



Durham Tees Valley Probation Trust

Annual Report and Accounts 2013–2014



Durham Tees Valley Probation Trust

Annual Report and Accounts

2013–2014

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

Ordered by the House of Commons to be printed 17 July 2014

© Durham Tees Valley Probation Trust (2014)

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Durham Tees Valley Probation Trust copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at
nps.finance@dtv.probation.gsi.gov.uk

This publication is available at **www.gov.uk/government/organisations/national-probation-service**

Print ISBN 9781474103718
Web ISBN 9781474103725

Printed in the UK by the Williams Lea Group on behalf of
the Controller of Her Majesty's Stationery Office

ID 13051424 07/14

Printed on paper containing 75% recycled fibre content minimum.

Contents

Vision, Mission & Values	2
Foreword	3
1. Operational & Performance Review 2013–14	4
2. Management Commentary	12
3. Remuneration Report	17
4. Statement of Accountable Officer’s Responsibilities	20
5. Governance Statement	21
6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	26
7. Accounts	28
8. Sustainability Report	60
Glossary	64

Vision, Mission & Values

Vision

We exist to provide high quality, timely advice to sentencers and the Parole Board. We implement sentences passed by our courts. Our assessment, management and supervision of offenders in the community protects people from harm, reduces reconviction, rehabilitates offenders and supports victims.

Mission

We will, through our own efforts, and working in collaboration with others, provide probation services which contribute to the safety of communities in County Durham, Darlington and Teesside. We will conscientiously use the best evidence available to inform decisions about the management of individual offenders as well as the design and delivery of policies and practice to achieve the maximum measurable reduction in reconviction of those under our supervision.

Our values

We value people

Our staff are our greatest resource.

We value evidence

We use public funds for practice proven to reduce reconviction.

We value difference

Treating everyone we meet with respect and fairness.

We value our communities

We live and work here too. Everyone should be free from crime and fear of crime.

We believe people can change

Our experience is that most people who offend want to change. They very often do not know how to do so. We support, guide and instruct those efforts.

We believe in collaboration

Probation cannot achieve its goals alone. We will bring expertise and resources together in partnership.

We believe good isn't good enough

We will always look for ways to improve our services and performance.

Foreword

The uncertainty we referred to in the foreword to last year's Annual Report and Accounts has come to fruition in the form of the Transforming Rehabilitation Strategy. This will be the last full year of Trust activity on which we report as the Trusts contract is to end on 31st May 2014.

In its final full year of existence, Durham Tees Valley Probation Trust maintained delivery of its contractual obligations to the Secretary of State, its strong performance record and saw reductions in reconviction for those under our supervision which were better than predicted. We achieved this while retaining a focus on the effective use of scarce public financial resources.

We hope that the legacy of effective, efficient Probation services, delivered in a spirit of fairness and justice, recognisable to our Police Court Missionary forebears, will find a home in the delivery arrangements to be put in place after June 2014. There is much to emulate.

Meanwhile, we welcome readers to celebrate another outstanding year, delivered in the most challenging of circumstances. We offer our thanks to the staff, managers and Board for their dedication and achievements.

Sebert Cox
Chairman
Date 30/06/104

Russell Bruce
Chief Executive
Date 30/06/204

1. Operational & Performance Review 2013–14

Durham Tees Valley Probation Trust covers a varied geographical area that encompasses County Durham, Darlington, Hartlepool, Middlesbrough, Stockton and Redcar & Cleveland. At any one time the Trust's 550 staff are supervising around 6,800 offenders and providing support to around 500 victims of serious sexual and violent crime. The Trust's area operates via six discrete Local Delivery Units (LDUs) which are designed to align with local authorities, police force areas and the jurisdictions of other partner agencies. This model facilitates the close local partnership working which lies at the heart of the Trust's mission to reduce re-offending for the local communities it serves.

For the year 2013–14 Durham Tees Valley Probation Trust has achieved its best ever results as defined by the contract targets that we operate to. This is an outstanding achievement set against the context of the major change programme that has been in place over the duration of the year. The perceived risks that existed in terms of concerns over performance during a time in which the Trust was being wound up have proven to be unfounded. The detailed figures are shown in the operational performance section on page 10.

The Trust is proud to present the following report of its performance during 2013–14.

Middlesbrough Local Delivery Unit

Middlesbrough is the largest urban population centre of the Trust and has a multi ethnic and cultural population with a wide diversity of economic, employment and housing provision. The Local Delivery Unit supervises approximately 1,000 offenders at any given time. Staff are supported by strong partnerships with input from a wide cross section of statutory and voluntary agencies including the local authority, police, employment and benefit agencies and housing providers.

Major achievements over the year include:

- Re-offending rates for the Middlesbrough LDU continue to show a steady reduction.
- Initiatives to tackle Domestic Abuse with special programmes for perpetrators in place in partnership with a registered charity.
- Close links to the 'Troubled Families' initiative with protocols in place to ensure cross-agency cooperation.
- Continuing close working links with police and health service within the Integrated Offender Management Team (IOM – a multi disciplinary team made up of probation, police, prison, health and local government staff who work with the high crime causers in the localised area whose offending is often linked to drug and alcohol misuse).



Redcar & Cleveland Local Delivery Unit

Staff based in Redcar, Police HQ Kirkleatham and South Bank supervise approximately 600 offenders at any given time. The Local Delivery Unit operates across a very varied demographic combining some of the most affluent and most challenging areas in the region. Strong partnerships with the Local Authority, Police, employment and benefit agencies and housing providers ensure an holistic approach to tackling offending behaviour.

Major achievements over the year include:

- Re-offending rates for the Redcar & Cleveland LDU continue to fall steadily.
- Close links to the 'Troubled Families' initiative with protocols in place to ensure cross-agency co-operation which will improve efficiency and outcomes for all agencies.
- Continuing close working links with police and health service within the Integrated Offender Management Team which results in targeting of high crime causers and offending linked to drug and alcohol misuse.
- Increased use of the Citizenship programme ensuring a structured intervention for all offenders which tackles the causes of offending behaviour.

North Durham Local Delivery Unit

Staff based in Consett, Chester-le-Street, Durham and Peterlee supervise approximately 900 offenders at any given time. There is a range of partnership work established across North Durham, tailored to the criminogenic needs of offenders in each locality – most particularly, alcohol.

Major achievements over the year include:

- County Durham Community Alcohol Service providing support and appropriate intervention to alcohol dependent probationers, supported by the secondment of three Trust staff (at March 2014).
- Staff based within co-located Drug Treatment Centres delivering structured day care to probationers who misuse drugs, working closely with a range of statutory and voluntary sector partners to reduce the harm caused by drugs to individuals and communities.
- Three co-located IOM hubs working across County Durham with the county's most prolific offenders. The 'Castle Project' continues to contribute to reduced re-offending by offenders subject to Integrated Offender Management supervision.
- Trialling a 'Breach Co-ordinator' role for cases in North Durham LDU leading to the creation of a Breach Team which serves the whole Trust to ensure consistency and best practice in our enforcement activity.



South Durham Local Delivery Unit

Staff based in Darlington, Bishop Auckland and Newton Aycliffe supervise approximately 1,000 offenders at any given time, working in partnership with a range of key agencies and service providers to address the needs of the local caseload. Probationers are distributed between offender management, IOM and the Community Supervision Service (CSS) on the basis of risk and need.

Major achievements over the year include:

- A steep reduction in re-offending in Darlington in the context of a rate that has been steadily rising for over two years.
- Improved services to probationers with Drug Rehabilitation Requirements following transfer of cases and staff to IOM Units.
- Establishment of 'women only reporting' within the Darlington OMU, supported by local partner agencies.
- Piloted "Talking Changes", improving access to psychological therapies for offenders – a hard to reach group for psychological interventions.

Stockton Local Delivery Unit

Offender Management, CSS and IOM units within the Stockton LDU supervise approximately 800 offenders at any given time. The co-location of probation, police, housing workers, outreach workers and strong links with drug and alcohol services within the IOM unit maximises the resources available to probationers and has supported the reduction in re-offending in this area.



Major achievements over the year include:

- Significant reduction in alcohol misuse and associated offending resulting from IOM working with Alcohol Treatment Requirements and Alcohol Specified Activity Requirements.
- Outreach with sex workers in Stockton.
- Identifying probationers on the cusp of re-offending who benefit from multi-agency working.
- Developing Restorative Justice with non-statutory offenders sentenced to under 12 months custody.

Hartlepool Local Delivery Unit

The Hartlepool LDU supervises approximately 500 offenders at any given time. Staff continue to work closely with local partners around “Troubled Families”, the innovative “Team Around the Household” approach, and with neighbourhood policing to target probationers presenting both risk of re-offending and issues of vulnerability. The combination of support and surveillance has enabled effective work to be undertaken with challenging individuals and families. Joint working arrangements within the IOM team to target Prolific & Priority Offenders (PPOs) and High Crime Causers (HCCs) have also contributed to the management of re-offending in this particularly challenging LDU.

Major achievements over the year include:

- Development of “Team Around the Household” in partnership with other agencies.
- Ongoing successful joint work with police in local neighbourhoods.
- Targeting housing providers to be more pro-active in allocating accommodation to probationers.
- Implementing Restorative Justice practice within both IOM and the general Offender Management team.



Public Protection Units

Public Protection Units (PPU) based in Durham City and Middlesbrough continue to work in close partnership with the police to supervise probationers from all areas of the Trust who present the highest risk of harm. This represents approximately 600 offenders at any given time. Multi-agency Public Protection Arrangements (MAPPA) are an integral element of public protection practice, placing responsibility on statutory agencies – including probation – to work together to manage those offenders presenting the greatest risk of harm.

Major achievements over the year include:

- Implemented new MAPPA guidance which brought both clarity and some updates to practice.
- PPU staff have collaborated to develop updated risk of harm guidance for all Trust staff.

Victim Services

The Trust has continued to work in partnership with others to improve the availability of services for Victims of Crime in this area. This year has seen positive engagement with the Police & Crime Commissioners and other Victim's services in sharing together how services can be improved. Police & Crime Commissioners will play an increasingly central role to ensure quality services are available. Durham Tees Valley Probation Trust's Victim Unit continue to value the feedback we receive from Victim's who choose to take up the service our Victim Liaison Officers provide and share their comments about service quality.

In November 2013 the issue of the new Victim Contact Scheme Manual was welcomed. This has brought together the best practice and clarified the role the Victim Liaison Officers contribute through their work. At around the same time the Her Majesty's Inspectorate of Probation (HMIP) Report Victim Contact: an inspection of the Victim Contact Arrangements in Probation Trusts was also released. We have ensured that our local response takes the learning from both of these into future Victim Liaison Officer working practices.

Partnership with Prisons

The Trust has continued to value its strong working links with the 6 prisons within our Trust area. We have significant staff resource working within the prisons and with the changes that are currently underway in both the Prisons and in Probation the level of joint working has become even more crucial in order to ensure that the safety of the public is sustained and improved. The Prison restructures have brought more Prison Officers working with Probation colleagues and the benefit of shared working enhances the services available to address victim and offender needs.

It has also been possible to continue to share some of the areas of development and improvement and this year issues of particular note are:

- Shared learning in relation to Restorative Justice.
- Contributing to prison focus on work with the Parole Board.
- Ensuring Public Protection operates through the gate.
- Shared training and innovation towards improved support for families and vulnerable groups.



Community Supervision Service

2013 saw the Community Supervision Service (CSS) team further embedded within our offender management arrangements. Once probationers have completed the intensive one-to-one Citizenship programme, probationers transition to the CSS – although overall responsibility for the case remains with the designated officer. CSS Officers build on the cognitive-behavioural work that has been commenced in early supervision while beginning to focus on the probationer's future. The majority of probationers will then begin to attend GALLANT (Gaining Access to Local opportunities Learning to Achieve a New Tomorrow).



GALLANT

Built on the principles of Desistance Theory, the GALLANT's are a one-stop-shop in the probationer's community, where they can both report to their supervising officer and quickly access community resources. The Trust operates 12 GALLANTS, all taking place away from probation premises to begin removing the stigma of being an 'offender'. GALLANT is supported by volunteers from each local community and attended by partner agencies according to the identified needs of the local probationers. GALLANT resembles a vibrant community centre and encourages

probationers to focus on their future, access the services that can support them as they reintegrate into their local community, and rebuild a personal identity as a law-abiding citizen.

Court Services

Durham Tees Valley Probation Trust provides sentencing advice to the Crown Courts of Teesside and Durham, and to the Magistrates Courts across both County Durham and Teesside. During 2013–14 the Trust provided 6,894 reports to the courts – the majority produced by the Courts team. The Courts team supports persons before the courts to find suitable bail accommodation. The Breach Team deals with prosecuting cases before the courts when probationers breach the terms of their Court Orders.

Major achievements over the year include:

- Close liaison with sentencers via Local Sentencing Groups.
- Delivery of regular training seminars to magistrates with the support of staff and probationers.
- Establishment of a dedicated Breach Team within the Legal Services Unit to not only prosecute cases but also deal with amendments and revocations of Court Orders.



Accredited Programmes

Our dedicated Accredited Programmes team delivers nationally accredited group work programmes which, local evidence demonstrates, are effective in reducing re-offending by as much as 55% against the predicted rate. Programmes provide a safe and supportive environment in which probationers can understand the impact of their offending on victims and communities, learn positive coping strategies, and begin to feel valued and empowered.

Major achievements over the year include:

- Delivery of sex offender programmes: the Northumbria Sex Offender Group programme, the Better Lives programme, the Internet Sex Offender Treatment programme.
- Delivery of violence-specific programmes: the Community Domestic Violence Programme (CDVP) and the Controlling Anger & Learning to Manage It programme (CALM).
- Delivery of the general offending behaviour programme: Thinking Skills.
- Implementation of Building Better Relationships and RESOLVE – new programmes that are based on a strengths and desistance model for probationers who commit domestic violence and violent offences. All programme delivery staff were trained and prepared for the change to the BBR and RESOLVE programmes.

- All targets for accredited programme completions were achieved in 2013/14.

Commitment to Diversity

The Trust is fully committed to valuing diversity in our work with colleagues, partners and probationers, seeking to actively promote the benefits of a positive approach to equality and diversity.



Major achievements over the year include:

- A complete review and relaunch of the Equality & Diversity policy.
- Introduction of two new policies: Transgender policy and procedure for Responding to Incidents of Discrimination Towards Staff.
- Commencement of refresher Diversity Training for all employees.
- Ongoing development of services for women probationers.

Financial Performance

As a reflection of the generally austere climate which the public purse is experiencing, the Trust has incurred successive reductions in its funding over recent years. For 2013 / 2014, the Trust was not exposed to any major cuts in core grant however the Trust through continued pursuit of efficiency savings identified a further £750,000 of savings which were offered back to NOMS further reducing the financial control total. The Trust actually spent £22m last year ending the year with a spend of £86k above the revised control total due to NOMS approved redundancy costs. This sum equivalent to 0.4% of the total reduced control total finance.

As the table below shows, we are essentially an organisation that provides its services directly through the activities of our staff. We are not an organisation with significant service delivery expenses beyond those associated with providing operational bases from which to deliver our work.

Expense Type	Budget outturn	Less Actual Employers Pension	Add "Current Service Costs"	Published figures inclusive of actuarial pension assessment
	£(000s)	£(000s)	£(000s)	£(000s)
Employee related costs	16,574	(2,583)	2,928	16,919
Other Administration costs	5,141			5,141
Total Spend	21,715			22,060
Income				
Central government Grant and other public sector agencies	(21,629)			(21,629)
Deficit	86			431
Net Interest Cost on Pension Scheme				1,168
Net Operating costs before Tax				1,599

Approximately 76% of our costs are associated with employee related expenditure and 13% is directly paid to central government for the provision of estate and ICT services. Locally we are responsible for incurring less than half of our non pay costs, the most significant element being the reimbursement of

transport costs of staff that use their own vehicles in the discharge of their offender management responsibilities.

The financial position shown reflects the position after the inclusion of an actuarial pension assessment which lies outside the budgetary responsibility of the Trust.

Operational performance

Performance Summary 2013–2014

The Trust has a contract relationship with the National Offender Management Service defined by a target oriented set of contract metrics. The year end position which demonstrates a continuous year on year improvement is summarised as:

	2013/14	2012/13	2011/12
Above	88%	81%	79%
Near Miss	5%	12%	13%
Below	7%	7%	7%

In doing so the Trust has demonstrated successfully how it has remained focused on its core work throughout the year in which it was effectively working towards its cessation.

The detail contract measures are as shown below:

Ref	Description of target / measure	Target	Achieved	2013/14	2012/13
Sickness absence					
IPPF8	Sickness Absence	10.0	9.5	Above	Near Miss
Pre sentence assessments					
OM40	PSR Timeliness – All	90.0%	99.2%	Above	Above
Post sentence assessments					
OM8	OASys Timeliness – Tier 2 & 3	90.0%	97.0%	Above	Above
OM9	OASys Timeliness – Tier 4	90.0%	94.5%	Above	Above
OM10	OASys Timeliness – PPOs	90.0%	90.2%	Above	Above
OM35	OASys Timeliness – Tier 4 & PPOs	90.0%	93.6%	Above	Above
OM14	OASys Timeliness – Phase 2 & 3	90.0%	95.9%	Above	Above
OM11	OASys Termination Timeliness – Tier 2 & 3	90.0%	94.8%	Above	Above
OM12	OASys Termination Timeliness – Tier 4	90.0%	93.1%	Above	Above
OM13	OASys Termination Timeliness – PPOs	90.0%	85.5%	Near Miss	Above
OM39	OASys Termination Timeliness – All	90.0%	94.3%	Above	Above
OM26	OASys QA	90.0%	99.1%	Above	Above
OM27	IPP/Lifer Parole Report Timeliness	80.0%	95.0%	Above	Above
Accredited programmes					
INT4	Eligible Programme Starts (OGRS)	85.0%	95.2%	Above	Above
INT1	SOP Completions	56	56	Above	Above
INT13	SOP Completion Rate	80.0%	83.9%	Above	Above

Ref	Description of target / measure	Target	Achieved	2013/14	2012/13
INT2	DVP Completions	64	64	Above	Above
INT14	DVP Completion Rate	68.0%	73.8%	Above	Above
INT3	Accredited OBP Completions	121	123	Above	Below
INT15	Accredited OBP Completion Rate	70.0%	52.7%	Below	Below
Unpaid work					
INT11	UPW Stand Downs/Send Homes	<1.0%	0.09	Above	Above
INT5	UPW Completions	1240	1280	Above	Near Miss
INT18	UPW completion rate	75.0%	76.9%	Above	Above
INT24	UPW hours worked in agency placements	33.0%	42.3%	Above	Above
INT25	Average UPW group size	7.0	7.1	Above	Near Miss
Substance misuse					
INT17	DRR completion rate	55.0%	45.1%	Below	Near Miss
INT16	ATR completion rate	50.0%	56.8%	Above	Above
Employment					
INT8	Sustained Employment	250	99	Below	Below
INT9	Employment at Termination	35.0%	42.0%	Above	Above
Compliance					
OM5	Enforcement Timeliness	90.0%	96.2%	Above	Above
OM4	Licence Recall Timeliness	90.0%	98.4%	Above	Above
OM20	Successful Sentence Completions	75.0%	75.0%	Above	Above
Accommodation					
OM17	Accommodation at Termination	80.0%	87.0%	Above	Above
BASS	Bass Referrals	40	77	Above	Above
Stakeholder confidence					
OM29	Offender Feedback	70.0%	82.3%	Above	Above
OM7	Victim Contact	90.0%	98.0%	Above	Above
OM32	Victim Feedback	90.0%	100.0%	Above	Above
OM41a	MAPPA – SMB Attendance	75.0%	100.0%	Above	Above
OM41b	MAPPA – Level 2/3 Meeting Attendance	90.0%	99.7%	Above	Above
OM46	MAPPA – VISOR Effectiveness	90.0%	100.0%	Above	Above

Russell Bruce
Chief Executive Officer
30th 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 the merger and transition from the Teesside and County Durham Probation Boards which were established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 58, issued by the Secretary of State under the OM Act.

Principal activities

The Trust manages offenders subject to community orders and those on licence following their release from prison. We provide advice to sentencers in the magistrates and crown courts in the form of pre-sentence reports. The Trust also runs specific programmes designed to address specific offender related issues. In addition we manage and provide for offenders subject to unpaid work orders.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 11.

Results for the year

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

Operating costs

The net operating cost before tax for 2013–14 stands at £1,599K compared to £2,379K for 2012–13. The reason for the decrease is due to reduced staffing costs.

Statement of Financial Position and Statement of Cash Flows

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

The net liabilities position has decreased from £25,705k at 31 March 2013 to £19,754 at 31 March 2014. The largest single movement in net liabilities is £6,039k due to remeasurement of pension costs.

Payment of creditors

In the year to 31 March 2014, the Trust paid 2,813 trade invoices with a value of £3,376,546. The percentage of undisputed invoices paid within 30 days by the Trust was 99.61% compared to 99.33% in 2012–13. Target was 100%.

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 Teesside fund (except in regard of the retiring CEO who will remain a Trust employee to the end of July).

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 9.5 days across the Trust (2012–13 10.2 days).

Personal data related incidents

In the year the Trust had no data related incidents requiring any formal reporting to the Information Commissioner's Office (ICO).

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.

Allocation of Staff between the CRC & the NPS

The proportion of staff transferring to the CRC/NPS is approximately 45:55.

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 60 to 63.

Future developments

As the Trust's operational activity has ceased to exist on the 1st June 2014 there are no formal future developments.

Mutuals

During the financial year 2013/14 some of the staff and management team of the Durham Tees Valley Probation Trust established a community interest company known as, Changing Lives North East Community Interest Company. This organisation has joined seven others to develop a bid for the Durham Tees Valley contract package area under the consortium known as ARCC, Achieving Real Change in Communities.

ARCC has 8 members which are:

1. Changing Lives North East Community Interest Company
2. The Wise Group
3. The Vardy Foundation
4. Safe In Tees Valley
5. Darlington Borough Council
6. Stockton Borough Council
7. Redcar & Cleveland Borough Council
8. Tees Esk Wear Valley NHS Foundation Trust

Going Concern

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

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

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

The remaining services are divided 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 (FRoM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

Communications and employee involvement

DTV Probation Trust continues to place great emphasis on achieving effective communication across the organisation, and encouraging employee involvement. This is achieved via frequent one-to-one supervision between managers and individual staff members; team meetings; management meetings; the use of working parties and focus groups for specific pieces of work; and the regular publication of a staff newsletter, Trustwide. In addition, Trust managers have continued to work closely with the trade unions, particularly in managing changes within the Trust.

Staff Diversity

The Trust places great emphasis on equality and diversity issues in respect of its workforce. Around 74% of our staff are female; 7% describe themselves as having a disability; 4% are from minority ethnic backgrounds (which is reflective of the local population); and around 11% are aged 60 or over. We publish annual Equality Objectives on our website, as well as regular progress reports.

The Trust has a very active Equality & Diversity group, which involves staff from across the organisation, including representation from both senior management and the Board. There are also two Staff Support Groups: for staff with disabilities, and for lesbian/gay staff. As an employer, we operate a well-used Flexible Working approach which enables staff to manage a positive work-life balance. In our 2012 staff survey, nearly 90% of staff agreed that “the Trust is committed to equality of opportunity for all of its staff”.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 26.

- Total audit fees reported in the Accounts are £35,640.

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 Durham Tees Valley Probation Trust Board

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

- Durham Tees Valley Probation Board
- Audit, Quality Assurance & Risk Committee
- Finance, Resources & Performance Committee
- Human Resources Committee
- Partnerships & Communications Committee
- Chairman’s Review Committee

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

With the cessation of the Trust’s operational activities the Board members have agreed to extend their posts until the 31st July 2014.

Details of the remuneration of the Board are set out in the Remuneration Report on pages 17 to 19.

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Russell Bruce	1 st April 2010
Chairman	Sebert Cox OBE	1 st April 2010
Board Member	Balbir Thethi	1 st April 2010
Board Member	Kathryn Larkin-Bramley	1 st April 2010
Board Member	Maureen I Rillands	1 st April 2010 / 1 st April 2013 (ended)
Board Member	Vivienne Trenchard	1 st April 2010
Board Member	Judith Mashiter	1 st April 2010
Board Member	Norman Vaulks	1 st April 2010

Conflicts of Interest

There have been no conflicts of interest during this period.

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.

Russell Bruce
Accountable Officer
30th 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.

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

A) REMUNERATION – SUBJECT TO AUDIT

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Russell Bruce – Chief Executive Officer	101	95	2	2	12	13	74	147	178.2	245.3
Sebert Cox OBE – Chairman	22	18	0	0	20	19	0	0	24.0	19.9
Balbir Thethi – Member	2	2	0	0	4	5	0	0	2.4	2.5
Kathryn Larkin-Bramley – Member	2	2	0	0	6	7	0	0	2.6	2.7
Maureen I Rillands – Member (resigned)	0	0	0	0	0	1	0	0	0	0.1
Vivienne Trenchard – Member	1	2	0	0	4	8	0	0	1.4	2.8
Judith Mashiter – Member	1	2	0	0	12	15	0	0	2.2	3.5
Norman Vaulks – Member	2	3	0	0	12	17	0	0	3.2	4.7

The Chief Executive (CE) salary, codes and conditions are determined by the National Negotiating Council for the probation service: standing committee for Chief Officer Grades.

The CE is currently acting CE of the Cumbria Probation Trust who reimburse 40% of the remuneration costs.

The CE will be in receipt of a redundancy package of £230k on his departure at the 31st July 2014.

All appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2013, 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)	£100–105k	£95–100k
Median for other staff	£27,373	£27,102
Pay multiple ratio	3.7:1	3.5:1

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

Salary

'Salary' includes the gross salary and overtime.

Benefits in kind

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

Mutuals

The Durham Tees Valley Probation Trust seconded one senior manager (0.92 full time equivalent) to work on the bid for the DTV contract package area with ARCC.

All other Trust senior managers were not involved with the bid with several of the senior management team signing Part A declarations. Part A declarations were put in place to ensure that an ethical wall was maintained between those involved in putting together / those not involved in putting the contract package bid together. This included the Director of Finance, the Director of Human Resources and the Board Secretary.

B) PENSION BENEFITS – SUBJECT TO AUDIT

	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
Russell Bruce CE	43 pension plus 100 lump sum	4 pension 5 lump sum	842	746	96

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.

Russell Bruce
Accountable Officer
30th 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 Durham Tees Valley Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

5. Governance Statement

Governance and the purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which an organisation is directed and controlled. It enables the organisation to monitor the pursuit of its strategic objectives and to consider those objectives have been met and to identify any organisational improvements that can be made. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Durham Tees Valley Probation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Durham Tees Valley Probation Trust for the year ended 31 March 2014 for the full year under report.

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining adequate governance arrangements that support the achievement of Durham Tees Valley Probation Trust's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that Durham Tees Valley Probation Trust is administered prudently and economically and that resources are applied efficiently and effectively. The Accountable Officer is answerable for keeping proper records and for safeguarding the Trusts' assets, are set out in the Accountable Officers' Memorandum issued by the Secretary of State and published in Managing Public Money produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and Trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

Corporate Governance Code

We have complied with the corporate governance code in all material aspects expected of an entity of our size and complexity.

Governance framework

The Durham Tees Valley Probation Trust has a governance framework comprising a Board of 6 non Executive members and its Chief Executive.

The Board met on 6 occasions during 2013/14. The Board is supported by a structure of sub-committees comprising:

- Audit, Quality Assurance & Risk Committee
- Partnerships and Communications Committee
- Human Resources Committee
- Finance, Resources & Performance Committee
- Chairman's Review Committee

The Board is advised and guided at each of its meetings by Executive Directors who have responsibility for Finance, Performance, Estates, Human Resources, Business Development and Legal Services.

Attendance at Board meetings by Members

	Possible Attendance	Actual Attendance
Russell Bruce – CE	6	6
Sebert Cox OBE – Chairman	6	6
Norman Vaulks	6	6
Judith Mashiter	6	5
Vivienne Trenchard	6	6
Kathryn Larkin-Bramley	6	6
Bill Thethi	6	6
Maureen Rillands (resigned)	0	0

The Audit, Quality Assurance & Risk Committee commences each of its meetings with a “risk owner” presentation whereby each of the risks identified in the corporate risk register are considered in turn by members.

The Audit, Quality Assurance & Risk Committee produces an annual report to enable it to assess its effectiveness. The Board Chairman performs a formal appraisal annually of each Board member.

Capacity to handle risk

The organisation has ensured that its capacity to handle risk is sufficient by adopting a framework that ensures that the process of managing risk is embedded within the organisation. The Audit, Quality Assurance and Risk Committee and the Trust Board have proactively engaged with this agenda, in order to ensure that the organisation remained focused on the key areas of concern.

Central to the approach is bringing together Service Directors to review any identified principal risks to ensure a corporate response to the challenges faced. The meeting agenda identifies those risks and a system of cyclical review is in place.

The organisation is alert to issues of risk associated with Performance, Resource Management, Finance and Human Resources and so reports and risk reviews are considered at these events. Collective discussions and actions arising thereon provide for a continuous process of risk management.

The risk environment during 2013/14

The risk environment was materially different during the year under report arising from the government led decision to terminate Trust contracts and transfer the work of probation to new providers. The Board and Senior Management team engaged fully and positively with this program of change and established enhanced management processes to both maintain business as usual and a successful transition to the new providers. NOMS internal audit reported that: “I can confirm however, that the Trust was working towards the implementation of Transforming Rehabilitation agenda whilst managing the risks within the direct control.”

The risk and control framework

The risk and control framework is supported by positive engagement with the need to manage risk effectively. This is made effective by ensuring that we have regard to:

- **Leadership** – Senior Management and the Board support and promote risk management. There is a clear recognition of the need to manage Business Risk in its broadest context.
- **People** – Our staff are made to operate within a framework of expectations that links their contribution to the organisation’s goals to the associated need to manage risk.
- **Partnerships** – Effective arrangements for managing risks with partners have been established.
- **Processes** – The organisation’s processes are designed to incorporate effective risk management.

- **Risk Handling** – This is a sophisticated organisation that is alert to the presenting consequences of unmanaged risk. The key risk arising from the proposed changes and contract termination have been managed well.
- **Outcomes** – Risk Management contributes to achieving outcomes which is demonstrated by the successful year under report and the major business changes that have been navigated with success.

Such risks, where identified, are considered with regard to their relative economic, capacity and capability, technological, legislative, environmental, customers, citizens, stakeholders and performance impact.

The risk and control framework is also built upon a belief that the assessment, management and control of risk is in part achieved by the continuous application of those mechanisms that make for effective corporate governance.

Unacceptable risk can arise from the potential for these processes to fail.

The management of risk is an intrinsic element of all the processes that have developed over time to deliver the business of the organisation in such a way that meets the legitimate expectations of its many stakeholders, and therefore the organisation's response to the management and control of risk is to be found at the core of these processes.

The structured review of these processes is built into the annual cycle of review that is embraced within the business planning cycle. This review takes place appropriately throughout the service via the Board, Senior and Middle Managers all taking responsibility for reviewing performance against corporate objectives.

The Board recognises that risk is inherent in the normal activity of the organisation and seeks to ensure that all staff are adequately trained and able to recognise circumstances in which well-managed risk taking is appropriate and beneficial to the achievement of organisation objectives.

As Accountable Officer, I am particularly mindful of the need to manage and control information risk. We have a range of policies and strategies that we have adopted to create a strong and effective culture of secure information management.

Our risk register is published annually in the business plan and updated throughout the year being reviewed both by the senior management team and the Audit, Quality Assurance & Risk Committee committee.

The principal risk identified this year is the need to maintain and sustain the organisation under a period of unprecedented uncertainty about its future. The management team have adopted a "business as usual" approach in ensuring continuity of the standards we have set.

Review of economy, efficiency and effectiveness in the use of resources

In ensuring a responsible approach to reductions in funding I have supported the on-going use of an internal specialism to introduce lean principles into the organisation. By this process, all aspects of service delivery are subject to a fundamental reappraisal of operational delivery models. Subsequent restructuring to ensure that more efficient and effective evidence based approaches are adopted and management information systems support the organisations on-going compliance with new delivery methods.

Post implementation reviews ensure that the anticipated improvements are delivered.

I also make every effort to ensure that integrated planning between Finance, Human Resources and Business Development functions delivers a co-ordinated business planning process which works on appropriate time horizons.

In seeking to determine the effectiveness of the organisation's core objectives I integrate research activity into the business design process and seek independently validated academic oversight of the positive outcomes being sought.

Employee support

The Trust has a comprehensive portfolio of employee related policies and procedures available to all staff via an electronic staff reference manual. Currently numbering 52 these offer guidance and support to all staff groups in a way that fully reflects the diversity and needs profile of our employees.

Information Security

Over the course of the year we had no reportable incidents with regard to information security. We nevertheless keep processes under review and are active in an on going process of improvement.

Review of effectiveness

The Accountable Officer also has responsibility for reviewing the effectiveness of the governance framework, including the system of internal control. The review is informed by the work of internal auditors and the executive managers within the Durham Tees Valley Probation Trust who have responsibility for the development and maintenance of the governance framework, including the system of internal control and comments made by external auditors in their Management Letter and other reports. Having been advised on the implications of the result of my review of the effectiveness of the governance framework by the Board and the Audit, Quality Assurance and Risk Committee, a plan to address weaknesses and ensure continuous improvement of the system is in place. Additionally, my effectiveness review is supported by a comprehensive range of other sources of assurance. Examples of these are:

- procedures for identifying the Board's objectives and key risks;
- the development of a control strategy and risk management policy;
- the allocation of risk ownership;
- the role of the Audit, Quality Assurance and Risk Committee;
- involvement and role of internal audit;
- procedures for ensuring that aspects of risk management and internal controls are regularly reviewed and reported on;
- systems used to ensure compliance with specific regulations or procedures laid down by central departments; and
- monitoring of progress with current initiatives and compliance with extant external requirements.

An "Internal Audit of Assurance Mapping" rated the Trust as green. NOMS internal audit also observed that:

"We confirmed that the Annual Governance Statement reflected the substance of the issues that had impacted on the Trust's business operations during the year and that reference was made of the systems of internal control, governance, risk management and independent inspections that had made the Trust "a high performing deliverer of offender management services". We were satisfied that the Annual Governance Statement also qualified the extent to which these activities could be relied upon, in that they could only provide reasonable and not absolute assurance."

A plan to address weaknesses and ensure continuous improvement of the system is in place.

Mutuals

During the period of the competition the Durham Tees Valley Probation Trust have ensured that all staff involved in the bid have been separated from those involved in the day to day operation of the Trust.

Those involved in the bid have completed Part B declarations. A Part B declaration is a document acknowledging that the staff involved in the preparation of the bid for ARCC are excluded from any business conducted within the Trust associated with the Transforming Rehabilitation transition.

The Director of Operations that has been involved in the bid has been working separately from her colleagues throughout the bid process. She has only attended open meetings and has been precluded from any operational decision making.

The other staff working on the bid have ensured ethical walls are maintained by being physically separated from their colleagues whilst working on the bid itself. No contamination has occurred that could impact on the integrity of the competition process.

Internal Audit opinion

In a year in which we perceived the greatest risk to be the maintenance of “business as usual” NOMS audit function have concluded that: “we can give reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.”

Conclusion

As Chief Executive, I regard my responsibility in respect of good governance to be one of a continued pursuit of improved methodologies and ideas and a willingness to be always responsive to emerging risks. This continuous focus on risk management and/or good governance is shared across the Trust and we emerge from our final complete year as a merged Trust with a positive performance record. We regard our system of governance as being demonstrably effective, but we remain ever vigilant as to the challenge of the ever changing environment.

Russell Bruce
Accountable Officer

30th 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 Durham Tees Valley 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 Durham Tees Valley Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

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

Sir Amyas C E Morse
Comptroller and Auditor General

Date 02/07/2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a) / 28	16,919	17,771
Other expenditure	6	5,141	5,338
Total Expenditure		22,060	23,109
Income	7	(21,629)	(21,968)
Net operating costs		431	1,141
Net interest cost on pension scheme	4(c) / 28	1,168	1,238
Net operating costs before taxation		1,599	2,379
Taxation	5	5	35
Net operating costs after taxation		1,604	2,414

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(3)	(11)
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 / 28	(7,552)	(3,113)
Total comprehensive expenditure for 31 March 2014		(5,951)	(710)

The notes on pages 32 to 57 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13	1 st April 2012
	Notes	£000	restated	restated
				£000
Non-current assets				
Property, plant and equipment	8	165	197	165
Intangible assets	9	0	0	0
Deferred tax asset	19	0	0	0
Trade and other receivables	12(a)	0	0	0
Total non-current assets		165	197	165
Current assets				
Assets classified as held for sale	11	0	0	0
Deferred tax asset	19	0	0	0
Trade and other receivables	12(a)	3,280	2,457	2,462
Cash and cash equivalents	13	453	1,647	2,322
Total current assets		3,733	4,104	4,784
Total assets		3,898	4,301	4,949
Current liabilities				
Trade and other payables	14(a)	(927)	(1,032)	(1,463)
Provisions	15	0	0	0
Taxation payables	14(a)	(944)	(1,154)	(1,322)
Total current liabilities		(1,871)	(2,186)	(2,785)
Non-current assets plus/less net current assets/(liabilities)		2,027	2,115	2,164
Non-current liabilities				
Trade and other payables	14(a)	0	0	(26)
Provisions	15	0	0	0
Pension liability	4(c)	(21,781)	(27,820)	(28,553)
Total non-current liabilities		(21,781)	(27,820)	(28,579)
Assets less liabilities		(19,754)	(25,705)	(26,415)
Taxpayers' equity				
General fund	23	(19,886)	(25,834)	(26,533)
Revaluation reserve – property, plant and equipment	24(a)	132	129	118
Revaluation reserve – intangible assets	24(b)	0	0	0
		(19,754)	(25,705)	(26,415)

The financial statements on pages 28 to 31 were approved by the Board on 30th June 2014 and were signed on its behalf by

.....
 Russell Bruce
 Accountable Officer
 30th June 2014

The notes on pages 32 to 57 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 'restated'
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23 / 28	(1,604)	(2,414)
Adjustments for non-cash transactions	6	44	37
Adjustments for pension cost	28	1,513	2,380
(Increase)/decrease in receivables	12(a)	(823)	5
Increase/(decrease) in payables	14(a)	(315)	(625)
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
Net cash outflow from operating activities		(1,185)	(617)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(8)	(59)
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment		(1)	1
Proceeds on disposal of intangibles		0	0
Net cash outflow from investing activities		(9)	(58)
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period			
		(1,194)	(675)
Cash and cash equivalents at the beginning of the period	13	1,647	2,322
Cash and cash equivalents at the end of the period	13	453	1,647
Increase/(decrease) in cash		(1,194)	(675)

The notes on pages 32 to 57 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(34,281)	118	(34,163)
Prior period adjustment Pension valuation error	28	7,748	0	7,748
As restated at 1 April 2012		(26,533)	118	(26,415)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(2,414)	0	(2,414)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	11	11
Remeasurement of post employment benefits	23	3,113	0	3,113
Balance as at 31 March 2013		(25,834)	129	(25,705)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,604)	0	(1,604)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)	0	3	3
Remeasurement of post employment benefits	23/28	7,552	0	7,552
Balance as at 31 March 2014		(19,886)	132	(19,754)

The notes on pages 32 to 57 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 as a result of IAS19. The effect of the prior period adjustment on each line in the primary statements is set out in **Note 28**.

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

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

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

1.6 Depreciation

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

Asset lives are currently in the following ranges:

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. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount and an impairment loss is recognised in the SoCNE. Any reversal of an impairment charge is recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in the SoCNE. The remaining amount is recognised in the Revaluation Reserve.

1.8 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.

1.9 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.

An error was identified in the carrying value of the prior-period pension liability arising from a calculation error in the liabilities reported as part of the 2010 triennial revaluation. The error occurred from the double-counting of certain member details used in the actuary's calculation of the pension liability. This error has been corrected through a prior-period adjustment, further details of which are set-out in **Notes 4 and 28**.

1.10 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.

Operating leases

The Trust has entered into a number of operating lease arrangements. Rentals under operating leases are charged to the SoCNE on a straight-line basis.

IFRIC 4 Determining whether an arrangement contains a lease

In determining whether the Trust holds a lease, contracts that use assets are assessed to determine whether the substance of the arrangements contain a lease. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The arrangement is then assessed under IAS 17 to determine whether it should be accounted for as a finance or operating lease.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Financial instruments

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

1.16 Segmental analysis of spend as reported to the Management Board

The Trust does not present financial information based on the structure to the Trust’s Management Board. Further detail is shown in **Note 2**.

2. Statement of Operating Costs by Operating Segment

Durham Tees Valley Probation Trust does not report segmentally to the Trust's Management Board.

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	14,875	14,763	112	15,449
Social security costs	1,137	1,137	0	1,220
Other pension costs	2,928	2,928	0	3,599
Sub-total	18,940	18,828	112	20,268
Less recoveries in respect of outward secondments	(2,021)	(2,021)	0	(2,497)
Total staff costs	16,919	16,807	112	17,771

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**.

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

3b. Average number of persons employed

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

2013-14			2012-13
Total	Permanently-employed staff	Others	Total
446	446	0	456
446	446	0	456

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013-14			2012-13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	1	1	0	4	4
£10,000-£25,000	0	0	0	0	4	4
£25,000-£50,000	0	1	1	0	2	2
£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-£250,000	0	1	1	0	0	0
Total number of exit packages by type	0	3	3	0	10	10
Total resource cost £000	0	275	275	0	174	174

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.

Savings will occur as a result of the departure of the Chief Executive as the result of the Voluntary Early Departures Scheme for the Transforming Rehabilitation Programme.

4. Pensions costs

The pension scheme is a Local Government Pension Scheme and it provides benefits on a final salary basis at a normal retiring age of 60. The scheme covers present and past employees, which is statutory and fully funded. The scheme is administered by the Teesside Pension Fund. The return on the Fund (on a bid value basis) for the year ended 31st March 2014 is estimated to be 2.5%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the year may be different. Actuaries have estimated the bid values where necessary. The final asset allocation of the Fund assets at 31 March 2014 is likely to be different from that shown due to estimation techniques.

On the date the information was received from the Actuary, we are unable to distinguish between investment grade and non-investment grade assets. Additionally, within the prior year analysis there was no distinguishing between quoted and unquoted assets. The figures are, therefore, shown where it is assumed that the majority of balances lay.

4a. Pension costs

An error was identified in the carrying value of the prior-period pension liability arising from a calculation error in the liabilities reported as part of the 2010 triennial revaluation. The error occurred from the double-counting of certain member details used in the actuary's calculation of the pension liability. This error has been corrected through a prior-period adjustment, further details of which are set out in **Note 28**.

A full actuarial valuation under IAS19 was carried out at 31st March 2013 by Aon Hewitt. For 2013–14, employers' contributions of £2,583k were payable to the LGPS (2012–13 – £2,457k) at a contribution rate of 19.2% (2012–13 – 19.2%). The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect the 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 required to be paid by the Probation Trust as they have ceased trading. On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the Greater Manchester Pension Fund.

Partnership accounts are excluded under IAS19.

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

- Employer's contributions for 2013–14 were 19.2% of salaries; and,
- Employer's contributions for 2014–15 will be 19.2% of salaries.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.4%	2.5%
Rate of increase in salaries	3.9%	4.4%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.5%
Discount rate	4.3%	4.4%

Mortality Assumptions:

Retiring today: Males 22.9, Females 25.4

Retiring in 20 years time: Males 25.1, Females 27.7

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

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets	0	72,743	72,743
Funded liabilities	(100,563)	0	(100,563)
Unfunded liabilities	0	0	0
Opening balance at 1 April (restated)	(100,563)	72,743	(27,820)
Current service costs	(2,902)	0	(2,902)
Past service costs (including curtailments)	(26)	0	(26)
Gains and losses on settlements	0	0	0
	(2,928)	0	(2,928)
Net Interest (cost)/income	(4,384)	3,216	(1,168)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	(4,005)	(4,005)
Gain/(loss) from change in demographic assumptions	(4,236)	0	(4,236)
Gain/(loss) from change in financial assumptions	2,153	0	2,153
Experience gains/(losses)	13,640	0	13,640
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	11,557	(4,005)	7,552
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	2,583	2,583
Plan participants	(870)	870	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	2,760	(2,760)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(94,428)	72,647	(21,781)
Plan assets	0	72,647	72,647
Funded liabilities	(94,428)	0	(94,428)
Unfunded liabilities	0	0	0
Closing balance at 31 March	(94,428)	72,647	(21,781)

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	61,722	61,722
Funded liabilities	(98,023)	0	(98,023)
Unfunded liabilities	0	0	0
Opening balance at 1 April	(98,023)	61,722	(36,301)
Pension valuation error	7,748	0	7,748
Restated opening balance at 1 April	(90,275)	61,722	(28,553)
Current service costs	(3,599)	0	(3,599)
Past service costs (including curtailments)	0	0	0
Gains and losses on settlements	0	0	0
	(3,599)	0	(3,599)
Net interest (cost)/income	(4,113)	2,875	(1,238)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	6,547	6,547
Gain/(loss) from change in demographic assumptions	0	0	0
Gain/(loss) from change in financial assumptions	(3,443)	0	(3,443)
Experience gains/(losses)	9	0	9
Change in asset ceiling, excluding amounts included in interest cost	0	0	0
	(3,434)	6,547	3,113
Foreign exchange differences	0	0	0
Effect of business combinations on disposals	0	0	0
Contributions			
Employers	0	2,457	2,457
Plan participants	(893)	893	0
Unfunded benefits	0	0	0
Payments from plans			
Benefit payments	1,751	(1,751)	0
Unfunded benefit payments	0	0	0
Closing balance at 31 March	(100,563)	72,743	(27,820)
Plan assets	0	72,743	72,743
Funded liabilities	(100,563)	0	(100,563)
Unfunded liabilities	0	0	0
Closing balance at 31 March	(100,563)	72,743	(27,820)

4d. Plan assets are comprised as follows

	Asset split at 31 March 2014			Asset split at 31 March 2013
	2013–14		Total	2012–13
	Quoted	Unquoted		Unquoted
	%	%	%	%
Equities	79.1	1.9	81.0	77.4
Property	0.7	4.5	5.2	5.3
Government bonds	1.9	0.0	1.9	7.2
Corporate bonds	4.6	0.0	4.6	2.0
Cash	5.2	0	5.2	5.2
Other	1.8	0.3	2.1	2.9
Total	93.3	6.7	100.0	100.0

4e. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	92,604	94,428	96,288
Projected service cost	2,781	2,865	2,951
	+1yr	none	-1yr
	£000	£000	£000
Adjustment to mortality age rate assumption			
Present value of total obligation	92,492	94,428	96,352
Projected service cost	2,778	2,865	2,949
	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to rate of general increase in salaries			
Present value of total obligation	94,923	94,428	93,937
Projected service cost	2,865	2,865	2,865

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

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

5. Taxation

	2013–14	2012–13
	£000	£000
UK corporation tax	5	35
Total	5	35

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.

6. Other Expenditure

	2013-14		2012-13	
	£000	£000	£000	£000
Rentals under operating leases	53		22	
Interest charges	2		3	
Accommodation, maintenance and utilities	2,049		2,227	
Travel, subsistence and hospitality	650		582	
Professional services	114		251	
IT services	732		700	
Communications, office supplies and services	352		505	
Other staff related	501		354	
Offender costs	418		418	
Other expenditure	168		179	
External Auditors' remuneration – statutory accounts	36		36	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration	22		24	
		5,097		5,301
Non-cash items				
Depreciation of tangible non-cash assets	43		36	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		0	
(Profit)/loss on disposal of tangible non-cash assets	1		1	
(Profit)/loss on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	0		0	
Early retirement provisions not required	0		0	
		44		37
Total		5,141		5,338

7. Income

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	21,079		21,528	
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	
		21,079		21,528
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		0		13
Other income from NOMS		64		121
Other income from rest of MoJ Group		2		2
Other income from other Government departments		414		185
Miscellaneous income		70		119
		21,629		21,968
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		0		0
Total income		21,629		21,968

8. Property, plant and equipment

	2013-14			
	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2013	36	427	162	625
Additions	8	0	0	8
Disposals	(37)	0	(162)	(199)
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	1	3	0	4
As at 31 March 2014	8	430	0	438
Depreciation				
As at 1 April 2013	33	234	161	428
Charge in year	1	41	1	43
Disposals	(37)	0	(162)	(199)
Transfers	3	(3)	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	0	1	0	1
As at 31 March 2014	0	273	0	273
Carrying value as at 31 March 2014	8	157	0	165
Carrying value as at 31 March 2013	3	193	1	197
Asset financing				
Owned	8	157	0	165
Finance leased	0	0	0	0
Carrying value as at 31 March 2014	8	157	0	165

8. (Continued)

	2012-13			
	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2012	95	431	159	685
Additions	0	59	0	59
Disposals	(60)	(87)	0	(147)
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	1	24	3	28
As at 31 March 2013	36	427	162	625
Depreciation				
As at 1 April 2012	92	271	157	520
Charge in year	0	35	1	36
Disposals	(60)	(85)	0	(145)
Transfers	0	0	0	0
Reclassifications	0	0	0	0
Impairments	0	0	0	0
Indexation/revaluation	1	13	3	17
As at 31 March 2013	33	234	161	428
Carrying value as at 31 March 2013	3	193	1	197
Carrying value as at 31 March 2012	3	160	2	165
Asset financing				
Owned	3	193	1	197
Finance leased	0	0	0	0
Carrying value as at 31 March 2013	3	193	1	197

9. Intangible assets

The Trust does not hold any Intangible Assets at the reporting date (2012–13 – £nil).

10. Impairments

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

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	1	1
VAT	0	0
Deposits and advances	4	3
Receivables due from Trusts	0	0
Receivables, Accrued Income and Prepayments due from NOMS Agency	3,055	2,315
Receivables, Accrued Income and Prepayments due from MoJ Group	0	27
Receivables, Accrued Income and Prepayments due from other Government departments	133	85
Other receivables	0	0
Prepayments	87	12
Accrued income	0	14
	3,280	2,457
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	3,280	2,457

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)	3,057	2,342	0	0
Balances with local authorities	131	85	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	3,188	2,427	0	0
Balances with bodies external to Government	92	30	0	0
Total	3,280	2,457	0	0

13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	1,647	2,322
Net change in cash and cash equivalents	(1,194)	(675)
Balance at 31 March	453	1,647
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	453	1,647
Balance at 31 March	453	1,647

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	73	112
Other payables	5	5
Accruals	278	500
Deferred income	0	34
Staff payables	74	9
Bank overdraft	0	0
Payables due to Probation Trusts	46	0
Payables, Accruals and Deferred Income due to NOMS Agency	0	0
Payables, Accruals and Deferred Income due to MoJ Group	0	0
Payables, Accruals and Deferred Income due to other Government departments	11	0
Unpaid pensions contributions due to the pensions scheme	440	372
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	927	1,032
Tax falling due within one year		
VAT	614	721
Corporation tax	0	5
Other taxation and social security	330	428
	944	1,154
Total amounts falling due within one year	1,871	2,186
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	1,871	2,186

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)	992	1,351	0	0
Balances with local authorities	7	45	0	0
Balances with NHS bodies	2	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,001	1,396	0	0
Balances with bodies external to Government	870	790	0	0
Total	1,871	2,186	0	0

15. Provisions for liabilities and charges

There were no provisions for liabilities and charges as at the reporting date (2012–13 – £nil).

16. Capital commitments

No commitments for capital expenditure and major maintenance works have been provided for in these accounts (2012–13 – £nil).

17. Commitments under leases

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
Other		
Not later than one year	53	53
Later than one year and not later than five years	38	91
Later than five years	0	0
Total	91	144

17b. Finance leases

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

18. Other financial commitments

The Trust has not entered into non-cancellable contracts at the reporting date (2012–13 – £nil).

19. Deferred tax asset

The Trust does not hold any deferred tax assets (2012–13 – £nil).

20. Financial instruments

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

21. Contingent liabilities

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

22. Losses and special payments

22a. Losses statement

There have been no losses payments in the year (2012–13 – £nil).

22b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	0	0	2	4
Total	0	0	2	4
Details of cases over £300,000				
Special payments	0	0	0	0
Total	0	0	0	0

There were no special payments over £300,000 made in the year (2012–13 – £nil).

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(25,834)	(34,281)
Prior period adjustment (Note 28)	0	7,748
Balance restated at 1 April	(25,834)	(26,533)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,604)	(2,414)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	7,552	3,113
Balance at 31 March	(19,886)	(25,834)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	129	118
Arising on revaluations of PPE during the year (net)	3	11
Transferred to General Fund	0	0
Balance at 31 March	132	129

24b. Intangibles

The Trust does not hold any intangible asset reserves (2012–13 £nil).

25. Related party transactions

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

Following the departure of Cumbria Probation Trust's Chief Executive, The Durham Tees Valley Chief Executive has been providing some time limited support during the period the position has been held vacant. The Cumbria Probation Trust paid the Durham Tees Valley Probation Trust a sum of £50,283 during the 2013/14 financial year for the service provided by the Chief Executive. There were no associated receivables or payables between the two Trusts as at the 31st March 2014.

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

Mutuals

During the financial year 2013/14 some of the staff and management team of the Durham Tees Valley Probation Trust established a community interest company known as Changing Lives North East Community Interest Company. This organisation has joined seven others to develop a bid for the Durham Tees Valley contract package area under the consortium known as ARCC, Achieving Real Change in Communities.

ARCC has 8 members which are:

1. Changing Lives North East Community Interest Company
2. The Wise Group
3. The Vardy Foundation
4. Safe In Tees Valley
5. Darlington Borough Council
6. Stockton Borough Council
7. Redcar & Cleveland Borough Council
8. Tees Esk Wear Valley NHS Foundation Trust

During the period of the competition the Durham Tees Valley Probation Trust have ensured that all staff involved in the bid have been separated from those involved in the day to day operation of the Trust.

Those involved in the bid have completed Part B declarations. A Part B declaration is a document acknowledging that the staff involved in the preparation of the bid for ARCC are excluded from any business conducted within the Trust associated with the Transforming Rehabilitation transition.

The Director of Operations that has been involved in the bid has been working separately from her colleagues throughout the bid process. She has only attended open meetings and has been precluded from any operational decision making.

The other staff working on the bid have ensured ethical walls are maintained by being physically separated from their colleagues whilst working on the bid itself. No contamination has occurred that could impact on the integrity of the competition process.

There has been no transactions between the Trust and the mutual.

26. Third-party assets

The Trust does not hold any Third-party assets (2012–13 £nil).

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

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

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

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

28. Prior period adjustments

An error was identified in the carrying value of the prior-period pension liability arising from a calculation error in the liabilities reported as part of the 2010 triennial revaluation. The error occurred from the double-counting of certain member details used in the actuary's calculation of the pension liability. This error has been corrected through a prior-period adjustment, further details of which are set out below and in **Note 4**.

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.

	2012–13	IAS19	Pension	2012–13
	£000	Revision	valuation	restated
		£000	restatement	£000
Statement of Comprehensive Net Exp.				
Extract from the 2012–13 accounts before/after restatement:				
Staff Costs	17,631	140	0	17,771
Other expenditure	5,338	0	0	5,338
Income	(21,968)	0	0	(21,968)
Net interest cost on pension scheme	1,047	547	(356)	1,238
Taxation	35	0	0	35
Net operating expenditure after taxation	2,083	687	(356)	2,414
Other comprehensive expenditure	(2,275)	(687)	(162)	(3,124)
Total comprehensive expenditure	(192)	0	(518)	(710)

	1 st April 2012	IAS19	Pension	1 st April 2012
	£000	Revision	valuation	restated
		£000	restatement	£000
Statement of Financial Position				
Extract from the 2012–13 accounts before/after restatement:				
Pension liability	(36,301)	0	7,748	(28,553)
General fund	(34,281)	0	7,748	(26,533)

Statement of Financial Position
Extract from the 2012–13 accounts
before/after restatement:

	2012–13 £000	IAS19 Revision £000	Pension valuation restatement £000	2012–13 restated £000
Pension liability	(36,086)	0	8,266	(27,820)
General fund	(34,100)	0	8,266	(25,834)

Statement of Changes in Taxpayers Equity

Extract from the 2012–13 accounts
before/after restatement:

	2012–13 £000	IAS19 Revision £000	Pension valuation restatement £000	2012–13 restated £000
Balance as at 1 April 2012	(34,281)	0	7,748	(26,533)
Changes in taxpayers' equity for 2012–13				
Net Operating costs after taxation	(2,083)	(687)	356	(2,414)
Remeasurement of post employment benefits	2,264	687	162	3,113
Balance as at 31 March 2013	(34,100)	0	8,266	(25,834)

Statement of Cash Flows

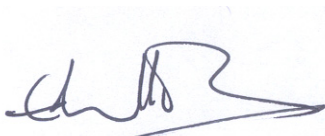
Extract Cash flows from operating activities

	2012–13 £000	IAS19 Revision £000	Pension valuation restatement £000	2012–13 restated £000
Net operating costs	(2,083)	(687)	356	(2,414)
Adjustments for pension cost	2,049	687	(356)	2,380

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

This is the third Sustainability Report for Durham Tees Valley 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. 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 16 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 have continued 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 was 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.

Sustainable procurement

Durham Tees Valley Probation Trust had access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Social and environmental awareness

Durham Tees Valley Probation Trust recognises that in the process of conducting our activities we have an impact upon the environment. The Trust is committed to assisting the MoJ in achieving the Greening Government Commitments made by government of reducing greenhouse gas emissions, waste and water usage and buying more sustainable and efficient products.

Durham Tees Valley Probation Trusts Sustainability Policy Statement outlines our commitment to this process in a number of ways:

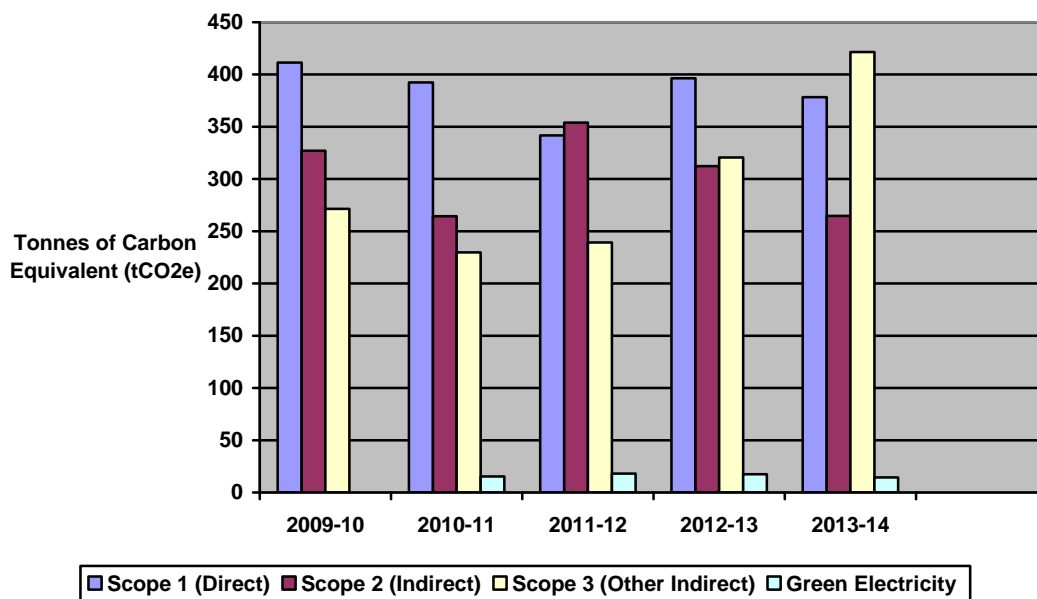
- Present options to the MoJ with regard to consolidating buildings into single site operations and examining options for co-locating with partner agencies.
- Examining options for digital efficiency solutions to reduce waste and paper usage and reducing travelling commitments by the increased use of video/telephone conferencing.
- Engaging with centrally defined suppliers which have been selected for their compliance with the GCG agenda.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	411.4	392.2	341.8	396.4	378.1
	Scope 2 (indirect): Supplied energy (electricity and heat)	327.1	264.4	354.1	312.3	264.6
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	271.5	229.8	239.2	320.7	421.6
	Total gross GHG emissions	1,010.1	886.4	935.1	1,011.9	1,034.30
	Electricity: green/renewable	0.0	(15.2)	(18.2)	(17.5)	(14.4)
	Total net GHG emissions	1,010.1	871.2	916.9	1011.9	1,049.9
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	662,385	559,403	753,993	661,848	561,810
	Electricity: renewable	0	34,128	40,814	39,194	32,253
	Gas	1,629,870	1,593,237	1,287,177	1,507,614	1,525,187
	Other energy sources	0	0	0	0	0
	Total energy	2,292,255	2,186,768	2,081,984	2,208,656	2,119,250
Financial indicators	Expenditure on energy (£)	£137,241	£105,012	£128,150	£131,541	£135,645
	Expenditure on official business travel (£)	£833,233	£536,135	£530,736	£539,555	£599,448

Greenhouse Gas Emission by Source



Performance commentary (including targets)

Buildings occupied by Durham Tees Valley Probation Trust are diverse in age and nature and condition.

Energy usage continues to gradually decrease. The energy figures provided still give cause for concern due to the use of estimates in the final quarters of 2011/12 and 2012/13 which still have not been replaced with actual figures. MoJ remains committed to improving the quality of information provided.

Travel costs and usage has increased this year due to the increase in the Trust’s Volunteer and Peer Mentor Programmes. Travel costs have increased significantly with the introduction of the Transforming Rehabilitation programme and its associated meetings.

Controllable impacts commentary

The Trust remains committed to reducing its greenhouse gas emissions where possible and to reducing business travel or using the most efficient mode of transport where possible.

The Trust has no control over the energy efficiency measures used in each building. These are determined by the Facilities Management arrangement in place centrally.

Overview of influenced impacts

The Trust’s plans to consolidate the number of its operational buildings became obsolete with the onset of the Transforming Rehabilitation agenda.

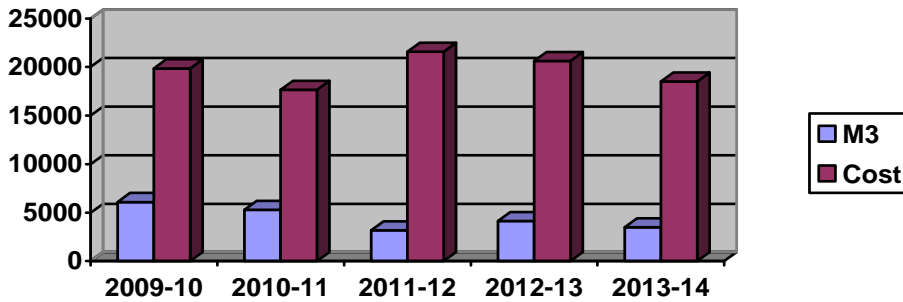
Waste

The figures provided are insufficient to provide any trend analysis or controllable impacts commentary as there are simply too many gaps in them.

Water

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators	Total water consumption (cubic metres: m³)	6,094	5,285	3,180	4,143	3,490
Financial indicators	Total water supply costs (£)	£18,957	£17,659	£21,564	£20,626	£18,523

Water Costs and Consumption



Performance commentary (including targets)

It is pleasing to note that water usage continues to decrease in all buildings due to staff engagement in energy conservation.

Controllable impacts commentary

Water use is almost exclusively from toilet facilities and kitchen areas.

Paper

	2009-10	2010-11	2011-12	2012-13	2013-14
Cost (excluding VAT)	£21,030	£18,321	£15,778	£18,803	£19,200

These figures show the cost of paper to the Trust only and do not indicate the quantity used or the quality of paper used e.g. colour printers require a higher quality of paper.

Glossary

ATR	Alcohol Treatment Requirement
Citizenship	An offender management system designed and delivered by Durham Tees Valley Probation Trust to target crime related need identified by OASys.
CJA	Criminal Justice Act
CJS	Criminal Justice System. A generic term that encapsulates probation, police, prisons, the Crown Prosecution Service, Youth Justice Boards, Victim and Witness Support and others.
Community Orders	Community Orders are imposed under the Criminal Justice Act 2003. They involve offenders doing things as a punishment, reparation, to protect the public and to help avoid re-offending. There is tough enforcement of these Orders and those which are breached can receive more punitive measure or custody. The community Order includes 12 different requirements.
Crime related need	The needs and priorities identified using OASys. These are defined as Accommodation, Education, Training & Employment, Financial Management & Income, Relationships, Lifestyle & Associates, Drug Misuse, Alcohol Misuse, Emotional Well-being, Thinking & Behaviour and Attitudes.
CSS	Community Supervision Service. A transitional phase of supervision and also the team of staff that manages the GALLANT projects.
DAAT/DAT	Drug and Alcohol Action Team/Drug Action Teams work locally to deliver the UK drug strategy.
DTV	Durham Tees Valley. The geographical area covered by the DTV Probation Trust which includes County Durham, Darlington, Stockton, Middlesbrough, Hartlepool and Redcar & Cleveland.
DRR	Drug Rehabilitation Requirement.
ETE	Education, Training & Employment.
GALLANT	Gaining Access to Local Opportunities and Learning to Achieve a New Tomorrow. GALLANT projects are operated by the Trust's CSS Officers as a one-stop-shop model based in focal community points.
LAA	Local Area Agreements.
LCJB	Local Criminal Justice Board.
LDU	Local Delivery Unit. A term used to describe a geographical area within which probation services are delivered, designed to align with the areas covered by partnership agencies.
LSCB	Local Safeguarding Children Board.
MAPPA	Multi-agency Public Protection Arrangements. MAPPA provide the statutory framework for inter-agency co-operation in assessing and managing violent and sex offenders in England and Wales. Under these arrangements, probation, police and prisons, supported by additional agencies including housing, health and social services, combine forces to assess and manage the risk to the public posed by dangerous offenders.
MARAC	Multi-agency Risk Assessment Conferencing.
NOMS	National Offender Management Service

OASys Offender Assessment System. A structured assessment designed to judge the issues causing offending, the risk of re-offending and the risk of harm posed by an offender.

PTRS Probation Trust Rating System

For more background information on the work of NOMS and the Probation Service further information can be found at:

<https://www.gov.uk/government/organisations/national-offender-management-service>

ISBN 978-1-4741-0371-8



9 781474 103718