation: a revolution in the way we manage offenders”. The strategy set out the Government’s plans to transform the way in which offenders are managed in the community in order to reduce reoffending.

As a result of the recommendations there is to be a change in the way that probation services are commissioned and delivered. Probation Trusts throughout the country cease to exist from 31 May 2014 and, with effect from 1 June, a new National Probation Service (NPS) was created and will manage high risk of harm offenders. Community Rehabilitation Companies (CRCs) are to be created to manage medium to low risk of harm offenders. This work will, later in the year, be contracted out to the private sector. Future ownership of the CRCs is currently subject to a nationally run competition. Staff are being allocated either to the National Probation Service or to the newly created CRC which will cover the Bedfordshire, Northamptonshire, Cambridgeshire and Peterborough and Hertfordshire areas.

Despite these uncertain times for staff in Northamptonshire Probation Trust it is to their great credit that performance has been maintained to such a high standard. Year-end performance was rated at level 3 (green) and the NOMS contract was successfully delivered.

The Trust has continued its good working relationships with its stakeholders, including the Police and Crime Commissioner, courts and local authorities. These relationships will continue to be vital in the work of the NPS and CRC.

The Business Plan set for 2013–14 was successfully delivered and is further evidence of the quality and commitment of NPT staff who remain committed to working towards reducing offending in Northamptonshire.

In what has been a most challenging year for staff in the Trust, I am very pleased to report a successful year, one in which the demands of Transforming Rehabilitation was held in the proper context by my staff who have maintained a strong focus on their work to provide high quality services to the courts, communities, victims and offenders in Northamptonshire. As the Trust comes to an end my staff can be justly proud of all that they have achieved.

John Budd  
Chief Executive Officer  
11 June 2014

Tansi Harper  
Board Chair  
11 June 2014

# 1. Operational & Performance Review 2013–14

## Operational Review

Northamptonshire Probation Trust is managed operationally by a Chief Executive and the three Directorates are managed by four Directors. Key highlights across the three Directorates for the year 2013–2014 were as follows:

### **Directorate for Offender Management and Public Protection**

The Directorate for Offender Management and Public Protection has the overall responsibility for the effective management of approximately 3,200 offenders, with around two thirds being subject to orders made by the Crown and Magistrates Courts. All offenders are provided with a level of supervision commensurate with the level of risk they present to with defensible 'sentence plans' in place to address critical areas of concern. The emerging government agenda, "Transforming Rehabilitation" has heralded many opportunities along with uncertainties. Staff within the Trust continue to deliver to high levels of service and this has been evidenced through performance reporting and internal quality assurance processes.

Relationships with stakeholders continue to progress well with strategic interests and issues being progressed collaboratively. There is an excellent inter-face and representation on forums within the county to progress critical issues relating to advancing public protection and securing necessary interventions and support for offenders to assist with their rehabilitation. At a strategic level, it is notable and impressive that key work is being undertaken to secure the necessary commitment and involvement of key partners to progress the 'pathways' to reduce offending. In relation to protecting the public and keeping communities safe, partnership involvement has been well evidenced within the MAPPA arena, where new structures and guidance have been well implemented to provide assurance that the 'critical few' (those offenders who pose the highest risk of harm) are defensibly managed.

Our Integrated Offender Management programme continues to progress well and be responsive to national and local expectations. Exciting and notable achievements have been evidenced in designing a structured programme to work with prolific and priority offenders (PPOs), and we are supporting police colleagues in working with some non-statutory offenders. We continue to benefit from having a co-located team with the police and this year have moved to a new criminal justice site. The GPS satellite tracker system we use for PPOs on a voluntary basis is proving popular both with offenders and staff in supporting the management and compliance of this challenging cohort. The Reducing Re-Offending Partnership Board is the governance structure for Integrated Offender Management and we are proud of the successes being achieved in terms of reducing offending, managing risk and working collectively and collaboratively to secure the necessary interventions to help change the lives of offenders. The support of the REACH project and mentors has been invaluable in supporting IOM and we look forward to progressing future initiatives.

There have been many challenges and changes within Offender Management over the past year. The reductions in public sector funding have been a key feature for our work and relationship with key stakeholders and agencies. No one body has been immune from the fiscal pressures and these have prompted us to work collectively with key partners and agencies to review and revise the delivery of provision to all offenders. We consider that through active collaboration and discussion, service delivery has not been compromised despite the changes made and in many respects this has forged improved communication links and joint opportunities. Within the field of 'safeguarding' and public protection the development of the Multi-agency Safeguarding Hub (MASH), is a good example of joint working. We have placed, and will continue to place an increased focus on 'safeguarding' given the wider partnership expectations of this critical area of work.

Professional Practice within Offender Management has continued to build on the expectations of the National Standards Framework (2011) premised on encouraging an Offender Manager to make informed, defensible, recorded judgements based on the risk(s) posed by an offender. A holistic approach has been adopted to embed Professional Judgement across the Trust and this is progressing well. The focus on improving and evidencing engagement with ‘service users’ under new initiatives, such as SEEDS has been hugely welcomed by the staff in the Trust and in the forthcoming year this will be fully implemented.

With the support of staff from other Directorates we consider that we have progressed well with local and national expectations. We have met all of our key delivery requirements set by NOMS commissioners and remain committed to supporting and providing offenders with the necessary interventions and guidance to commence the journey to desist from crime.

### **Directorate for Interventions, Partnerships and Community**

The Directorate of Interventions, Partnerships and Community has responsibility for assisting NPT develop an outward facing perspective and building partnerships with a wide range of stakeholders to include the County Council, District and Borough Councils, Community Safety Partnerships, Clinical Commissioning Groups, PCC’s Office, DAAT Public Health Substance Misuse Commissioners and voluntary sector. The purpose of building these partnerships is to support the reduction of reoffending through the delivery of the 7 pathways. The DIPC also has internal responsibilities for the Programmes Unit, Bridgewood House, Victim Liaison Service, transitioning of the Drug and Alcohol team to CRI (new substance misuse providers), development and delivery of the Criminal Justice/Mental Health (MH) agenda, development /delivery of new PD bid, Community Payback, delivery of SLAs in two Prisons, delivery of the ETE agenda/contracts and development/delivery of the Reducing Reoffending Strategy.

During the year, the Directorate secured additional funding and capacity as follows: successful delivery of the REACH 2 project in line with contractual requirements resulting in additional funding secured for 0.5 post, to support transitional work with young adult offenders, securing a new contract with Ingeus (Work Programme Provider) for 2013–2014, NPT were awarded a new 12 month contract with National Careers Service (NCS) for 2013–2014 and successfully secured funding via the local area agreement performance reward grant for a partnership funded post for a second year 2013–2014 (across Probation, Police and Districts), which will be line managed by the Trust and secured £10k contribution from the PCC’s Office towards this shared post.

Work with partners continued to develop during the year as follows: a successful partnership event with the Borough/District Councils to develop the Accommodation Pathway, embedding the Employment, Training and Education (ETE) strategic forum into the Northamptonshire Enterprise Partnership “Worklessness Forum” – NEP is lead agency for ETE developments in the Reducing Reoffending Strategy. NPT continues to Chair a Criminal Justice Mental Health group and is a key partner in the development of the mental health pathway, and has secured funding to develop the Personality Disorder agenda with a service provider. The Trust was mentioned in PCA/Revolving Door good practice guidance on MH and NPT successfully engaged in the development of the specification and the selection process of a new substance misuse provider. We have secured additional funds from the Public Health to ensure the embedding of the new service in the county, ensuring links with offender needs.

The Directorate faced challenges in the year when the surprise decision to close Wellingborough Prison was announced. However, successful project management of the closure resulted in the majority of staff securing alternative employment in the Trust. In addition key areas of the Directorate were reviewed to release efficiency savings which included: the restructure and review of staff structure in Bridgewood Approved Premises to realise efficiencies, the restructure of Treatment Management in Programmes Unit to realise efficiencies, the review and restructure of the UPW Unit to realise efficiencies and ensure capability to deliver in line with Government requirements (e.g. intensive orders).



Strategic links with partners further developed in the year to include: continued strategic positioning of the Trust at the County Leadership Forum, developing links with the Police and Crime Commissioner's (PCC) Office and working with PCC's Office on 2 year crime prevention/reduction initiative related to 16–24 year olds to focus on health/mental health and ETE needs.

The Directorate also actively engaged in audits and thematics to review existing services and develop them further. This included achieving successful Victim Liaison Audit thematic inspection results, a successful Unpaid Work internal audit related to the planning/piloting of intensive orders and the ETE Unit has been awarded the Matrix Accreditation to deliver Information/Advice/Guidance for a further 3 years, all of which show the breadth and quality of services provided within the Trust.

### **Directorate for Corporate Services**

The Directorate of Corporate Services covers Human Resources, Finance, Information Technology, Performance, Health & Safety and Estates. In addition, the Director is the Contract Manager for the three year Trust contract with the National Offender Management Service.

In October 2013, the post holder left and a Director of Finance was seconded in part time from Hertfordshire Probation Trust and a Director of Human Resources from Cambridgeshire and Peterborough Probation Trust (CPPT). The other duties of this Directorate were allocated to other members of the Senior Management Team.

In addition to managing the budget the Finance Staff have been working on the requirements of the Transforming Rehabilitation Programme which involved completion of many data returns. The Trust also received a favourable Financial Controls Audit during the year.

For Human Resources colleagues, the main challenge during the year was to deliver the people-side of the Transforming Rehabilitation agenda for Northamptonshire. This involved a significant amount of work in advising staff and consulting with unions, as well as TR-related training and data sharing. In addition to the work around TR, the HR team have maintained effective delivery of day-to-day HR matters, whilst having one member of the team working on an external secondment from the Summer. The team have successfully continued to deliver safeguarding training and continue with Vocational Qualifications and the Probation Qualification Framework for PSOs.

The Director continued as the lead for the Informal Joint Consultative Committee with the Trades Unions and supported the Chief Executive in regular meetings with them, to communicate changes, plan and discuss key Trust wide issues.

The Trust continued to prioritise joint Trades Unions and management Health and Safety workplace inspections and these formed a core basis for the Health and Safety Committee work plan for the year. The Committee received details of all Incidents and Accidents during the year and of the 6 severity levels there were 89 incidents (107 in 2011–2012) of which 85 (105 in 2011–2012) were at the lowest severity level (near hit/miss incidents which did not require first aid) and 4 incidents at the second lowest level (2 in 2011–2012). The Trust closed the Corby reporting office (established in 2011–2012 following the closure of the established Corby office). There was no detrimental impact on service delivery or any reduction in reporting rates from travelling to other offices.

The Information Service Unit successfully implemented the OASY's R in the early part of the year. NPT adopted National DELIUS and this was implemented in July. This involved all Managers working collaboratively to enable its successful implementation. IT unit led on a post implementation group to ensure that all the practice concerns were identified and addressed. The impact of the TR programme on the IT department can not be under estimated and this work has become a priority area for the IT unit. During 2013–14 the unit has managed all Freedom of Information and Data Protection requests on behalf of the Trust in a timely manner.

In the year, the team responded to 14 Freedom of Information requests (8 in 2011–2012, 11 in 2012–13) and 21 Data Protection requests (11 in 2011–2012, 13 in 2012–13).

## Performance Review

NPT performed well against the contractual targets agreed for the year, with 17 of the 19 targets met or exceeded by year end. Key targets for the Trust are included in the national quarterly Probation Trust Rating System (PTRS) and NPT delivered consistently good performance achieving a level 3 rating (with 4 the maximum level possible) for all quarters of the year. This performance compared favourably with other Trusts nationally and locally and evidenced the Trust's consistent and sustained performance over the years. NPT's overall target to reduce reoffending also performed positively with a reduction in the rate of proven offending rate of 6.74 compared to the nationally predicted rate of 6.95.

Performance against the contractual targets for 2013–2014 was as follows:

Description	Target	Actual
Orders of the Court and Releases from Custody on Licence are successfully completed	75%	79.46%
Pre-Sentence Reports (PSRs) are completed within timescales set by the court	95%	98.03%
Cases in which initiation of breach proceedings took place within 10 working days	92%	92.97%
Licence recall requests to reach NOMS Post Release Section within 24 hrs	90%	98.68%
To achieve a rating of level 3 or better for creating appropriate records on:		
• ViSOR (OM046) and	90%	88.41%
• Attendance at both SMB (OM041A) meetings and	75%	100%
• MAPPA meetings for Level 2 and 3 cases (OM041B)	90%	99.59%
Offenders surveyed who are satisfied or very satisfied	70%	71.37%
OASys final reviews (terminations) are completed or updated within the appropriate timescales	90%	91.65%
OASys assessments are assessed as either "Satisfactory" or "Good"	88%	93.92%
Indeterminate Sentence Prisoner assessment reports are completed by target deadline	80%	98%
The number of offenders on an order or licence who find and sustain employment	165	154
Percentage of offenders in employment at termination of their order or licence	52%	56.84%
Percentage of offenders in settled and suitable accommodation at the end of their order or licence	81%	88.80%
The number of Accredited Offending Behaviour Programme completions	80	51
The number of Sex Offender Programme completions	34	35
The number of Domestic Violence Programme completions	60	60
The number of Community Payback completions	600	723
Victims responding to NOMS Victim Survey are satisfied or very satisfied	90%	100%

In addition, the contract with the National Offender Management Service also included targets for Specified Activity Requirements (SARs) and performance against these was as follows:

Specified Activity Requirements	Target	Actual
Women's Specified Activity (WSAR)	20	46
Compliance Specified Activity (CAR)	100	79
Alcohol Specified Activity (ASAR)	80	115
ETE Specified Activity	90	97
BASS	32	32

John Budd  
Chief Executive Officer  
11 June 2014

## 2. Management Commentary

### Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from Northamptonshire 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 59, issued by the Secretary of State under the OM Act.

### Principal activities

Northamptonshire Probation Trust covers the Northamptonshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 684,000. During the year, the Trust employed some 206 full-time equivalent staff that worked from 3 offices and 1 hostel across the area. In addition the Trust employed some staff who were seconded to 2 prisons and other Ministry of Justice or related organisations.

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 8.

### Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 26. The Statement of Changes in Taxpayers' Equity is shown on page 29.

### Operating costs

The net operating cost before tax for 2013–14 stands at a loss of £447k compared to a loss of £244k for 2012–13 (as restated). The reason for the increase is due to a significant increase in the net interest costs of the pension scheme following changes to the IAS19.

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

The Statement of Financial Position and Statement of Cash Flows are on pages 27 and 28.

The net liabilities position has decreased from £771k at 31 March 2013 to £753k at 31 March 2014. The largest single movement in net liabilities is £301k on receivables due from NOMS for 2012–13 but in 2013–14 only a partial sum was invoiced and this had been settled.

### Payment of creditors

In the year to 31 March 2014, the Trust paid 1692 trade invoices with a value of £7,261,574. The percentage of undisputed invoices paid within 30 days by the Trust was 95.86% compared to 95.70% in 2012–13.

### Treatment of Pension Liabilities

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

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

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

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

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

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

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

### Sickness absence data

The average levels of absence due to staff sickness were 14.09 days across the Trust (2012–13 absence was 13.86 days).

### Personal data related incidents

There were no significant personal data related incidents in 2013–14, which were formally reported to the Information Commissioner's Office (ICO).

All staff undertake a compulsory Information Assurance training course when joining the Trust.

### Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 27** of the Accounts for further details.

From 1 June 2014 all staff employed by NPT will be transferring to either the NPS or BeNCH CRC. The proportion of staff transferring to the CRC/NPS is approximately CRC 109 and NPS 108.

### 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 61 to 65.

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

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

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

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

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

A tender process is currently under way with 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 (FRM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

## Communications and employee involvement

- Monthly management meetings
- Monthly Chief Executive Officer Bulletin cascaded to staff with key messages and giving an opportunity to raise questions
- Union and Senior Management meetings
- Formal and Informal Joint Consultative Committee
- CEO and Trust Chair Roadshows
- CEO and Trust Chair briefings and engagement to support Transforming Rehabilitation Consultation
- Service User reference groups
- Reports to Community Safety Partnerships and key partners relating to reducing reoffending and caseload profiles
- MAPPA Annual report
- Community Payback Annual report

## Staff diversity

NPT 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.

## 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 24.

Total audit fees reported in the Accounts are £33k. The audit fees for 2013–14 are made up of:

- External Audit £20k and
- Internal Audit £13k

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 Northamptonshire Probation Trust Management Board

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

- Agreeing and delivering the contract with NOMS.
- Preparing annual plans for service provision, including an assessment of the risks.
- Ensuring the accounts are prepared and presented in accordance with the FReM.
- Agreeing the accounts and ensuring appropriate records are maintained.
- Agreeing the Governance Statement for inclusion in the annual accounts.
- Ensuring effective procedures for handling complaints are established.
- Being available if required, to appear before a Public Accounts Committee.
- Holding the Chief Executive accountable for the operational performance of the Trust.

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 14 to 16.



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

<b>Position</b>	<b>Name</b>	<b>Date appointment commenced / ended (during 2013–14) where appropriate</b>
Chief Executive	John Budd	n/a
Chair	Tansi Harper	n/a
Board Member & Vice Chair	Allan Siu	n/a
Board Member	Colin Chapman	n/a
Board Member	Wray Irwin	n/a
Board Member	Donna Pumfrey	n/a
Board Member	Terry Schofield	n/a

There have been no conflicts of interest for the 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.

John Budd  
 Chief Executive Officer and Accounting Officer for the Trust  
 11 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 (FRM).

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

#### A) REMUNERATION – AUDITED

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

	2013/14		2012/13	
	Salary (as defined below) £000s	Pension Benefits £	Salary (as defined below) £000s	Pension Benefits £
<b>Chief Executive Officer</b>				
Bill McHugh (1)			£70k–£75k	0
John Budd (2)	£45–£50k	-	£40–£45k	-
<b>Chair</b>				
Tansi Harper	£15–£20	0	£15k–£20k	0
<b>Board Members</b>				
Allan Siu (NED)	0–5	0	£0k–£5k	0
Colin Chapman (NED)	0–5	0	£0k–£5k	0
Donna Pumfrey (NED)	0–5	0	£0k–£5k	0
Terry Schofield (NED)	0–5	0	£0k–£5k	0
Wray Irwin (NED)	0–5	0	£0k–£5k	0

No benefits in kind were paid to directors in the year.

- (1) Substantive Chief Executive Officer during 2012/13 seconded to NOMS from July 2011, all costs met by NOMS
- (2) Chief Executive under a shared arrangement with CPPT, employed and remunerated by that Trust; reimbursements of salary costs are as follows: £45–50K 2013–2014 (comparative £40–45k in 2012–13)

All 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. The Trust at its 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)	£85k–£90k	£85k–£90k
Median for other staff	£25,002	£25,794
Pay multiple ratio	2:1	3:1

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

### Salary

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

### Benefits in kind

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

## 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
Mr W McHugh (1)	23	0	64	46	0

(1) Mr McHugh is a substantive employee of the Trust, seconded to the National Offender Management Service

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.

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

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

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

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

## 5. Governance Statement

### Introduction

As Accounting Officer I have put in place governance arrangements to ensure that the right decisions are made at the right time, at the right level and by the right people. I am satisfied that I have the necessary systems and processes in place which enable me to maintain an effective system of internal control throughout the Department and that supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally accounting.

My Senior Management Team support me in ensuring that we quickly identify any emerging risks and put actions in place to manage them and that we regularly review how well risks are being managed.

The Accounting Officer works closely with and is part of the LCJB and works with the Commissioner (NOMS) to deliver the Trust's three year contract with the Secretary of State for Justice.

In 2013–2014, Northamptonshire Probation Trust (NPT) faced many challenges, which included significant operational, and structural changes to the delivery of Probation Services.

This statement sets out in more detail how we have continued to develop our governance structure which builds on the positive Internal Audit report on Governance in 2011–2012 and the Audit Committee Self Assessment a year earlier. The statement sets out how we have reviewed our risks to ensure that we maintain our focus on the areas that are most likely to prevent us from achieving our objectives. I am confident that we have the governance, risk management and assurance arrangements in place to ensure that we can rise to those challenges.

### Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Trust operates.

### The Trust Board

The Trust Board forms the Strategic leadership of the Trust and membership is comprised of the Trust Chair, at least four non Executive Board members and the Chief Executive. The Board is supported by the Trust Secretary and Director of Finance and meetings are also attended by the Senior Management Team.

The Probation Trust Board ensures, through the Chief Executive, that arrangements are in place to meet its accountabilities to the National Offender Management Service (NOMS) and through the Agency to Parliament. These include:

- Agreeing and delivering the contract with NOMS.
- Preparing annual plans for service provision, including an assessment of the risks ensuring the accounts are prepared and presented in accordance with FReM.
- Agreeing the accounts and ensuring appropriate records are maintained.
- Agreeing the Governance Statement for inclusion in the annual accounts.
- Ensuring effective procedures for handling complaints are established.
- Being available if required, to appear before a Public Accounts Committee.
- Holding the Chief Executive Accounting for the operational performance of the Trust.

## Committees and Sub-Committees of the Board

### The Audit Committee

The Trust's Audit Committee is a committee of the Board and its terms of reference are based on a Treasury Framework. The Audit Committee met five times during the year and supports the Trust Board in its responsibilities for good governance by reviewing the comprehensiveness, reliability and integrity of the assurances required and leading the implementation of the Board's commitment to the highest standards of probity and propriety in the use of public funds.

### Information Security Forum

The Trust held four Information Security Forum meetings during the year which was attended by staff, unions, middle and senior managers and a Board member to review Information Security issues and implement improved awareness and systems.

### Health and Safety Committee

The Trust held five Health and Safety meetings during the year which were attended by staff, unions, a Director and a Board member to review Health and Safety issues and implement improved awareness and systems. This included making an annual report to the Board.

### The Formal Joint Consultative Committee (FJCC)

The Formal Joint Consultative Committee of Board members and Trades Unions representatives met once during the year and this was supported by the five Informal Joint Consultative Committee meetings between Trades Unions and management which took place during the year. These meetings are vital in ensuring a sound system of internal control by ensuring HR processes are appropriately adhered to and consulted on.

### The Senior Management Team

The Senior Management Team during the year was comprised of the Chief Executive and four Directors: the Director of Corporate Services, one full time and one part time Director of Offender Management and Public Protection and the Director of Interventions, Partnerships and Commissioning. In March 2013, the Board approved a one year part time Director of Operations to work across NPT and CPPT to bring together operational working and achieve synergistic benefits. In October of 2013, the Director of Corporate Services left NPT and the Board approved the part time secondment of the Director of Finance from HPT. The other responsibilities of the Director of Corporate Services were allocated to other members of the Senior Management Team. The Senior Management Team meet weekly for operational and strategic leadership issues and decision making.

### The Leadership Forum

The Leadership Forum was set up in October 2011 and is comprised of all middle and senior managers, chaired by the Chief Executive. During the year 2012–2013, the forum met on five occasions.

### Trust Contract Review Meetings

Assurance on key aspects of the Trust contract with the Commissioner takes place at the quarterly review meetings and at key stages throughout the year. In addition to providing assurance to the Commissioner, this provides further assurance to the Trust and the Accounting Officer. The quarterly review meetings are based on a standard agenda where assurance focuses on performance targets, quality, finance and audits and is supplemented by the Board papers and minutes. In addition, specific assurance has been provided in respect of Business Continuity, Equalities, Health and Safety and Quality for which feedback is awaited.

### Supporting Documents and Policies

The governance framework is supported by the following:

- The Trust maintains a regularly reviewed set of policies and this is retained on the centrally controlled policy database. All Policies are compiled in a standard framework to ensure consistency and were adopted by the Trust Board in April 2010 and updated where appropriate in 2013–2014 as highlighted later in the statement. The database is available to all staff via a Lotus Notes Database

and includes policies on Whistleblowing and Fraud and Corruption, the latter of which will be reviewed in 2013 in line with the Bribery Act requirements.

- The Board has approved, adopted, implemented (and reviewed where appropriate) the following procedures to maintain a robust internal control mechanism for Corporate Governance:
  - Management Statement and Financial Memorandum
  - Finance Manual (previously Financial Instructions incorporating the Scheme of Financial Delegation)
  - Standing Orders
  - Register of Interests
  - Whistleblowing Policy
  - Business Continuity PolicyThese policies and procedures comply with the requirements of the Trust Contract and the NOMS Governance handbook.
- The Trust has a Practice Database where best practice guidance is prepared for all key tasks and is available for all staff to access.

The system of Internal control is a key element of the governance framework and is designed to manage risk to a reasonable level rather than eliminate the 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 on-going process designed to identify and prioritise the risks to the achievement of Probation Service, Probation Trust and departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

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

The Statement sets out in more detail the Governance structure and framework in place on which the Internal Audit Review on Governance was undertaken during 2011–2012 and assessed processes and systems and controls as well controlled.

### **Oversight and Assurance Arrangements**

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the governance framework, including the system of internal control.

My review of the effectiveness of the system of internal control is informed by oversight and assurance arrangements which include the work of the Internal Auditors and the Senior managers 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 Governance Assurances, specifically the Letters of Assurance, the Board and the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.

The external auditors comment on the effectiveness of the system of internal control in their Management Letter and other reports.

Specific oversight and assurance arrangements in place and developed further during the year are as follows:

- Online mandatory Information Assurance training was completed in the year by staff in the Trust.
- Online mandatory training on Fraud and Corruption has been launched in the year which will conclude in 2013–2014.



- A staff handbook was issued in 2012–2013 which is available to all staff and is issued to all new staff, together with tailored inductions as required throughout the year.
- The Business Continuity Plan adopted by the Trust on the 12 April 2010 and has been reviewed in 2013–14.
- The Board adopted the Finance Manual based on NOMS latest guidance which replaced the Scheme of Financial Delegation in the last quarter of 2012–2013 and approved the document which summarises key financial aspects and arrangements from the above procedures in place.
- A schedule for review of the policies on the Board Policy and Strategy Database is in place and in the 2013–2014 year, the following Policies, Strategies and key documents were formally reviewed and revisions implemented:
  - Standing Orders
  - Business Plan 2013–2014
  - Finance Manual (replacing Financial Instructions and the Scheme of Financial Delegation)
  - Learning Agreement with the Unions

The Trust has arrangements for maintaining and reviewing the effectiveness of the system of internal control, examples of the processes are:

- The Board reviews its Risk Management Policy regularly and procedures for identifying the Boards objectives and key risks are in place.
- The Risk Management Policy was reviewed and revised by the Board in June 2010 which fully adopts NOMS requirements.
- Risk Management forms a regular item on the Senior Management Team agenda and regular reviews are undertaken and reported to the Audit Committee where they are challenged and scrutinised. In addition, appropriate action plans were produced in the year and improvements in minimising and mitigating risk ratings were evidenced during the year.
- A Risk Management clause is contained within contracts with Partnership organisations to ensure that risks are assessed, managed, reviewed and mitigated during the arrangements.
- The Audit Committee receive regular reports by Internal Audit and External Audit on the progress of the Audit Plan commenting on the adequacy and effectiveness of the department's system of internal control, together with recommendations for improvement and these arrangements will continue.
- The 2012–2013 Annual Report from the MoJ Audit and Corporate Assurance Team (Internal Audit) is awaited whilst the final audits remain to be completed and it is anticipated that reasonable assurance will be given that the Trust's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Trust are being effectively managed.
- Internal Audit Reviews undertaken during the year examined the key business activities as follows:
  - Financial Controls (Green),
  - Community Payback (Green/Amber)
  - Efficiency Savings (Green)
  - Professional Judgement/National Standards (Pending)
- The national shadow Programmes Audit highlighted areas for improvement and this was considered by the Audit Committee during the year with updates on the Action Plan where appropriate.
- Progress on all Internal Audit recommendations has been reported to the Audit Committee at each meeting until the recommendations are fully implemented and this will continue.
- The Audit Committee and the Chair of the Audit Committee provided regular updates to the Board and submitted an Annual Report to the Board at the meeting that approves the Annual Report and Accounts. Again, these practices will continue.
- The Audit Committee agreed the Internal Audit Plan for 2013–2014.
- A comprehensive performance management system is in place to monitor and report performance against the organisation's objectives and targets. As Accounting Officer I ensure operational performance reviews take place and I report performance to the Board at each meeting. The Probation Trust Rating System (PTRS) is incorporated in these reports quarterly and additional assurances provided where required to the Audit Committee during the year.



- The Board receives regular HR updates and where necessary considers specific significant issues. During the year two individual staffing situations gave rise to appropriate Board consideration, both of which were resolved during the year. In addition, one recently identified staffing situation remains at year end which is contained within the accounts and will be considered by the Board where appropriate in due course.
- Budgetary Control is delegated to a number of budget holders and this is tightly managed by the Treasurer, on behalf of the Chief Executive, with regular reporting to the Board. The Scheme of Financial delegation outlining key financial procedures and budget delegation was the prevalent Policy during the year with the Finance Manual adopted and approved in late 2012–2013 and budget delegation letters issued to all managers in 2013–2014.
- Serious Further Offences (SFOs) were tightly managed during the year, with reports made to the Board. The new reporting systems prescribed by NOMS were implemented during the year, including quarterly reports to the Board. Full reviews are available to members on request. An Annual Report will be presented to the Board in 2013–2014.
- The Trust were subject to a national Victim Audit Thematic inspection for which the final report is awaited but is understood to be positive.
- The Trust were successful in gaining re-accreditation for their Matrix assessment for Education, Training and Employment (ETE) during the year.
- Mandatory online Information Assurance Training was undertaken by staff in the Trust by the 31 March 2013.
- Resources were managed tightly during the year to ensure Northamptonshire's budget variance was within 0.2% at year end, in line with the strategic direction approved by the Board and the provisionally approved outturn by NOMS.
- Financial information was reported to the Board on a regular basis during 2013–2014.
- In 2013/14 a HMIP Inspection of adult offender work was carried out at NPT.

At its March 2013 meeting, to support the Annual Governance Statement, the Audit Committee received a report on the Sources of Assurances required for the Annual Governance Statement which also outlined the types of processes and assurances used in preparing the Statement. To provide additional assurance, the Trust continues the practice of the previous Board of a Letter of Assurance signed by all senior and middle managers. This document has been used for in excess of 7 years to identify whether managers feel the current policies and procedures are sufficient to identify risk and whether there have been any significant control weaknesses during the year which have been caused by poor controls or lack of controls.

All senior and middle managers are offered training and guidance by the Treasurer on the completion of this Letter as required on an individual basis. The contracts with Partnership agencies include responsibilities on both the partners and Northamptonshire Probation Trust to identify, manage and monitor risks in line with the services provided.

## **Risk Management**

The Trust has continued to build on its Risk Management Capacity during 2013–2014 and as it was two years since the last Risk Management awareness training, in March 2013, Board members and SMT received training by the Ministry of Justice Audit and Assurance Unit which was linked to its 2013–2014 Business Planning to identify the strategic risks and further embed the process moving forwards.

A fully effective Risk Management process exists where procedures have been introduced for evaluating business risks, and identifying systems of controls and action plans. Regular reviews of the Risk Register have taken place throughout the year in accordance with the Policy and to a standard risk assessment checklist by the Senior Management Team designated as Risk Owners and the Treasurer/Director of Corporate Services who is the Risk Management Co-ordinator.

Following review by the Risk Owner, the Risk Management assessments and actions are challenged and reviewed quarterly by the Senior Management Team (SMT). Changes are actioned as required to

the Risk assessments during this process and the original review and SMT recommended changes are presented to the Audit Committee who challenge and scrutinise the Risk assessments and provide assurance to the Board.

The Committee recommended that Board members and the Senior Management Team identify the 2013–2014 Business Risks as part of the Business Planning process and this work facilitated by the Ministry of Justice Audit and Assurance Team was undertaken in March 2013.

The Risk Management Policy is reviewed and where appropriate revised and the review of the Policy last undertaken in June 2010 still fully complies with Ministry of Justice Risk Management requirements.

The framework developed forms an integral part of the Trust's Governance process and follows Treasury guidance.

John Budd  
Chief Executive and Accounting Officer for the Trust  
11 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 Northamptonshire 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 Northamptonshire 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.



## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

	Notes	2013–14 £000	2012–13 Restated £000
<b>Expenditure</b>			
Staff costs	3(a)	6,932	6,732
Other expenditure	6	2,075	2,280
<b>Total Expenditure</b>		<b>9,007</b>	<b>9,012</b>
Income	7	(9,097)	(9,251)
<b>Net operating costs</b>		<b>(90)</b>	<b>(239)</b>
Net interest cost on pension scheme	4(c)	537	483
<b>Net operating costs before taxation</b>		<b>447</b>	<b>244</b>
Taxation	5	0	0
<b>Net operating costs after taxation</b>		<b>447</b>	<b>244</b>

### Other Comprehensive Expenditure

	Notes	2013–14 £000	2012–13 Restated £000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of Property, Plant and Equipment	8	(2)	(1)
Net (gain)/loss on revaluation of Intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Remeasurement of post employment benefits	23	1,080	1,560
<b>Total comprehensive expenditure for 31 March 2014</b>		<b>1,525</b>	<b>1,803</b>

The notes on pages 30 to 58 form part of these accounts. The restatement relates to the application of IAS19 (revised). All activities are from continuing operations and there are no minority interests (see note on page 30, item 1.3 'Changes in accounting policies and restatement of comparatives').

## Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8	8	13
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
<b>Total non-current assets</b>		<b>8</b>	<b>13</b>
<b>Current assets</b>			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	775	1,148
Cash and cash equivalents	13	526	678
<b>Total current assets</b>		<b>1,301</b>	<b>1,826</b>
<b>Total assets</b>		<b>1,309</b>	<b>1,839</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(272)	(560)
Provisions	15	(27)	(107)
Taxation payables	14(a)	(257)	(401)
<b>Total current liabilities</b>		<b>(556)</b>	<b>(1,068)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>753</b>	<b>771</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	0	0
Provisions	15	0	(20)
Pension liability	4(c)	(13,513)	(11,986)
<b>Total non-current liabilities</b>		<b>(13,513)</b>	<b>(12,006)</b>
<b>Assets less liabilities</b>		<b>(12,760)</b>	<b>(11,235)</b>
<b>Taxpayers' equity</b>			
General fund	23	(12,786)	(11,259)
Revaluation reserve – property, plant and equipment	24(a)	26	24
Revaluation reserve – intangible assets	24(b)	0	0
		<b>(12,760)</b>	<b>(11,235)</b>

The financial statements on pages 26 to 29 were approved by the Board on 11 June 2014 and were signed on its behalf by

John Budd  
Chief Executive Officer and Accounting Officer  
11 June 2014

The notes on pages 30 to 58 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(447)	(244)
Adjustments for non-cash transactions	6	(93)	43
Adjustments for pension cost	4(c)	447	241
(Increase)/decrease in receivables	12(a)	373	(262)
Increase/(decrease) in payables	14(a)	(432)	(42)
Utilisation of provisions	15	0	(17)
Less movements in property, plant and equipment payable	14(a)	0	0
<b>Net cash outflow from operating activities</b>		<b>(152)</b>	<b>(281)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	0	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	0
Proceeds on disposal of intangibles	9	0	0
<b>Net cash outflow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Net financing received in year	23	0	0
<b>Net financing</b>		<b>0</b>	<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>			
		<b>(152)</b>	<b>(281)</b>
Cash and cash equivalents at the beginning of the period	13	678	959
Cash and cash equivalents at the end of the period	13	526	678
<b>(Decrease)/increase in cash</b>		<b>(152)</b>	<b>(281)</b>

The notes on pages 30 to 58 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2012</b>		<b>(9,455)</b>	<b>23</b>	<b>(9,432)</b>
Prior period adjustment	23/24	0	0	0
<b>As restated at 1 April 2012</b>		<b>(9,455)</b>	<b>23</b>	<b>(9,432)</b>
<b>Changes in taxpayers' equity for 2012–13 (restated)</b>				
Net operating cost after taxation	SocNE	(244)		<b>(244)</b>
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	1	<b>1</b>
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	0	0	<b>0</b>
Net gain/(loss) on revaluation of intangibles	24(b)	0	0	<b>0</b>
Transferred to General Fund from tangibles revaluation reserve	24(b)	0	0	<b>0</b>
Movement in donated assets	23	0	0	<b>0</b>
Transferred from revaluation reserve	23	0	0	<b>0</b>
Remeasurement of post employment benefits	23	(1,560)	0	<b>(1,560)</b>
Net NOMS financing received in year	23	0	0	<b>0</b>
<b>Balance as at 31 March 2013</b>		<b>(11,259)</b>	<b>24</b>	<b>(11,235)</b>
<b>Changes in taxpayers' equity for 2013–14</b>				
Net operating cost after taxation	SocNE	(447)	0	<b>(447)</b>
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	2	<b>2</b>
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)	0	0	<b>0</b>
Net gain/(loss) on revaluation of intangibles	24(b)	0	0	<b>0</b>
Transferred to General Fund from tangibles revaluation reserve	24(b)	0	0	<b>0</b>
Movement in donated assets	23	0	0	<b>0</b>
Transferred from revaluation reserve	23	0	0	<b>0</b>
Remeasurement of post employment benefits	23	(1,080)	0	<b>(1,080)</b>
Net NOMS financing received in year	23	0	0	<b>0</b>
<b>Balance as at 31 March 2014</b>		<b>(12,786)</b>	<b>26</b>	<b>(12,760)</b>

The notes on pages 30 to 58 form part of these accounts.



## Notes to the accounts

### 1. Statement of accounting policies

#### 1.1 Basis of preparation

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

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

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

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

#### 1.2 Accounting convention

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

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

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

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

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

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

Those that impact on the Trust are:

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

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

#### 1.4 Going concern

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

On 1 June 2014, the Trust ceases trading.

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

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

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

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

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will 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 £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

### Revaluation

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

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

### 1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

### 1.7 Impairment

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

### 1.8 Intangible non-current assets

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

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

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

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

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

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 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.

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

### 1.12 Other Expenditure

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

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

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. All financial instruments are classified as loans and receivables or other financial assets. Carrying value is considered a proxy for fair value.

### 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

	2013–14			2012–13		
	Actual £000	Budget £000	Variance £000	Actual £000	Budget £000	Variance £000
<b>Main Budget</b>						
Offender Management	4,224	4,260	(36)	4,145	4,247	(102)
Interventions	1,933	1,934	(1)	1,855	1,888	(33)
Central and Support	1,734	1,832	(98)	1,900	1,801	99
	<b>7,891</b>	<b>8,026</b>	<b>(135)</b>	<b>7,900</b>	<b>7,936</b>	<b>(36)</b>
<b>Contract Income</b>	<b>(8,495)</b>	<b>(8,539)</b>	<b>44</b>	<b>(8,535)</b>	<b>(8,535)</b>	<b>0</b>
Bridgewood	551	497	54	594	581	13
Prisons	18	0	18	28	2	26
Reimbursed Posts	16	16	0	16	16	0
<b>Total (Underspend)/Overspend in Year</b>	<b>(19)</b>	<b>0</b>	<b>(19)</b>	<b>3</b>	<b>0</b>	<b>3</b>
Pension Costs	(71)	0	(71)	(242)	0	(242)
<b>Net Operating Costs (SoCNE)</b>	<b>(90)</b>	<b>0</b>	<b>(90)</b>	<b>(239)</b>	<b>0</b>	<b>(239)</b>

### 3. Staff numbers and related costs

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

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	6,338	6,142	196	6,597
Social security costs	487	487	0	516
Other pension costs	1,115	1,115	0	993
<b>Sub-total</b>	<b>7,940</b>	<b>7,744</b>	<b>196</b>	<b>8,106</b>
Less recoveries in respect of outward secondments	(1,008)	(1,008)	0	(1,374)
<b>Total staff costs</b>	<b>6,932</b>	<b>6,736</b>	<b>196</b>	<b>6,732</b>

#### Restatement of comparatives

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

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs relates primarily to the changes in staffing levels during the year.

1 person (2012–13: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £173K).

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

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

	2013–14		2012–13
	Total	Permanently- employed staff	Total
	186	174	186
	<b>186</b>	<b>174</b>	<b>186</b>

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

	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
<b>Exit packages cost band</b>						
<£10,000	0	0	0	5	9	14
£10,000–£25,000	0	0	0	1	4	5
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>13</b>	<b>19</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>103</b>	<b>132</b>

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



## 4. Pensions costs

As part of the terms and conditions of employment of its officers and other employees, the Trust offers retirement benefits. Although these will not be payable until the employee retires, the Trust has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The provisions of the local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The Trust participates in the LGPS, administered by Northamptonshire County Council with Hymans Robertson LLP as the actuary. The closing liability valuation was calculated by Hymans Robertson in April 2014, based on actual contributions to January 2014 and estimates of the contributions February to March 2014.

### 4a. Pension costs

A full actuarial valuation was carried out as at 31 March 2013 by Hyman Robertson LLP. For 2013–2014, employers' contributions of £1,146,160 were payable to the LGPS (2012–2013 £1,236,832) which was 11% plus a lump sum of £674,000. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

Partnership accounts are excluded under IAS19.

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

- Employer's contributions for 2012–13 were 11% of salaries plus ,lump sum payment of £640,000; and
- Employer's contributions for 2013–14 were 11% of salaries plus lump sum payment of £674,000; and
- Employer's contributions for 2014–15 (April and May only) were 13.8% of salaries plus a lump sum payment of £114,000.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.4%
Discount rate	4.3%	4.5%

Mortality Assumptions made by the Actuary are based on the funds with improvements in line with the CMI 2010 model assuming the current rates of improvements has 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: Males 22.3 years; Females 24.3 years

\*Future Pensioners: Males 24.0 years; Females 26.6 years

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		25,413	25,413
Funded liabilities	(37,291)		(37,291)
Unfunded liabilities	(108)		(108)
<b>Opening balance at 1 April (restated)</b>	<b>(37,399)</b>	<b>25,413</b>	<b>(11,986)</b>
Current service costs	(1,053)	0	(1,053)
Past service costs (including curtailments)	(10)	0	(10)
Gains and losses on settlements	0	0	0
	<b>(1,063)</b>	<b>0</b>	<b>(1,063)</b>
Net Interest (cost)/income	<b>(1,690)</b>	<b>1,153</b>	<b>(537)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	299	299
Gain/(loss) from change in demographic assumptions	(880)	0	(880)
Gain/(loss) from change in financial assumptions	(744)	0	(744)
Experience gains/(losses)	245	0	245
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	<b>(1,379)</b>	<b>299</b>	<b>(1,080)</b>
Foreign exchange differences	<b>0</b>	<b>0</b>	<b>0</b>
Effect of business combinations on disposals	<b>0</b>	<b>0</b>	<b>0</b>
Contributions			
Employers	0	1,147	1,147
Plan participants	(286)	286	0
Unfunded benefits	0	6	6
Payments from plans			
Benefit payments	985	(985)	0
Unfunded benefit payments	6	(6)	0
<b>Closing balance at 31 March</b>	<b>(40,826)</b>	<b>27,313</b>	<b>(13,513)</b>
Plan assets	0	27,313	27,313
Funded liabilities	(40,714)	0	(40,714)
Unfunded liabilities	(112)	0	(112)
<b>Closing balance at 31 March</b>	<b>(40,826)</b>	<b>27,313</b>	<b>(13,513)</b>

	2012–13 (restated)		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	21,720	21,720
Funded liabilities	(31,905)	0	(31,905)
Unfunded liabilities	0	0	0
<b>Opening balance at 1 April</b>	<b>(31,905)</b>	<b>21,720</b>	<b>(10,185)</b>
Current service costs	(926)	0	(926)
Past service costs (including curtailments)	(67)	0	(67)
Gains and losses on settlements	0	0	0
	<b>(993)</b>	<b>0</b>	<b>(993)</b>
Net interest (cost)/income	<b>(1,538)</b>	<b>1,055</b>	<b>(483)</b>
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	2,107	2,107
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(3,711)	0	(3,711)
Experience gains/(losses)	44	0	44
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	<b>(3,667)</b>	<b>2,107</b>	<b>(1,560)</b>
Foreign exchange differences	<b>0</b>	<b>0</b>	<b>0</b>
Effect of business combinations on disposals	<b>0</b>	<b>0</b>	<b>0</b>
Contributions			
Employers	0	1,235	1,235
Plan participants	(338)	338	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,036	(1,036)	0
Unfunded benefit payments	6	(6)	0
<b>Closing balance at 31 March</b>	<b>(37,399)</b>	<b>25,413</b>	<b>(11,986)</b>
Plan assets	0	25,413	25,413
Funded liabilities	(37,291)	0	(37,291)
Unfunded liabilities	(108)	0	(108)
<b>Closing balance at 31 March</b>	<b>(37,399)</b>	<b>25,413</b>	<b>(11,986)</b>

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

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equity instruments								
Consumer	2,118	0	2,118		2,033	0	2,033	
Energy and utilities	1,921	0	1,921		1,402	0	1,402	
Financial institutions	1,806	0	1,806		1,758	0	1,758	
Health and care	1,309	0	1,309		1,138	0	1,138	
Information technology	1,808	0	1,808		1,509	0	1,509	
Manufacturing	1,312	0	1,312		1,327	0	1,327	
Other	585	0	585		639	0	639	
	<b>10,859</b>	<b>0</b>	<b>10,859</b>	40%	<b>9,806</b>	<b>0</b>	<b>9,806</b>	39%
Debt instruments								
UK Government	733	0	733		709	0	709	
Corporate bonds (investment grade)	2,723	0	2,723		2,666	0	2,666	
Corporate bonds (non-investment grade)	0	0	0		0	0	0	
Other	1,480	0	1,480		1,309	0	1,309	
	<b>4,936</b>	<b>0</b>	<b>4,936</b>	18%	<b>4,684</b>	<b>0</b>	<b>4,684</b>	18%
Property								
UK	1,215	0	1,215		793	0	793	
Overseas	193	0	193		464	0	464	
Property funds	0	0	0		0	0	0	
	<b>1,408</b>	<b>0</b>	<b>1,408</b>	5%	<b>1,257</b>	<b>0</b>	<b>1,257</b>	5%
Cash and cash equivalents	482	122	604	2%	1,158	391	1,549	6%
Investment funds								
Equities	9,320	0	9,320		7,861	0	7,861	
Bonds	156	0	156		227	0	227	
Hedge funds	0	0	0		0	0	0	
Commodities	0	0	0		0	0	0	
Infrastructure	0	0	0		0	0	0	
Other	0	0	0		0	0	0	
	<b>9,476</b>	<b>0</b>	<b>9,476</b>	35%	<b>8,088</b>	<b>0</b>	<b>8,088</b>	32%
Other	0	30	30	0%	0	29	29	0%
<b>Total</b>	<b>27,161</b>	<b>152</b>	<b>27,313</b>	100%	<b>24,993</b>	<b>420</b>	<b>25,413</b>	100%

#### 4e. Sensitivity analysis

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

Changes in assumptions as at 31 March 2014	Approximate % increase to employer liability	Approximate monetary value £000
0.5% decrease in Real Discount Rate	11%	4,490
1 year increase in life expectancy	3%	1,225
0.5% increase in the Salary Increase Rate	4%	1,654
0.5% increase in the Pension Increase Rate	7%	2,754

## 5. Taxation

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

There was no corporation tax due in 2013–2014 (or 2012–2013) and no losses which gave rise to a tax effect.

## 6. Other Expenditure

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Interest charges	0		0	
Accommodation, maintenance and utilities	734		775	
Travel, subsistence and hospitality	169		200	
Professional services	106		95	
IT services	335		312	
Communications, office supplies and services	186		187	
Other staff related	85		215	
Offender costs	520		395	
Other expenditure	0		23	
External Auditors' remuneration – statutory accounts	20		20	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	13		15	
		<b>2,168</b>		<b>2,237</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	7		17	
Amortisation of intangible non-cash assets	0		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	(100)		26	
Early retirement provisions not required	0		0	
		(93)		43
<b>Total</b>		<b>2,075</b>		<b>2,280</b>

### Restatement of comparatives

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

No non-audit fees were paid to the external auditors in the year.

## 7. Income

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	8,495		8,535	
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	
		<b>8,495</b>		<b>8,535</b>
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		192		167
Other income received from Probation Trusts		4		23
Other income from NOMS		66		59
Other income from rest of MoJ Group		10		0
Other income from other Government departments		248		372
Miscellaneous income		77		93
		<b>9,092</b>		<b>9,249</b>
Interest received:				
From bank	5		2	
From car loans	0		0	
From other sources	0		0	
<b>Total interest received</b>		<b>5</b>		<b>2</b>
<b>Total income</b>		<b>9,097</b>		<b>9,251</b>

### Restatement of comparatives

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

## 8. Property, plant and equipment

	2013-14					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>As at 1 April 2013</b>	0	130	166	0	0	296
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	0	0	0	2
<b>As at 31 March 2014</b>	<b>0</b>	<b>132</b>	<b>166</b>	<b>0</b>	<b>0</b>	<b>298</b>
<b>Depreciation</b>						
<b>As at 1 April 2013</b>	0	122	161	0	0	283
Charge in year	0	4	3	0	0	7
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
<b>As at 31 March 2014</b>	<b>0</b>	<b>126</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>290</b>
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>8</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>8</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>13</b>
<b>Asset financing</b>						
Owned	0	6	2	0	0	8
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2014</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>8</b>



## 8. (Continued)

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>As at 1 April 2012</b>	<b>0</b>	<b>135</b>	<b>220</b>	<b>0</b>	<b>0</b>	<b>355</b>
Additions	0	0	0	0	0	0
Disposals	0	(10)	(63)	0	0	(73)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	5	9	0	0	14
<b>As at 31 March 2013</b>	<b>0</b>	<b>130</b>	<b>166</b>	<b>0</b>	<b>0</b>	<b>296</b>
<b>Depreciation</b>						
<b>As at 1 April 2012</b>	<b>0</b>	<b>121</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>326</b>
Charge in year	0	7	10	0	0	17
Disposals	0	(10)	(63)	0	0	(73)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	4	9	0	0	13
<b>As at 31 March 2013</b>	<b>0</b>	<b>122</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>283</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>8</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>13</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>14</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>29</b>
<b>Asset financing</b>						
Owned	0	8	5	0	0	13
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>8</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>13</b>

## 9. Intangible assets

There were no intangible assets held by the Trust in 2013–14 (2012–13 £0).

## 10. Impairments

There were no impairments in the year (2012–13 – £0).

## 11. Assets held for sale

There were no assets held for sale at the reporting date (2012–13 – £0).

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2013–14 £000	2012–13 £000
<b>Amounts falling due within one year</b>		
Trade receivables	21	100
VAT	0	0
Deposits and advances	0	0
Receivables due from Trusts	35	39
Receivables, Accrued Income and Prepayments due from NOMS Agency	635	936
Receivables, Accrued Income and Prepayments due from MoJ Group	7	0
Receivables, Accrued Income and Prepayments due from other Government departments	48	32
Other receivables	0	0
Prepayments	29	35
Accrued income	0	6
	<b>775</b>	<b>1,148</b>
<b>Amounts falling due after more than one year</b>		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>775</b>	<b>1,148</b>

### 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)	677	975	0	0
Balances with local authorities	40	26	0	0
Balances with NHS bodies	8	2	0	0
Balances with public corporations and trading funds	0	4	0	0
	<b>725</b>	<b>1,007</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	50	141	0	0
<b>Total</b>	<b>775</b>	<b>1,148</b>	<b>0</b>	<b>0</b>

## 13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	678	959
Net change in cash and cash equivalents	(152)	(281)
<b>Balance at 31 March</b>	<b>526</b>	<b>678</b>
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	526	678
<b>Balance at 31 March</b>	<b>526</b>	<b>678</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2013–14	2012–13
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	36	111
Other payables	0	0
Accruals	53	68
Deferred income	13	101
Staff payables	75	110
Bank overdraft	0	0
Payables due to Probation Trusts	60	42
Payables, Accruals and Deferred Income due to NOMS Agency	8	120
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	27	8
Unpaid pensions contributions due to the pensions scheme	0	0
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	<b>272</b>	<b>560</b>
<b>Tax falling due within one year</b>		
VAT	118	253
Corporation tax	0	0
Other taxation and social security	139	148
	<b>257</b>	<b>401</b>
<b>Total amounts falling due within one year</b>	<b>529</b>	<b>961</b>
<b>Amounts falling due after more than one year</b>		
Staff payables	0	0
Other payables	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>529</b>	<b>961</b>

### 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)	325	563	0	0
Balances with local authorities	4	5	0	0
Balances with NHS bodies	23	0	0	0
Balances with public corporations and trading funds	0	3	0	0
	<b>352</b>	<b>571</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	177	390	0	0
<b>Total</b>	<b>529</b>	<b>961</b>	<b>0</b>	<b>0</b>

## 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	72	55	127
Provided in year	0	0	7	0	7
Provisions not required written back	0	0	(72)	(35)	(107)
Provision utilised in the year	0	0	0	0	0
Unwinding of discount	0	0	0	0	0
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>20</b>	<b>27</b>

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
<b>Analysis of expected timing of discount flows</b>					
Not later than one year	0	0	7	20	27
<b>Current liability</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>20</b>	<b>27</b>
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
<b>Non-current liability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>20</b>	<b>27</b>

	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	91	27	118
Provided in year	0	0	28	33	61
Provisions not required written back	0	0	(35)	0	(35)
Provision utilised in the year	0	0	(12)	(5)	(17)
Unwinding of discount	0	0	0	0	0
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>55</b>	<b>127</b>

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
<b>Analysis of expected timing of discount flows</b>					
Not later than one year	0	0	52	55	107
<b>Current liability</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>55</b>	<b>107</b>
Later than one year and not later than five years	0	0	20	0	20
Later than five years	0	0	0	0	0
<b>Non-current liability</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>20</b>
<b>Balance as at 31 March</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>55</b>	<b>127</b>

The Trust holds provisions at year end as follows:

- The Trust hold a provision for severance costs based on known factors and estimated liabilities with one scheduled to fall in 2014–15.
- A provision for the excess cost of three known insurance claims has been included based on estimates from Gallagher Bassett International Ltd who undertook the NOMS claims handling arrangements in 2013–14.
- A minor provision for the anticipated costs of a Judicial Review has been included.

## 16. Capital commitments

There were no capital commitments at the reporting date (2012–13 – £0).

## 17. Commitments under leases

### 17a. Operating leases

There are no obligations under operating leases (2012–13 – £0).

### 17b. Finance leases

There are no obligations under finance leases (2012–13 – £0).

## 18. Other financial commitments

There are no financial commitments (2012–13 – £0).

## 19. Deferred tax asset

There are no deferred tax assets (2012–13 – £0).

## 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 – £0).

## 22. Losses and special payments

### 22a. Losses statement

There are no losses (2012–13 £0).

### 22b. Special payments schedule

There are no special payments losses (2012–13 £0).

Losses and special payments are recorded on an accrual basis excluding future losses.

## 23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(11,259)	(9,455)
Prior period adjustment (Note 28)	0	0
<b>Balance restated at 1 April</b>	<b>(11,259)</b>	<b>(9,455)</b>
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(447)	(244)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	(1,080)	(1,560)
<b>Balance at 31 March</b>	<b>(12,786)</b>	<b>(11,259)</b>



## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	24	23
Prior period adjustment (Note 28)	0	0
<b>Balance restated at 1 April</b>	<b>24</b>	<b>23</b>
Arising on revaluations of PPE during the year (net)	2	1
Transferred to General Fund	0	0
<b>Balance at 31 March</b>	<b>26</b>	<b>24</b>

### 24b. Intangibles

There are no revaluation reserves (2012–13 £0).

## 25. Related party transactions

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

## 26. Third-party assets

There are no third-party assets (2012–13 £0).

## 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 were transferred to the Greater Manchester Pension Fund (GMPF).

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

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

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

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

#### *Leases and service contracts*

Property and IT leases remain within the Ministry of Justice.

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

*Staff related balances*

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

*All other balances*

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

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

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

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

## 28. Prior period adjustments

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

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

The amendments relevant to the Trust are:

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

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

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

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
Net operating expenditure after taxation	90
Other comprehensive expenditure	1,713
Total comprehensive expenditure	<b>1,803</b>
Restatement:	
Increase in programme expenditure (interest costs)	154
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(154)
	<b>0</b>
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	244
Other comprehensive expenditure	1,559
Total comprehensive expenditure	<b>1,803</b>

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

	<b>2012–13</b>
Extract from the 2012–13 accounts before restatement:	<b>£000</b>
General fund balance as at 31 March 2013	<b>11,259</b>
Restatement:	
Increase in net operating expenditure	154
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(154)
General fund balance as at 31 March 2013 after restatement	<b>11,259</b>

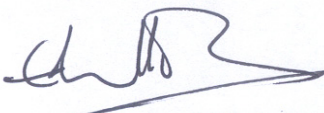
### Administration and programme income and expenditure

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

## Accounts Direction

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

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



Edward Kirby

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

## Appendix 1

35 Probation Trusts:

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

## 8. Sustainability Report

(Not subject to audit)

### Introduction

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

This report covers 4 buildings.

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

### Governance, responsibilities and internal assurance

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

### Greening Government Commitments

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

### Climate change adaption and mitigation

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

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

### Carbon Reduction Commitment (CRC)

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

### Carbon Management Plan (CMP)

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



deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision is to:

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

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

### Environmental Management System (EMS)

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

### Sustainable procurement

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

### Social and environmental awareness

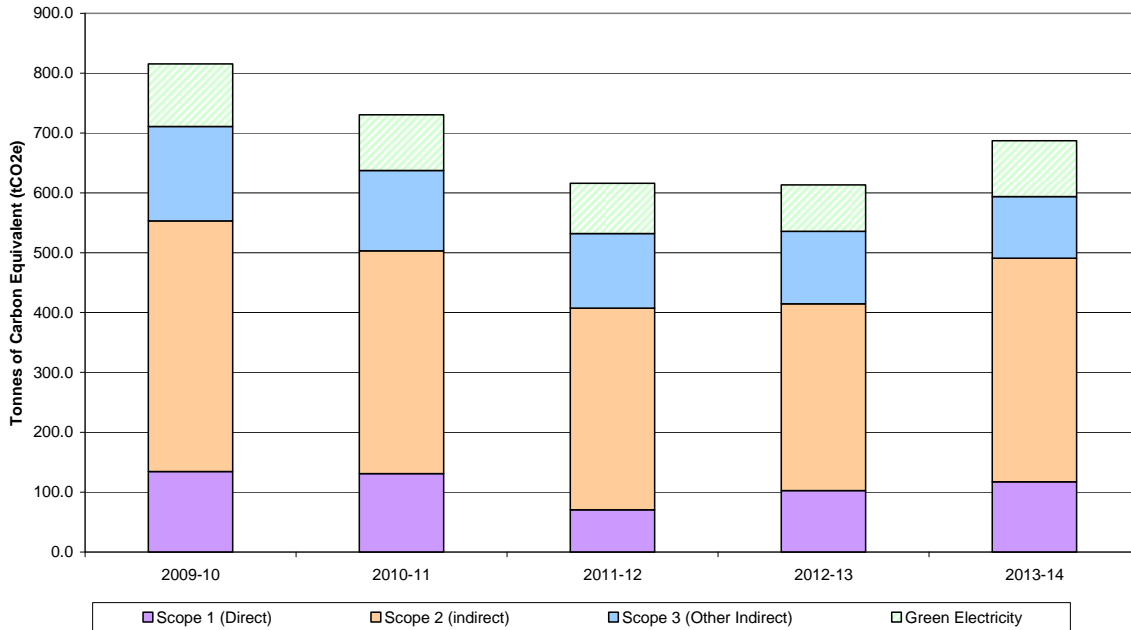
The Trust promotes recycling in all offices and reminders to staff to use utilities effectively and efficiently take place on a regular basis.

### Performance summary

#### Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO <sub>2</sub> e)	Scope 1 (direct): Site-based emissions & owned transport	134.6	130.9	70.8	102.7	117.4
	Scope 2 (indirect): Supplied energy (electricity and heat)	418.5	372.3	336.8	311.9	373.3
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	157.7	134.2	124.4	121.1	103.0
	<b>Total gross GHG emissions</b>	<b>710.7</b>	<b>637.4</b>	<b>532.0</b>	<b>535.6</b>	<b>593.7</b>
Non-financial indicators (kWh)	Electricity: green/renewable	104.6	93.1	84.2	78.0	93.3
	<b>Total net GHG emissions</b>	<b>606.1</b>	<b>544.4</b>	<b>447.8</b>	<b>457.6</b>	<b>500.4</b>
	Electricity: Grid, CHP & non-renewable	635,556	626,720	566,945	525,057	628,535
	Electricity: renewable	211,852	208,907	188,982	175,019	209,511
	Gas	587,942	607,166	247,453	444,990	566,919
	Other energy sources	0	0	0	0	0
Financial indicators	<b>Total energy</b>	<b>1,435,350</b>	<b>1,442,793</b>	<b>1,003,380</b>	<b>1,145,066</b>	<b>1,404,965</b>
	Expenditure on energy (£)	£91,817	£94,880	£93,617	£90,910	£113,479
	Expenditure on official business travel (£)	£257,641	£245,772	£229,605	£216,778	£191,532

Greenhouse Gass Emmission by Source



**Performance commentary (including targets)**

Buildings occupied by Northamptonshire Probation Trust are Walter Tull House – Northampton, 20 Oxford Street – Wellingborough, Baron Avenue – Kettering and Bridgewood House – Northampton. Northamptonshire Probation Trust has maintained the trend of a year on year reduction of the amount of carbon being emitted into the atmosphere

**Controllable impacts commentary**

The levels of carbon being emitted has reduced due to travel emissions and due to tighter controls on staff travel and the introduction of video conferencing. Northamptonshire Probation Trust has undertaken maintenance and controlling of the gas boiler located in headquarters

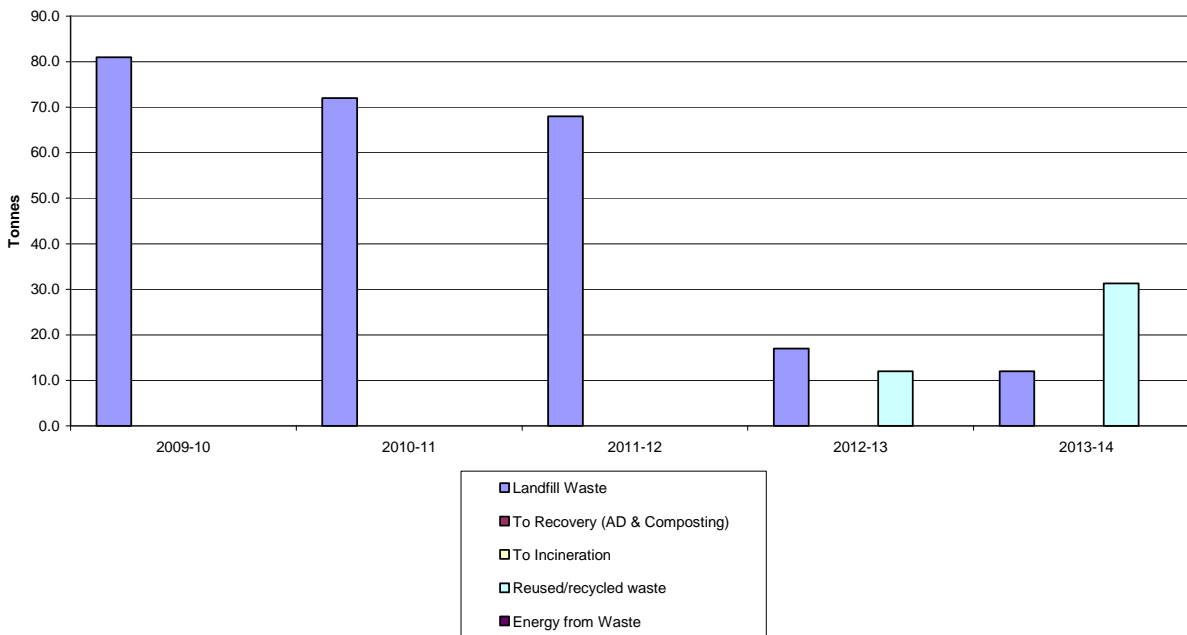
**Overview of influenced impacts**

Northamptonshire Probation Trust’s policies are working and they are having an impact which can be seen with these figures.

**Waste**

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	81.0	72.0	68.0	17.0	12.0
		To recovery (AD & composting)	0.0	0.0	0.0	0.0	0.0
		To incineration	0.0	0.0	0.0	0.0	0.0
		Reused/recycled waste	0.0	0.0	0.0	12.0	0.0
		Energy from waste	0.0	0.0	0.0	0.0	0.0
		<b>Total waste arising</b>	<b>81.0</b>	<b>72.0</b>	<b>68.0</b>	<b>29.0</b>	<b>12.0</b>
Financial indicators	Non-hazardous waste	Landfill waste	0	0	0	0	0
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	0	0	0	0	0
		Energy from waste	0	0	0	0	0
		<b>Total waste costs (£)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

**Waste by final disposal**



**Performance commentary (including targets)**

Northamptonshire Probation Trust has been able to reduce its wastage over the last 5 financial years.

**Controllable impacts commentary**

Northamptonshire Probation Trust run a scheme whereby waste was recycled as much as possible. The results can be seen in the halving of its waste.

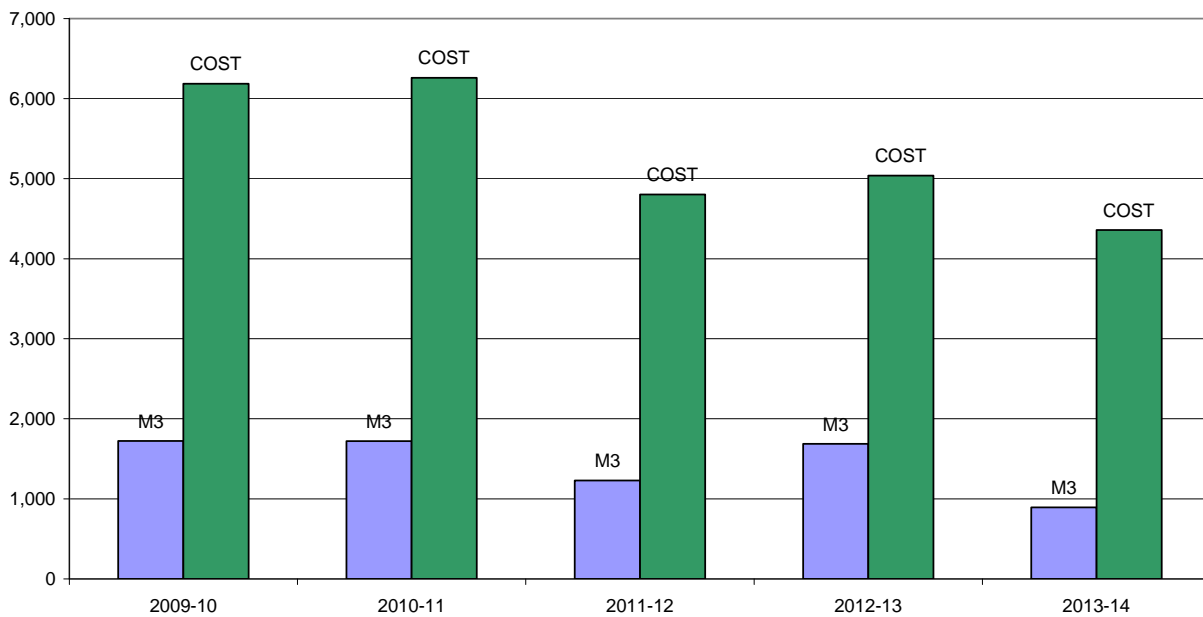
**Overview of influenced impacts**

Northamptonshire Probation Trust's policies are working and they are having an impact which can be seen with these figures.

## Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	<b>Total water consumption (cubic metres: m<sup>3</sup>)</b>	1,723	1,720	1,230	1,686	894
Financial indicators	<b>Total water supply costs (£)</b>	£6,184	£6,260	£4,803	£5,038	£4,358

### Water (Consumption and costs)



#### Performance commentary (including targets)

Water usage within the Trust is fairly static although it has reduced slightly over the five year period.

#### Controllable impacts commentary

The closure of one building may be the reason for the reduction between 2010–2011 and 2011–2012.

#### Overview of influenced impacts

Usage is steady and has reduced due to closure of one office.

## Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
<b>Cost (excluding VAT)</b>	£12,483	£4,017	£3,672	£3,624	£1,303

## Glossary

ABP	Annual Business Plan
BASS	Bail Accommodation Support Service
BeNCH	Bedfordshire, Northamptonshire, Cambridgeshire & Hertfordshire
BME	Black and Minority Ethnic
CJ	Criminal Justice
CPD	Continuous Professional Development
CPPT	Cambridge and Peterborough Probation Trust
CRC	Community Rehabilitation Company
CRI	Crime Reduction Initiative
DAAT	Drug and Alcohol Team
DIPC	Director Interventions, Partnerships & Community
DP	Data Protection
ESF	European Social Fund
ETE	Education, Training and Employment
FOI	Freedom of Information
FReM	Financial Reporting Manual
HPT	Hertfordshire Probation Trust
HR	Human Resources
IOM	Integrated Offender Management
LCJB	Local Criminal Justice Board
LGPS	Local Government Pension Scheme
MAPPA	Multi Agency Public Protection Arrangements
MH	Mental Health
MoJ	Ministry of Justice
NDPB	Non-Departmental Public Body
NEP	Northamptonshire Enterprise Partnership
NOMS	National Offender Management Service
OM	Offender Manager
PCA	Probation Chiefs Association
PCC	Police & Crime Commissioner's Office
PD	Personality Disorder
PPO	Priority and Prolific Offenders
PSO	Probation Service Officer
SBC	Specifications, Benchmarking and Costings
SLA	Service Level Agreement
SEEDS	Skills for Effective, Engagement, Development and Supervision
UPW	Unpaid Work

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