

Merseyside
Probation Trust



Merseyside Probation Trust

Report and Accounts

For the period 1 April to 31 October 2014



Merseyside Probation Trust

Report and Accounts

For the period 1 April to 31 October 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 25 February 2015

© Merseyside Probation Trust 2015

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 provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Merseyside 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 communications@noms.gsi.gov.uk

This publication is available at <https://www.gov.uk/government/organisations/national-probation-service>

Print ISBN 9781474114271
Web ISBN 9781474114288

ID 20011511 02/15

Printed on paper containing 75% recycled fibre content minimum

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

Contents

Introduction by Accountable Officer	2
1. Strategic Report	4
2. Management Commentary	8
3. Remuneration Report	12
4. Statement of Accountable Officer's Responsibilities	16
5. Governance Statement	17
6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	21
7. Accounts	23
Accounts Direction	48
Appendix 1	49

Introduction by Accountable Officer

These accounts cover the final seven month period leading up to the dissolution of Merseyside Probation Trust (“the Trust”) on 31 October 2014. The Trust was responsible for delivering Probation services in Merseyside in accordance with its contract with the Secretary of State. It ceased operations at the end of 31 May 2014 on the expiry of the contract.

On 1 June, the National Probation Service (NPS), which is a directorate within the National Offender Management Service (NOMS), began delivering probation services in relation to advising courts on sentencing and managing high risk offenders in the community, taking on the staff, operational activities and certain rights and obligations transferred from the Trust to the Secretary of State for Justice.

The Merseyside Community Rehabilitation Company (“the CRC”) is one of 21 new companies set up to deliver rehabilitation services to lower risk offenders in the community in England and Wales. The CRC also commenced operations on 1 June, assuming responsibility for the relevant staff and activities transferred from the Trust. Immediately following the transfer from the Trust, the Secretary of State transferred certain of the Trust’s former rights and obligations to the CRC.

In the rest of this document, transfers of staff, operational activities, rights and obligations from the Trust are referred to as being either to NOMS or to the CRC, to distinguish between those remaining with the Secretary of State and those transferred to the CRC.

From 1 June, support was provided by staff who had transferred to the CRC to finalise the Trust’s Report and Accounts for 2013–14, maintain financial records and prepare a Trust Report and Accounts for the period 1 April to 31 October 2014, and to transfer to NOMS and the CRC all remaining records and residual rights and obligations from the Trust. The Trust’s Chief Executive and Accountable Officer, Annette Hennessy, continued to have oversight responsibility until 31st July 2014 (although she formally transferred as Chief Executive to the new body, the Merseyside Community Rehabilitation Company on 1st June 2014). The appointments of the Trust’s Chair and the other Board members expired on 31 July 2014. A new Board, comprising senior NOMS and MoJ staff, was appointed with effect from 1 August 2014. I became the Acting Chief Executive and responsible Accountable Officer for the Trust following the departure of the Trust’s Chief Executive and Accountable Officer, and I take full responsibility for the Report and Accounts for the period to 31 October 2014.

Between 1 June and 31 October, the Trust’s residual unsettled rights and obligations were transferred to the Secretary of State. On 31 October, the 35 Probation Trusts, including the Trust, were dissolved by an Order under section 5(1)(c) of the Offender Management Act 2007. This Order also gave the Secretary of State the responsibility for completing the Trust’s final Report and Accounts. The Report and Accounts were reviewed and approved by the Probation Trusts’ Legacy Governance Group (a sub-Committee of the National Offender Management Service Agency Board) on 19 January 2015 and NOMS Audit Committee on 10 February 2015.

I received assurances from the former Accountable Officer about the controls which she, the officers and Board of the Trust had exercised during their tenure, to ensure compliance with the principles of Managing Public Money and in particular in relation to governance, decision-making and financial management. I am content that these assurances were sufficiently accurate and robust to allow me to place reliance on them in discharging my role as Accountable Officer.

I am very grateful to all the former staff and Board Members of the Trust for their continuing hard work and commitment during April and May 2014. This ensured that the Trust continued to deliver high quality probation services throughout this period, while successfully handing over its responsibilities to the two successor organisations with effect from 1 June 2014. I am also grateful to the CRC, NOMS and MoJ staff who have undertaken the subsequent work to close down the Trust, complete the transfer of residual assets and liabilities, and contribute to this final Report and Accounts.

Mark Taylor
Accountable Officer
10 February 2015

1. Strategic Report

This is the final Merseyside Probation Trust Report and Accounts prior to the Trust being dissolved on 31 October 2014 under The Offender Management Act 2007 (Dissolution of Probation Trusts) Order 2014.

Merseyside Probation Trust's performance targets were agreed by the National Offender Management Service (NOMS) Director of Probation and were fully documented in the Trust's Contract.

The Trust was in operation during April and May of 2014. The table below outlines the operational targets that were set at the beginning of the period and shows the Trust's performance against those targets.

Contract Measures

Measure	Driver (Objective)	Target	Performance
Offender Management			
Reduce Reoffending	Minimise the Seriousness of Reoffending; Reduce the Frequency of Reoffending	Less than predicted rate 9.16%	8.18%
Proportion of orders and licences successfully completed	Offender Compliance; Influencing Sentences and Sentencing Patterns	80%	84%
Proportion of PSRs completed within timescales set by the court (inc RICs)	Influencing Sentencers and Sentencing Patterns; Quality and Timeliness of Court Reports	95%	97%
Proportion of offenders surveyed that have engaged positively with the offender management process	Offender Engagement; Offender Needs Addressed	67%	79.19%
Proportion of OASys final reviews (terminations) completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and PPOs	Quality and Timeliness of Offender Assessment/Review	90%	83%
Proportion of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	Offender Compliance (Enforcement)	92%	82%
Proportion of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	Offender Compliance (Enforcement)	95%	93%
Proportion of OASys assessments assessed as either "Satisfactory" or "Good" on the OASys QA	Quality and Timeliness of Offender Assessment/Review; Quality and Effectiveness of Sentence Plans	95%	96.64%
Proportion of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports completed on time	Quality and Timeliness of Offender Assessment/ Review	90%	100%

Measure	Driver (Objective)	Target	Performance
Interventions			
Volume of Sex offender programme completions	Offender Needs Addressed	6	4
Volume of Domestic Violence Programme completions	Offender Needs Addressed	22	12
Volume of Accredited OBP (exc SOTP and DV) completions	Offender Needs Addressed	46	20
Volume of Community Payback completions	Offender Needs Addressed	164	177
Volume of DRR completions	Offender Needs Addressed	N/A No target	41
Volume of ATR completions	Offender Needs Addressed	N/A No target	36
Resettlement			
Proportion of offenders in employment at termination of their order or licence	Offender Needs Addressed; Effective Partnership Working	42%	45%
Proportion of offenders in settled and suitable accommodation at the end of their order or licence	Offender Needs Addressed; Effective Partnership Working	80%	89%
The number of offenders under supervision who find and sustain employment	Offender Needs Addressed	46	9

Operational Performance 2013–14

Management Information Measures 2013/14

Measure	Driver (Objective)	Benchmark	Performance
Interventions			
Proportion of OASys assessments completed within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90% (see note below)	59.64%
Proportion of OASys assessments completed within the appropriate timescales for all Tier 4 and PPO offenders	Quality and Timeliness of Offender Assessment – NOW ONLY MEASURES INITIAL ASSESSMENT (LOCAL MEASURE ONLY)	90%	62%
General OBP's successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	60%	76%
SOTP successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	40%
DV successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	63%	52%
Community Payback successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	80%	78%

Measure	Driver (Objective)	Benchmark	Performance
DRR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	52%	77%
ATR successful completion rate	Deliver Sentence Plan in Accordance with Court Requirements; Offender Compliance	70%	82%
Resettlement			
The number of referrals to Education provision	Offender Needs Addressed – NOT MEASURED NATIONALLY	442	N/A
The number of starts in Education provision	Offender Needs Addressed	150	N/A
Bail, Court and Victim Work			
Proportion of victims are contacted within 8 weeks of an offender receiving 12 months or more for a serious sexual or violent offences	Victims risk, need and rights addressed	92%	100%
General			
Staff sickness levels not to exceed an average number of days per annum	Corporate	9 days	9.81

Workload and Activity Statistics

Activity	APR–MAY 14	2013–14	2012–13	2011–12	2010–11	2009–10	2008–09
Offender Management							
No Tier Recorded Cases Commencing	N/A	341	298	311	639	448	1,709
Tier 1 Cases Commencing	109	921	1,364	1,506	1,645	1,884	2,067
Tier 2 Cases Commencing	153	1,082	995	1,086	1,472	1,737	1,475
Tier 3 Cases Commencing	308	1,958	3,703	3,728	4,088	2,720	3,232
Tier 4 Cases Commencing	222	1,308	1,167	965	1,118	1,094	1,066
Total	792	5,610	7,527	7,596	8,962	7,883	9,549
No Tier Cases on year end Caseload							
No Tier Cases on year end Caseload	N/A	223	1	3	2	3	276
Tier 1 Cases on year end Caseload	658	675	793	869	982	1,113	1,150
Tier 2 Cases on year end Caseload	1,706	1,677	1,619	1,633	1,708	1,876	1,413
Tier 3 Cases on year end Caseload	3,120	2,974	2,920	3,108	3,355	3,473	3,922
Tier 4 Cases on year end Caseload	2,928	2,752	2,441	2,216	2,172	1,985	1,746
Total	8,412	8,301	7,774	7,829	8,219	8,450	8,507
Pre-Sentence Reports (Standard) Delivered	94	851	1,254	2,122	3,968	3,061	4,212
Pre-Sentence Reports (Fast) Delivered	360	3,522	5,432	5,002	3,611	3,093	2,663
Victims Contacted	N/A	759	462	406	444	343	411
Interventions							
Unpaid Work Hours Delivered	28,994	163,932	187,098	224,000	262,580	278,580	281,869
Approved Premises Bed Spaces Provided	69	69	69	69	69	69	69
ASRO (Addressing Substance Related Offending) Completions and BSR (Building Skills for Recovery)	10	73	35	72	117	155	136
CALM (Controlling Anger & Learning to Manage) Completions	0	25	32	36	47	40	22
CDVP (Community Domestic Abuse Programme) Completions	12	138	142	170	209	197	114
N-SOGP (Northumbria SOGP) (Completions	4	38	46	43	30	22	13
Drink Impaired Drivers Programme Completions	0	63	63	73	98	140	179
TF (Think First) / TSP (Thinking Skills Programme) Completions	10	110	125	145	148	135	177

Additional performance data will be published by NOMS at the address given in the Management Commentary section of this report.

Mark Taylor
Accountable Officer
10 February 2014

2. Management Commentary

Statutory background

The Probation Trust was established by Order under the Offender Management Act 2007 (OM Act) on 1 April 2010. The Trust was a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reported to the National Offender Management Service (NOMS).

The Trust was dissolved on 31 October 2014 by the Offender Management Act 2007 (Dissolution of Probation Trusts) Order 2014.

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 48, issued by the Secretary of State under The Offender Management Act 2007.

Going Concern

The publication "Transforming Rehabilitation: A strategy for Reform" dated 9 May 2013 included plans to contract out certain probation services more widely and to dissolve Probation Trusts.

On 31 May 2014 the Probation Trusts ceased operating, and their activities were taken over from 1 June 2014 by the National Probation Service (NPS) and 21 new Community Rehabilitation Companies (CRCs).

The NPS was created as a new directorate within NOMS, to advise courts on sentencing and to manage the highest risk offenders in the community in England and Wales.

The CRCs are currently owned by the Secretary of State for Justice on behalf of the Ministry of Justice (MoJ). CRCs provide rehabilitation and offender management services for lower risk offenders in the community in England and Wales.

Following a tender process for the CRCs, sale and purchase agreements were signed with successful bidders in December 2014, to take ownership of the CRCs with effect from 1 February 2015. Probation services will continue to be commissioned by MoJ/NOMS from the CRCs under this arrangement. The contracts will influence the operations of the CRCs.

In May 2014 the Secretary of State made a Staff Transfer Scheme and a Property Transfer Scheme (the Schemes) under the Offender Management Act 2007. The Schemes came into effect on 1 June 2014, transferring staff from the Trust to the Secretary of State and to the CRC, and transferring assets and liabilities to the Secretary of State.

On 1 June, the NPS began delivering probation services in relation to advising courts on sentencing and managing high risk offenders, taking on the staff, operational activity and certain of the rights and obligations transferred from the Trust to the Secretary of State for Justice.

Immediately following the transfer from the Trust on 1 June, the Secretary of State transferred certain of the rights and obligations to the Merseyside Community Rehabilitation Company, which began delivering rehabilitation services to lower risk offenders in the community in England and Wales from 1 June.

The Schemes contained provisions for their modification and for re-allocation of those assets and liabilities that were allocated to a CRC or the Secretary of State up until 31 December 2014.

The physical transfer of residual unsettled assets and liabilities under the Property Transfer Scheme took place between 1 June and the date of dissolution. A final Property Transfer Scheme, made in October 2014, took effect immediately prior to dissolution, transferring any remaining assets and liabilities to the Secretary of State.

In the rest of this document, transfers of staff, operational activities, rights and obligations from the Trust are referred to as being either to NOMS or to the CRC, to distinguish between those remaining with the Secretary of State and those transferred to the CRC.

All 35 Probation Trusts, including Merseyside Probation Trust were dissolved on 31 October 2014.

As all of the Trust's operations ceased during the period and prior to the dissolution of the Trust, I have concluded that the Trust was no longer a going concern as at 31 October 2014. These accounts have therefore been prepared on a basis other than that of a going concern. Further information can be found in **Note 1.3** to the Accounts.

Principal Activities

The principal activities of the Trust between 1 April and 31 October 2014 were:

- The Trust continued to provide probation services to the Merseyside police area on an ongoing basis, up to the point that Trust staff and activities were formally split on the 31st May 2014, between the newly formed Merseyside Community Rehabilitation Company and the National Probation Service;
- The transfer out of all staff and most assets, liabilities, rights and obligations, on 1 June 2014; and all residual rights, obligations, assets and liabilities, before dissolution.

Operational Performance

An analysis of operational performance is summarised in the Strategic Report on pages 4 to 7. Further operational performance data is published by the National Offender Management Service at: <https://www.gov.uk/government/collections/prison-and-probation-trusts-performance-statistics>

Results for the period

The Statement of Comprehensive Net Expenditure (SoCNE) for the period is shown on page 23. The Statement of Changes in Taxpayers' Equity is shown on page 26.

Operating costs

The net operating cost before tax for the period stands at £772,000, before the gain on transfer of assets and liabilities to NOMS and the CRC.

This overall loss also included costs in respect to the dissolution of the Trust Pension Fund of £577,000 bringing the overall loss down to £195,000.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 24 and 25.

All assets and liabilities, including cash, were transferred to NOMS and the CRC before the Trust was dissolved.

Transfers to the NOMS and Merseyside CRC

The Probation Trust ceased trading on 31 May 2014. The operations and staff of the Trust were divided between NOMS and a CRC, both public sector bodies.

254 FTE employees were transferred to the CRC and 339 FTE to NOMS on 1 June 2014.

The assets and liabilities of the Trust have been split between NOMS and the CRC on a practical basis that reflects their future usage, services provided and the allocation of employees. Refer to **Notes 1.3** and **26** to the accounts for further details.

Treatment of Pension Liabilities

Past employees of the Trust, and employees who transferred from the Trust to NOMS or the CRC, 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.

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

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the Merseyside Community Rehabilitation Company's (CRC's) participation in the GMPF for pension liabilities relating to staff that transferred to the CRC.

The responsibility for funding future contributions associated with those original employees who are active members of the LGPS transferred with the employee to the new employer, the CRC or NOMS. NOMS ensures that the past service liabilities are fully funded on an ongoing basis from the date employees transferred to the CRC.

Any increases in employer contributions, other than those made on a discretionary basis by the CRC are fully funded by NOMS.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to NOMS.

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

Sickness absence data

The average levels of absence due to staff sickness were 9.81 days (annualised) across the Trust (2013–14: 12.77 days).

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, no reportable events had occurred.

Sustainable development

Under the Government's Greening Commitment, the Trust was exempted from the requirement to produce a sustainability report because it had fallen below the size threshold.

Audit

The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the 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 21.

Total audit fees reported in the Accounts are £29,000 and are made up of:

- £29,000 payable to the Trust's external auditor, the National Audit Office (NAO).

As Accountable Officer, I have taken all reasonable 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 Trust Board

The governance arrangements within the Trust for the period April 2014 to October 2014 are shown below on pages 17 to 20.

Details of the remuneration of the former Board are set out in the Remuneration Report on pages 12 to 15.

Membership of the Board during the period 1 April to 31 July 2014 is set out in the table below:

Position	Name	Date appointment ended
Chair	Mrs Liz Barnett	31 st July 2014
Chief Executive	Ms Annette Hennessy	31 st July 2014
Board Member	Mr Bill Gaywood	31 st July 2014
Board Member	Mrs Lesley Kay	31 st July 2014
Board Member	Mr Peter Pattenden	31 st July 2014
Board Member	Ms Dominique Webb	31 st July 2014
Board Member	HH Judge Robert Warnock	31 st July 2014
Board Member	Mr Tony Pate	31 st July 2014

Ms Hennessy was employed by the Trust until 31 May 2014, whilst paid by the CRC she continued to act as the Chief Executive of the Trust until 31 July 2014.

My thanks and appreciation is extended to all former members of the Board for their hard work and effort during this final reporting period.

From 1 August, the Board was reconfigured to support the closure of the Trust. From that date and until dissolution on 31 October, a Residuary Board was appointed comprising of staff employed by NOMS and the MoJ.

Following dissolution of the Trust on 31 October 2014, the Residuary Board was reconstituted as the Probation Trusts' Legacy Governance Group, a sub committee of the national Offender Management Service Agency Board to oversee the discharge of the Secretary of State's duty, while my appointment as Accountable Officer was also extended.

Membership of the Residuary Board and Probation Trusts' Legacy Governance Group is set out in the table below:

Position	Name
Chair	Colin Allars
Acting CEO and Accountable Officer	Mark Taylor
Board member	Sian Hibbs
Board member	Amy Rees
Board member*	Christine Straw
Board member**	Sally Wordsworth
Board member***	Ian Baker

* Until 3 January 2015

** Until 9 January 2015

*** From 12 January 2015

Mark Taylor
Accountable Officer
10 February 2014

3. Remuneration Report

Appointments

The former Chair and other former members of the Trust Board were all appointed by the Secretary of State in accordance with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies". The former Chief Executive was appointed by the Board.

From 1 August, the Board was reconfigured to support the closure of the Trust and new members were appointed by the Secretary of State, with the agreement of the Commissioner for Public Appointments. From then and until dissolution on 31 October, the Board comprised staff remunerated by NOMS and MoJ. Their names are given in the Management Commentary. These staff did not receive additional remuneration for work in relation to the Trust, and their remuneration and pensions are included within the staff costs given in the Annual Report and Accounts of NOMS and MoJ. Colin Allars is a member of the NOMS Agency Board, and details of his remuneration and pension are given in the remuneration report within the NOMS Annual Report and Accounts.

A) REMUNERATION – AUDITED

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. former board members) of the Trust.

Salary

'Salary' includes the gross salary; overtime; and any other payment to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Trust and thus recorded in these accounts.

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 Trust paid no benefits in kind.

Bonuses

Bonuses paid refer to performance related pay related to the previous financial year.

Single total figure of remuneration

	Salary £000		Bonus payments £000		Benefits in kind (to nearest £100)		Pension benefits £000		Total £000	
	Period to 31 October 2014	Year to 31 March 2014	Period to 31 October 2014	Year to 31 March 2014	Period to 31 October 2014	Year to 31 March 2014	Period to 31 October 2014	Year to 31 March 2014	Period to 31 October 2014	Year to 31 March 2014
Former Officials										
Ms Annette Hennessy until 31 July	15–20 (annualised 80–85)	80–85	0–5	-	-	-	4	31	15–20	110–115
Mrs Liz Barnett until 31 July	5–10 (annualised 20–25)	20–25	-	-	-	-	-	-	5–10	20–25
Mr Bill Gaywood	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Mrs Lesley Kay	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Mr Peter Pattenden	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Ms Dominique Webb	0–5	0–5	-	-	-	-	-	-	0–5	0–5
HH Judge Robert Warnock	0–5	0–5	-	-	-	-	-	-	0–5	0–5
Mr Tony Pate	0–5	0–5	-	-	-	-	-	-	0–5	0–5

Compensation for loss of office

No compensation for loss of office was given in the period (2013–14: £nil).

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest paid former director in the Trust in the reporting period was £80–85k (2013–14: £80–85k). This was 3.1 times the median remuneration of the workforce (2013–14: 3.1). The median remuneration of the workforce was £24,924 (2013–14: £24,800).

The average number of full time equivalent staff in post during the operational period 1 April to 31 May 2014 was 616 (2013–14: 638). After 1 June, only Board members were in post.

B) PENSION BENEFITS – AUDITED

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.

	Accrued pension at pension age as at 31 October 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 October 2014	CETV at 31 March 2014	Real increase/ (decrease) in CETV
Former Officials	£000	£000	£000	£000	
Annette Hennessy	35–40	0–2.5	815	789	18
	Plus lump sum 90–95	Plus lump sum 0–2.5			

The CETV for the departing Chief Executive has been calculated to 31 May 2014; from 1 June 2014 the Chief Executive of the Trust was employed by the CRC, the CRC made no charge for her services.

Until the 31 March 2014, the 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.

With effect from 1 April 2014, the scheme provides benefits on a career average revalued earnings (CARE) basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service. Members pay contributions of between 5.5% and 12.5% of pensionable earnings.

Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

The opening CETV as at 31 March 2014 has not been recalculated due to the short period of account. The closing CETV as at the Chief Executive's departure has been calculated by our actuary. Due to the change in pension accrual rates in the period, the CETV figures are not directly comparable. The real increase in CETV is based on an assumption of 2% overall growth of the fund in the period.

Mark Taylor
Accountable Officer
10 February 2015

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 Merseyside 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, in the form and on the basis set out in the Accounts Direction. The Accounts Direction for the final accounting period required the statement of accounts to cover the Trust's final accounting period from 1 April to 31 October 2014, in line with The Offender Management Act 2007 (Dissolution of Probation Trusts) Order 2014. 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 period.

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 no longer appropriate to do so.

The NOMS Agency Accounting Officer appointed the Chief Executive as the Trust's Accountable Officer until 31 July 2014, and the NOMS' Deputy Director of Probation Governance and Acting Chief Executive as the Accountable Officer of the Trust from 1 August 2014. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Trust's assets, are set out in Managing Public Money, published by HM Treasury.

5. Governance Statement

Introduction

I was appointed as Accountable Officer by Michael Spurr, the NOMS Agency Accounting Officer, to oversee the residual responsibilities of the Merseyside Probation Trust for the period leading up to dissolution, and to oversee the completion of this final Report and Accounts. In this regard I was supported by a Residuary Board, the NOMS Audit and Risk committee, and NOMS and CRC staff.

This statement sets out a summary of the Trust's governance framework, its risk management strategy and the arrangements in place which assured me of an effectively designed control environment. This allowed the Trust to deliver probation services efficiently and effectively, and to ensure the successful transition of services to the Merseyside Community Rehabilitation Company (CRC) and the National Probation Service (NPS), a directorate of the National Offender Management Service (NOMS).

Governance Framework

The governance framework comprises the behaviours, values, systems and processes, by which the Probation Trust was directed and controlled and through which it accounted to the Secretary of State and engaged with, and discharged its responsibilities to other elements of the criminal justice system, the public, stakeholders and partners.

A framework for the implementation of good governance allowed the Trust to be clear about its approach to discharging its responsibilities and to promote this internally, to officers and members and externally to partners, stakeholders and residents. The governance framework was 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 governance framework was based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

From 1 April to 31 July 2014

The governance of the Trust was overseen by the Trust Board throughout the period of operation from 1 April 2014 until 31 May 2014. Following the cessation of the Trust's operations on the expiry of the Trust's contract to deliver probation services at the end of 31 May 2014, this governance structure remained in place until 31 July 2014 in order to ensure a safe and well-managed transfer of the Trust's service delivery and employer responsibilities to NOMS and the CRC.

During this period, the Trust Board had seven appointed members, including the Chair Liz Barnett. My predecessor, Annette Hennessy, as Chief Executive was also a member of the Trust Board. The Board met each month to discuss and oversee all matters of strategic and operational significance as well as ensuring that the Trust's plans and objectives were aligned to Ministerial priorities and that the affairs of the Trust were conducted in accordance with the Code of Practice and Conduct for Probation Trust Chairs and Members, the Probation Trust Governance Handbook, and Managing Public Money.

The Board was supported by the Audit Committee.

From 1 August to 31 October 2014

The Secretary of State for Justice appointed a Residuary Board, comprised of senior officials from NOMS and Ministry of Justice, with effect from 1 August 2014. I was appointed as Acting Chief Executive and Accountable Officer. The residuary Board was charged with overseeing the residual responsibilities of the Trust during the non-operational period from 1 August 2014 until the Trust's

dissolution on 31 October 2014. In this task, the Residuary Board and I were supported by the NOMS Audit and Risk Committee.

Post-dissolution

The Order dissolving the Trust gave the Secretary of State the duty to ensure completion of this final Report and Accounts in accordance with the requirements of Managing Public Money. Following dissolution of the Trust, the former Residuary Board was reconstituted as the Probation Trusts' Legacy Governance Group, a sub-committee of the National Offender Management Service Agency Board, to oversee the discharge of the Secretary of State's duty. My appointment as Accountable Officer was also extended. As Accountable Officer, I was supported by the NOMS Audit and Risk Committee.

Board Effectiveness

On the basis of the assurances provided by my predecessor discussed below, I am satisfied that the Trust Board was compliant with the requirements of the Code of Practice and Conduct for Probation Trust Chairs and Members, the Probation Trust Governance Handbook, and Managing Public Money.

At its initial meeting, the Residuary Board agreed rules of procedure which drew on the model standing orders set out in the Probation Trust Governance Handbook and were commensurate with the Board's remit of overseeing the residual responsibilities of the Trust during the non-operational period.

Oversight and Assurance Arrangements

The Trust Board continued to exercise governance oversight until 31 July 2014. The Board's remit was to give direction to, and ensure achievement of the objectives of the Trust operations and major change programmes; ensuring competent and prudent management, sound planning and proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and compliance with legislative and corporate governance requirements. The Board met on three occasions from 1 April to 31 July 2014.

Key areas of focus and highlights from Trust Board meetings

Merseyside Probation Trust maintained its Board and Audit Committee on the same operating basis that existed at 31 March 2014. Key areas of focus were:

- Operational Performance and Financial control with reports submitted to each meeting;
- Business handover arrangements including the Annual Governance Statement, the Statement of Accounts and the Annual Report of the National Audit Office;
- Oversight of the assurance role of Trust Committees;
- A detailed consideration of the final Business Risk Register of the Trust.

The Probation Trust continued to operate with reference to the Trust Standing Orders, the Governance Handbook and Finance Manual. A Business Risk Management Report was submitted to the Trust's Audit Committee on the 18 June that highlighted changes in the Trust's risk position from March 2014 up to the cessation of trading at the end of May 2014, together with the initial risk register for the Merseyside Community Rehabilitation Company.

Accountable Officer Handover

In preparation for the transition of the governance arrangements to the Residuary Board, Annette Hennessy, my predecessor as Accountable Officer wrote to me prior to the end of her term of office to provide assurance over the activities of the Trust in the period until 31 July 2014. Annette confirmed that the Trust's governance and accountabilities remained in place throughout the period, providing evidence that the Trust's overarching governance, risk management and control arrangements remained adequate during the period. The evidence included an audit by MoJ Internal Audit of the Trust's control framework in April and May 2014, which drew on their assurances from 2013-14 and gave an overall opinion of "Substantial assurance".

There were no specific significant issues to which Annette Hennessy wished to draw my attention. The Handover letter referenced a concern over information systems including the workloads of corporate

teams in supporting the creation of new CRC systems and processes, whilst also maintaining Trust legacy systems.

In addition, the Handover letter and supporting documentation referred to the Trust's management of risk during this period including the active monitoring of risks relating to operational performance, the Transforming Rehabilitation reforms and other significant concerns. The risks and concerns included:

- maintenance of appropriate levels of staffing, staff sickness, the loss of senior leadership and the difficulties in recruiting staff;
- ICT plans during the transition to the NPS and CRC; and,
- data availability, requests for data and possible data loss during the transition (although no data losses were identified in the period 1 April to 31 July).

These risks and concerns were addressed through the Trust's Exit Management Planning and milestone reporting to NOMS.

From the 1 August 2014 the Residuary Board continued the governance process through oversight of dissolution of the Trust by:

- Reviewing the 2013-14 Annual Report and Accounts and the handover letter from my predecessor as Accountable Officer;
- Receiving regular financial and other reports on progress of the dissolution of the Trust, reviewing these against progress of the Transforming Rehabilitation Programme and its relevant workstreams; and
- Reviewing the details of key liabilities transferring to NOMS and CRCs to ensure appropriate transfer management.

Risk Management

The Residuary Board was satisfied that the Trust continued to maintain its pre-existing risk management protocols and procedures, and therefore it had satisfactory processes in place for the management of the operational delivery risk during April and May 2014. The Residuary Board was also satisfied that these risks transferred successfully to the CRC and NPS on 1 June 2014.

The Residuary Board recognised there were some risks associated with the transfer process, particularly concerning continuing operational delivery and ensuring transfer was completed in a controlled way.

NOMS (including NPS) and the TR Programme worked closely with the Trust and then with the CRC to manage the risks to business delivery in relation to probation services. An Implementation and Systems Assurance Board chaired by the NOMS CEO was established as a key component of the TR Programme governance to enable NOMS to oversee and manage the operational and delivery risks, ensuring a smooth transition to the new structure. Some members of the Residuary Board, including the Chair, were also members of the Implementation and Systems Assurance Board.

There was no significant diminution of the Trust's core service provision during the period of operation until 31 May 2014. Performance measures agreed with the National Offender Management Service were continued from the previous year and continued to be monitored, showing acceptable performance broadly consistent with prior levels. An analysis of operational performance is summarised in the Strategic Report.

Non-current assets were transferred from the Trust to NOMS or the CRC at 1 June 2014 in accordance with the Property Transfer Scheme. Assets remained in their pre-existing physical location following transfer.

Cash held at the point of dissolution was returned to NOMS. Cash held at local delivery units and approved premises were retained by them as appropriate and the balances allocated to NOMS or the

CRC as required. Cash relating to the delivery of European Social Fund projects was transferred to the CRC as the body responsible for future delivery of the project.

The archiving of the Trust's structured and unstructured data is expected to continue until spring 2015, overseen by the TR Programme's Data Archiving Workstream, with support from NOMS and the CRC. The Workstream has properly considered data loss issues following the removal and subsequent movement of data.

Board Attendance

In period 1 April – 31 July 2014

Name	Role	Board	Audit
Mrs Liz Barnett	Chair	2 of 3	N/A
Mr Bill Gaywood	Board Member	3 of 3	1 of 1
Mrs Lesley Kay	Board Member	2 of 3	1 of 1
Mr Peter Pattenden	Board Member	3 of 3	1 of 1
Ms Dominique Webb	Board Member	3 of 3	1 of 1
HH Judge Robert Warnock	Board Member	1 of 3	N/A
Mr Tony Pate	Board Member	2 of 3	N/A
Ms Annette Hennessy	Chief Executive	2 of 3	1 of 1

The Board above resigned their posts on the Trust's Board on 31 July 2014.

The Merseyside Probation Trust Board's Governance responsibility transferred to the Probation Trusts' Residuary Board on 31 July 2014.

From 1 August 2014

Name	Role	Residuary Board to 31 October 2014	Legacy Governance Group from 1 November 2014
Colin Allars	Director of Probation (Chair)	4 of 4	2 of 3
Mark Taylor	Deputy Director of Probation, Acting CEO and Accountable Officer	4 of 4	3 of 3
Sian Hibbs	Deputy Director NOMS in Wales	1 of 4	3 of 3
Amy Rees	MoJ Deputy Director Delivery and Transforming Rehabilitation	3 of 4	3 of 3
Christine Straw*	Deputy Director NOMS HR	4 of 4	1 of 3
Sally Wordsworth**	Finance Business Partner Probation	4 of 4	2 of 2
Ian Baker***	Finance Business Partner Probation	N/A	1 of 1
<i>In attendance:</i>			
Fiona Moore	NOMS Head of CRC Governance (Board Secretary)	4 of 4	3 of 3

* Until 3 January 2015

** Until 9 January 2015

*** From 12 January 2015

Mark Taylor
Accountable Officer
10 February 2015

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 the Merseyside Probation Trust for the period ended 31 October 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 Board, Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Board and the Accountable Officer are 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 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 Merseyside Probation Trust's affairs as at 31 October 2014 and of the net income for the period 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.

Emphasis of matter – going concern

Without qualifying my opinion, I draw attention to the disclosures in **Note 1.3** to the financial statements in respect of going concern. The Trust was dissolved on 31 October 2014 under the Offender Management Act 2007 (Dissolution of Probation Trusts) Order 2014, with all assets, liabilities and functions having transferred to the Secretary of State for Justice on 1 June 2014. In accordance with the

Government Financial Reporting Manual, the financial statements have been prepared on a basis other than that of a going concern.

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 Strategic Report and Management Commentary for the period 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

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

24 February 2015

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the period ending 31 October 2014

	Notes	Period to	Year to
		31 October 2014	31 March 2014
		£000	£000
Expenditure			
Staff costs	3(a)	3,918	22,903
Other expenditure	6	1,079	8,283
Total Expenditure		4,997	31,186
Income	7	(4,562)	(29,184)
Net operating costs		435	2,002
Net interest cost on pension scheme	4(c)	337	1,757
Net operating costs before taxation		772	3,759
Taxation	5	0	0
Net operating costs after taxation		772	3,759
<u>Non-operating activities</u>			
Net (gain)/loss on absorption*	26	(44,087)	0
Net expenditure/(income)		(43,315)	3,759

Other Comprehensive Expenditure

	Notes	Period to	Year to
		31 October 2014	31 March 2014
		£000	£000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	0	(5)
Net (gain)/loss on revaluation of intangibles	9	0	0
Remeasurement of post employment benefits	4(c)	(1,568)	451
Total comprehensive expenditure/(income)		(44,883)	4,205

* The net (gain)/loss on absorption reflects the carrying value of net assets/liabilities transferred from the Trust to NOMS and the CRC. The Trust ceased operations on 31 May 2014, when activities, staff, most assets and liabilities transferred to NOMS and the CRC.

The notes on pages 27 to 47 form part of these accounts.

Statement of Financial Position

As at 31 October 2014

	Notes	As at 31 October 2014 £000	As at 31 March 2014 £000
Non-current assets			
Property, plant and equipment	8	0	224
Intangible assets	9	0	0
Total non-current assets		0	224
Current assets			
Trade and other receivables	11(a)	0	8,174
Cash and cash equivalents	12	0	162
Total current assets		0	8,336
Total assets		0	8,560
Current liabilities			
Trade and other payables	13(a)	0	(4,450)
Provisions	14	0	0
Taxation payables	13(a)	0	(1,888)
Total current liabilities		0	(6,338)
Non-current assets plus net current assets		0	2,222
Non-current liabilities			
Pension liability	4(c)	0	(47,105)
Total non-current liabilities		0	(47,105)
Assets less liabilities		0	(44,883)
Taxpayers' equity			
General fund	21	0	(45,021)
Revaluation reserve – property, plant and equipment	22(a)	0	138
Revaluation reserve – intangible assets	22(b)	0	0
		0	(44,883)

The Trust ceased operations on 31 May 2014, when most assets and liabilities transferred to NOMS and the CRC. Residual balances transferred to NOMS prior to dissolution of the Trust. See **Note 26**.

The financial statements on pages 23 to 26 were approved and signed by

Mark Taylor
Accountable Officer
10 February 2015

The notes on pages 27 to 47 form part of these accounts.

Statement of Cash Flows

For the period ending 31 October 2014

		Period to 31 October 2014	Year to 31 March 2014
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	SoCNE	(772)	(3,759)
Adjustments for non-cash transactions	6	9	71
Adjustment for pension cost		577	3791
(Increase)/decrease in receivables	11(a)	8,174	(2,428)
Adjustment for receivables transferred to NOMS and CRC	26	(2,704)	0
Increase/(decrease) in payables	13(a)	(6,338)	520
Adjustment for payables transferred to NOMS and CRC	26	3,643	0
Utilisation of provisions	14	0	0
Net cash outflow from operating activities		2,589	(1,805)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	(20)
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	1
Net cash outflow from investing activities		0	(19)
Cash flows from financing activities			
Net financing received in year	21	0	0
Net financing		0	0
Transfer of cash to NOMS and CRC	26	(2,751)	0
Net decrease in cash and cash equivalents in the period		(162)	(1,824)
Cash and cash equivalents at the beginning of the period	12	162	1,986
Cash and cash equivalents at the end of the period	12	0	162
Decrease in cash		(162)	(1,824)

The notes on pages 27 to 47 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the period ending 31 October 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2013		(40,811)	133	(40,678)
Prior period adjustment		0	0	0
As restated at 1 April 2013		(40,811)	133	(40,678)
Changes in taxpayers' equity for 2013–14				
Net expenditure	SoCNE	(3,759)	0	(3,759)
Net gain/(loss) on revaluation of property, plant and equipment	22(a)	0	5	5
Transferred from revaluation reserve	21	0	0	0
Remeasurement of post employment benefits	4(c)	(451)	0	(451)
Net NOMS financing received in year	21	0	0	0
Balance as at 31 March 2014		(45,021)	138	(44,883)
Changes in taxpayers' equity for the period to 31 October 2014				
Net expenditure	SoCNE	43,315	0	43,315
Net gain/(loss) on revaluation of property, plant and equipment	22(a)	0	0	0
Transferred to General Fund from property, plant and equipment revaluation reserve	22(a)	0	(138)	(138)
Transferred from revaluation reserve	21	138	0	138
Remeasurement of post employment benefits	4(c)	1,568	0	1,568
Net NOMS financing received in period	21	0	0	0
Balance as at 31 October 2014		0	0	0

The notes on pages 27 to 47 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

These financial statements are for the period from 1 April 2014 to 31 October 2014. The comparative figures are for the year from 1 April 2013 to 31 March 2014.

The financial statements have been prepared in accordance with the 2014–15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM 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 FReM 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 Going concern

The publication "Transforming Rehabilitation: A strategy for Reform" dated 9 May 2013 included plans to contract out certain probation services more widely and to dissolve Probation Trusts.

On 31 May 2014 the Probation Trusts ceased operating, and their activities were taken over from 1 June 2014 by the National Probation Service (NPS) and 21 new Community Rehabilitation Companies (CRCs).

The NPS was created as a new directorate within NOMS, to advise courts on sentencing and to manage the highest risk offenders in the community in England and Wales.

The CRCs are currently owned by the Secretary of State for Justice on behalf of the Ministry of Justice (MoJ). CRCs provide rehabilitation and offender management services for lower risk offenders in the community in England and Wales.

Following a tender process for the CRCs, sale and purchase agreements were signed with the successful bidders in December 2014, to take ownership of the CRCs from 1 February 2015. Probation services will continue to be commissioned by MoJ/NOMS from the CRCs under this arrangement. The contracts will influence the operations of the CRCs. MoJ/NOMS has committed to fund and ensure all current probation services will continue under the new structure, using the same assets and resources, for the foreseeable future.

In May 2014 the Secretary of State made a Staff Transfer Scheme and a Property Transfer Scheme (the Schemes) under the Offender Management Act 2007. The Schemes came into effect on 1 June 2014, transferring staff from the Trust to the Secretary of State and the CRC, and assets and liabilities to the Secretary of State.

On 1 June, the NPS began delivering probation services in relation to advising courts on sentencing and managing high risk offenders, taking on certain of the staff and rights and obligations transferred from the Trust to the Secretary of State for Justice.

Immediately following the transfer from the Trust on 1 June, the Secretary of State transferred certain of the rights and obligations to the Merseyside Community Rehabilitation Company, which began delivering rehabilitation services to lower risk offenders in the community from 1 June.

The Schemes contained provisions for their modification and for re-allocation of those assets and liabilities that were allocated to a CRC or the Secretary of State up until 31 December 2014. The physical transfer of residual unsettled assets and liabilities under the Scheme took place between 1 June and the date of dissolution.

In the rest of this document, transfers of staff, operational activities, rights and obligations from the Trust are referred to as being either to NOMS or to the CRC, to distinguish between those remaining with the Secretary of State and those transferred to the CRC.

See **Note 26** for details of transferred balances.

All 35 Probation Trusts, including Merseyside Probation Trust were dissolved on 31 October 2014.

As all of the Trust's operations ceased during the period and prior to the dissolution of the Trust, the Trust was no longer a going concern as at 31 October 2014, and these accounts have therefore been prepared on a basis other than that of a going concern.

Applying a basis other than that of a going concern has no material impact on the Trust's accounts. All assets and liabilities were transferred out of the Trust at carrying value under absorption accounting before the Trust was dissolved.

1.4 Property, plant and equipment

Property, plant and equipment was transferred as at 1 June 2014 to NOMS or the CRC on the basis of majority use of the 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. Recharges from NOMS for IT and Estates costs were not made in the period to 31 October 2014.

Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets. Revaluation reserves created while the Trust operated have been transferred to the General Fund as at 31st May.

1.5 Depreciation

Non-current assets were 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 were depreciated from the point at which the asset was brought into use.

Asset lives prior to the transfer to NOMS and the CRC were in the following ranges:

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

1.6 Impairment

Owing to the low value of assets transferred and given the proximity to the 2013-14 year end, an additional impairment review was not considered necessary.

1.7 Operating income

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

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

1.8 Other Expenditure

All non-staff expenditure is shown as Other Expenditure.

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

1.9 Pensions

Past employees, and employees who transferred from the Trust 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 responsibility for funding future contributions associated with those original employees who are active members of the LGPS transferred with the employee to the new employer. NOMS ensures that the past service liabilities are fully funded on an ongoing basis on the date employees transferred. Any increase to employer contribution levels, other than those caused by discretionary actions of the CRC will be funded by NOMS.

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 triennial review was conducted 31 March 2013.

The last roll-forward valuation was performed at 31 March 2014 by the Trust's Actuary.

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

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRC's participation in the GMPF for pension liabilities in respect of employees that transferred to the CRC.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to NOMS.

Given the proximity to the most recent roll-forward valuation an assumption was made that the make up of current and former employees would not have changed significantly enough to result in a material change in demographic assumptions, nor that there has been any significant change in bond or interest rates over the period that would result in a material gain or loss from the financial assumptions made.

The liability recognised in the SoFP as at 31 March 2014 in respect of defined benefit pension plans at the reporting date was the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation was 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.

In the final reporting period, as well as recognising contributions, the Trust recognised estimates of material movements: current service costs, interest costs, benefits paid and the actual return on plan assets from 1 April to 31 May 2014.

Current service costs and interest costs were estimated using forecasts from the actuarial reports as at 31 March 2014.

Benefits paid for the two months to 31 May 2014 were estimated based on benefits paid in 2013–14.

The actual return on plan assets for the two months to 31 May 2014 was estimated based on the percentage actual return on assets in the LGPS, on the assumption that most pension funds will have a materially similar risk profile for their investments. The percentage was applied to the Trust's opening plan assets, and the resulting return was adjusted to deduct the net interest on plan assets.

In preparing the Trust accounts an assumption was made that there would have been no significant change to the financial assumptions made in the 31 March 2014 actuarial report. To support this assumption management undertook a sensitivity analysis using data provided in the 31 March 2014 actuarial valuation. The results of the sensitivity analysis were broadly analogous with market movements over the period and suggest that had an actuarial valuation been performed at 31 May 2014 the likely impact would have been an increase in the liability in the order of 2 per cent. Management assessed that this estimated impact is not significant to the £46m liability, and have therefore not commissioned an actuarial valuation as at 31 May 2014.

Pension assets and liabilities were transferred to NOMS as at 1 June 2014.

An actuarial valuation of the scheme will be provided in the NOMS 2014-15 Report and Accounts.

1.10 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.

Prior to the dissolution of the Trust, final outstanding VAT balances were transferred to NOMS for settlement.

1.11 Corporation Tax

The Trust was 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 was 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.

Prior to the dissolution of the Trust, all known or unknown past, present and future balances in respect of corporation tax liabilities were transferred to NOMS for settlement.

1.12 Cash and Cash Equivalents

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

Cash balances were transferred to NOMS or the CRC prior to dissolution of the Trust.

1.13 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 was felt that the Trust is exposed to little credit, liquidity or market risk.

1.14 Segmental analysis of spend as reported to the Management Board

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

1.15 Third party assets

The Trust held, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 24**. These assets were transferred to NOMS prior to dissolution.

1.16 Basis of allocation of balances from 1 June 2014

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

Pensions

From 1 June 2014 the Trust's existing pension liabilities and corresponding assets were transferred to NOMS.

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. NOMS ensures that the past service liabilities are fully 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.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS has transferred to NOMS.

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

Existing debtors and creditors that remained within the Trust have been 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 transferred to NOMS.

2. Statement of Operating Costs by Operating Segment

	Period to 31 October 2014	Year to 31 March 2014
	Net Expenditure	Net Expenditure
	£000	£000
Operational Unit		
Main Probation Activities	5,000	30,497
European Social Fund Project	260	796
Laurus OD Solutions (Regional Training Unit)	141	650
Resettle Project	0	1,000
Total Net Expenditure	5,401	32,943
Contract Income	(4,629)	(29,184)
Net Operating Costs after Taxation	772	3,759
Amount of overspend related to pension fund adjustments	(577)	(3,793)
Over/(Under) – spend in respect to contract values	195	(34)

Notes

1. European Social Fund (ESF) Project

Merseyside Probation Trust acts as the lead area for the regional ESF project. A dedicated management unit for the project is responsible for billing the Ministry of Justice for the funds allocated to the project, on the basis of the performance requirements arising out of the contract. This is overseen by a Board formed of representatives from each Trust in the region. It is also responsible for making payments to other partners to the contract, specifically other Probation Trust's in the North West region. The figures in the trust accounts for expenditure relate only to the Merseyside element of the contract, together with payments to third party organisations across the region, who have separate contracts for delivery of services. Expenditure by other Trusts in the region (together with income received from the regional management team) will be reflected in their local accounts, so are excluded from the income and expenditure figures shown in these accounts.

2. Laurus OD Solutions

Merseyside Probation Trust, together with other Trusts in the North West Region formed a Jointly Controlled Operation (JCO) to deliver and manage training across the region on the 1st July 2011. The purpose of the JCO was to improve efficiency and deliver economies of scale through the pooling of resources, development of training programmes and management of training staff. Early on in the financial year a decision was taken by the Laurus management Board (consisting of representatives from each Trust) to wind up operations of the Laurus team by the 31st March 2014. This decision was made in the knowledge of the operational changes that would be taking place for the Trusts as a whole from 1st June 2014 with the formation of a new National Probation Service and individual Community Rehabilitation Companies. There are no remaining contingent liabilities in relation to the Trust's role as accountable body.

3. Resettle Project

The Resettle Project is a Mental Health project in respect to offenders and receiving separate funding from NHS Commissioners.

3. Staff numbers and related costs

3a. Staff costs consist of:

	Period to 31 October 2014			Year to 31 March 2014
	Permanently- employed staff		Others	Total
	Total £000	£000	£000	£000
Wages and salaries	3,385	2,976	409	19,365
Social security costs	215	215	0	1,337
Other pension costs	568	568	0	4,028
Sub-total	4,168	3,759	409	24,730
Less recoveries in respect of outward secondments	(250)	(250)	0	(1,827)
Total staff costs	3,918	3,509	409	22,903

No staff (2013–14: 4 persons) retired early on ill-health grounds which was not allowed for in the 2013–14 IAS19 assumptions. The total accrued pension liabilities in the period amounted to £0 (2013–14: £0).

3b. Average number of persons employed

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

Period to 31 May 2014			Year to 31 March 2014
Total	Permanently- employed staff	Others	Total
616	563	53	638

254 FTE employees were transferred to the CRC and 339 FTE to NOMS on 1 June 2014. After 1 June, only Board members were in post.

3c. Reporting of compensation schemes – exit packages

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

There were no reportable exits in the period (2013–14: nil).

4. Pensions costs

Until 31 May 2014 pension benefits were provided through the Merseyside Pension Fund. Up to 31 March 2014, the Fund was administered in accordance with the Local Government Pension Scheme Regulations 2007/08. It was intended to be a fully funded scheme which provides benefits on a final salary basis at a normal retirement age of 65. Members are eligible to retire earlier; either they meet the 85 year rule or have employer's consent to leave prior to that age. Pensions are paid in line with the CPI index on benefits that have accrued at a rate of 1/60th of pensionable salary for each year of service.

On 1 April 2014, the pension scheme changed to Local Government Pension Scheme (LGPS) 2014, which replaces the 2008 scheme. Under this scheme the pension added for each member, each year, is based on 1/49th of their earnings (1/98th if opted to be a member of the 50/50 section of the scheme). The individual pension accounts will then be increased each year by the Consumer Price Index up to retirement. Repeating this calculation for each year of membership provides what is known as a Career Average Revalued Earnings (CARE) Pension.

The last full actuarial valuation was carried out at 31 March 2013. An updated desktop valuation was provided by the scheme's actuaries at 31 March 2014 and reflected in the Trust's 2013–14 accounts. For the period to 31 May 2014 these accounts reflect the contributions paid into the scheme and estimates of the benefits paid out of the scheme, the net interest charge, service costs and movements in the present value of pension obligations and the fair value of plan assets.

As at 1 June 2014 the Trust's pension liabilities and corresponding assets transferred to NOMS at their carrying value.

4a. Pension costs

A full actuarial valuation was carried out at 31 March 2013 by Mercers Ltd. This full scheme valuation is undertaken every 3 years in order to review the employer's contributions. Until 31 March 2014, the contribution rate reflects benefits as they were accrued, not when the costs are actually incurred and they reflect the past experience of the scheme.

Member contributions changed from 1 April 2014 and any benefits accrued from this date are based on a career average revalued earnings (CARE) basis, with various protections in place for those members in the scheme before the changes take effect. The Probation Trust was not required to pay employer contributions for those employees who transferred after it ceased operations on 31 May 2014. Contributions from 1 June 2014 are referred to in **Note 1.9**.

Contributions continued for Chief Executives who remained in post after 31 May until their appointment expired.

A sensitivity analysis using data provided in the 31 March 2014 actuarial valuation was performed. The results of the sensitivity analysis were broadly analogous with market movements over the period and suggest that had an actuarial valuation been performed at 31 May 2014 the likely impact would have been an increase in the liability in the order of 2 per cent. Management assessed that this estimated impact is not significant to the £46m liability, and have therefore not commissioned an actuarial valuation as at 31 May 2014.

Partnership accounts are excluded under IAS19.

The approximate employer's pension contributions for the period to 31 May 2014 were 11.3% of salaries. Members pay contributions of between 5.5% and 12.5% of pensionable earnings.

4b. The major assumptions used by the actuary at 31 March 2014 were:

	2013-14
	%
Inflation assumption	2.4
Rate of increase in salaries	3.9
Rate of increase for pensions in payment and deferred pensions	2.4
Discount rate	4.4

Given the close proximity of the 31 May transfer date to the last roll forward valuation prepared by the Trusts' Actuaries, we have judged the 31 March 2014 assumptions used by the actuary to remain relevant.

These assumptions have been used to estimate the movements for 31 May 2014 roll-forward and are considered to be reasonable.

Mortality Assumptions

The mortality assumptions were based on the recent actual mortality experience of members within this Fund and allow for expected future mortality improvements.

Life expectancy of a future pensioner male (female) aged 65 in 20 years time – 24.7(28) years.

Life expectancy of a current pensioner aged 65 male (female) – 22.3 (25.2) years.

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

	Period to 31 October 2014		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	112,403	112,403
Funded liabilities	(158,807)	0	(158,807)
Unfunded liabilities	(701)	0	(701)
Opening balance at 1 April	(159,508)	112,403	(47,105)
Current service costs	(561)	0	(561)
Net interest (cost)/income	(1,142)	805	(337)
Remeasurements			
Returns on plan assets, excluding amounts included in interest expense / (income)	0	1,568	1,568
Contributions			
Employers	0	298	298
Plan participants	(174)	174	0
Unfunded benefits	0	23	23
Payments from plans			
Benefit payments	822	(832)	(10)
Unfunded benefit payments	10	0	10
Balance at 31 May 2014	(160,553)	114,439	(46,114)
Transfer by absorption on 31 May 2014	160,553	(114,439)	46,114
Closing balance at 31 October 2014	0	0	0

4c. Movements in the defined benefit obligation during the period (continued)

	Year to 31 March 2014		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	110,705	110,705
Funded liabilities	(152,743)	0	(152,743)
Unfunded liabilities	(825)	0	(825)
Opening balance at 1 April	(153,568)	110,705	(42,863)
Current service costs	(3,686)	(81)	(3,767)
Past service costs (including curtailments)	(261)	0	(261)
Gains and losses on settlements	0	0	0
Total Service Costs	(3,947)	(81)	(4,028)
Net interest (cost)/income	(6,368)	4,611	(1,757)
Remeasurements			
Returns on plan assets, excluding amounts included in interest	0	(1,017)	(1,017)
Gain/(loss) from change in demographic assumptions	(870)	0	(870)
Gain/(loss) from change in financial assumptions	5,567	119	5,686
Experience gains/(losses)	(4,250)	0	(4,250)
	447	(898)	(451)
Contributions			
Employers	0	1,937	1,937
Plan participants	(1,062)	1,062	0
Unfunded benefits	0	57	57
Payments from plans			
Benefit payments	4,933	(4,933)	0
Unfunded benefit payments	57	(57)	0
Closing balance at 31 March	(159,508)	112,403	(47,105)
Plan assets	0	112,403	112,403
Funded liabilities	(158,807)	0	(158,807)
Unfunded liabilities	(701)	0	(701)
Closing balance at 31 March	(159,508)	112,403	(47,105)

4d. Plan assets as at 31 March 2014 were comprised as follows

	As at 31 March 2014			
	Quoted	Unquoted	Total	%
	£000	£000	£000	
Equity instruments	63,936	0	63,936	57%
Debt instruments	18,406	0	18,406	16%
Property				
Property funds	7,236	1,779	9,015	8%
Derivatives	0	0	0	0%
Cash and cash equivalents	2,984	0	2,984	3%
Investment funds				
Equities	81	5,616	5,697	5%
Bonds	0	0	0	0%
Hedge funds	318	4,770	5,088	4%
Commodities	0	0	0	0%
Infrastructure	340	1,911	2,251	3%
Other	2,607	2,419	5,026	4%
	3,346	14,716	18,062	16%
Other	0	0	0	0%
Total	95,908	16,495	112,403	100%

All plan assets transferred out of the Trust on 31 May 2014. Actuarial valuations of the pension liabilities for all 35 Probation Trusts were undertaken at the last financial year end, being 31 March 2014. The transfer date of 31 May 2014 includes two months of pension movements after the actuarial valuations were completed. The approach taken by NOMS gives an estimate of the transfer value rather than an actual value. Accordingly a breakdown of plan assets at the transfer date cannot be given.

5. Taxation

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

There was no Corporation Tax expense in the period (2013–14: £nil).

6. Other Expenditure

	Period to 31 October 2014		Year to 31 March 2014	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Accommodation, maintenance and utilities	80		3,036	
Travel, subsistence and hospitality	62		333	
Professional services	12		48	
IT services	109		1,331	
Communications, office supplies and services	261		934	
Other staff related	92		786	
Offender costs	423		1,658	
Other expenditure	2		43	
External Auditors' remuneration – statutory accounts	29		29	
Internal Auditors' remuneration	0		14	
		1,070		8,212
Non-cash items				
Depreciation of tangible non-cash assets	9		63	
Loss on disposal of tangible non-current assets	0		8	
		9		71
Total		1,079		8,283

The prior period comparatives include recharges from MoJ/NOMS for Internal Audit, IT and Estates costs; these recharges were not made in the period to 31 October 2014.

7. Income

Income receivable from the sponsoring department – NOMS

Other EU income

Other income received from Probation Trusts

Other income from NOMS

Other income from other government departments

Miscellaneous income

Interest received:

From bank

Total interest received

Total income

	Period to 31 October 2014		Year to 31 March 2014	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	4,229		27,209	
		4,229		27,209
Other EU income	259		1,073	
Other income received from Probation Trusts	0		571	
Other income from NOMS	0		34	
Other income from other government departments	0		79	
Miscellaneous income	72		211	
		331		1,968
Interest received:				
From bank	2		7	
Total interest received		2		7
Total income		4,562		29,184

8. Property, plant and equipment

	Period to 31 st October 2014		
	Plant and machinery	Transport equipment	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2014	136	529	665
Additions	0	0	0
Disposals	0	(17)	(17)
Transfers other than to NOMS and CRC	0	0	0
Transfers to NOMS	(136)	(91)	(227)
Transfers to CRC	0	(421)	(421)
As at 31 October 2014	0	0	0
Depreciation			
As at 1 April 2014	135	306	441
Charge in year	0	9	9
Disposals	0	(17)	(17)
Transfers other than to NOMS and CRC	0	0	0
Transfers to NOMS	(135)	(64)	(199)
Transfers to CRC	0	(234)	(234)
As at 31 October 2014	0	0	0
Carrying value as at 31 October 2014	0	0	0
Carrying value as at 31 March 2014	1	223	224
Asset financing			
Owned	0	0	0
Carrying value as at 31 October 2014	0	0	0

	Year to 31 st March 2014		
	Plant and machinery	Transport equipment	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2013	403	506	909
Additions	0	20	20
Disposals	(274)	0	(274)
Indexation/revaluation	7	3	10
As at 31 March 2014	136	529	665
Depreciation			
As at 1 April 2013	383	255	638
Charge in year	13	50	63
Disposals	(265)	0	(265)
Indexation/revaluation	4	1	5
As at 31 March 2014	135	306	441
Carrying value as at 31 March 2014	1	223	224
Carrying value as at 31 March 2013	20	251	271
Asset financing			
Owned	1	223	224
Carrying value as at 31 March 2014	1	223	224

9. Intangible assets

The Trust had no intangible assets at the reporting date (2013–14: £0).

10. Impairments

There were no impairments in the period (2013–14: £0).

11. Trade receivables and other current assets

11a. Analysis by type

	31 October 2014	31 March 2014
	£000	£000
Amounts falling due within one year		
Trade receivables	0	43
Receivables, Accrued Income and Prepayments due from NOMS Agency	0	7,964
Receivables, Accrued Income and Prepayments due from MoJ Group	0	0
Receivables, Accrued Income and Prepayments due from other government departments	0	64
Other receivables	0	0
Prepayments	0	84
Accrued income	0	19
	0	8,174
Amounts falling due after more than one year	0	0
Total	0	8,174

11b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 October 2014	31 March 2014	31 October 2014	31 March 2014
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	0	7,964	0	0
Balances with local authorities	0	23	0	0
Balances with NHS bodies	0	21	0	0
Balances with Public Corporations and trading Funds	0	20	0	0
	0	8,028	0	0
Balances with bodies external to Government	0	146	0	0
Total	0	8,174	0	0

12. Cash and cash equivalents

	Period to 31 October 2014	2013–14
	£000	£000
Balance at 1 April	162	1,986
Transfers to NOMS	(205)	0
Transfers to CRC	(2,546)	0
Net change in cash and cash equivalents	2,589	(1,824)
Balance at 31 October / 31 March	0	162
The above balances at 31 October / 31 March are held at:	0	0
Commercial banks and cash in hand	0	162
Balance at 31 October / 31 March	0	162

13. Trade payables and other current liabilities

13a. Analysis by type

	31 October 2014	31 March 2014
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	0	679
Accruals	0	166
Deferred income	0	2,769
Payables due to Probation Trusts	0	77
Payables, Accruals and Deferred Income due to NOMS Agency	0	387
Payables, Accruals and Deferred Income due to other Government departments	0	85
Unpaid Pension Contributions due to the Pension Scheme	0	287
	0	4,450
Tax falling due within one year		
VAT	0	1,428
Corporation tax	0	52
Other taxation and social security	0	408
	0	1,888
Total amounts falling due within one year	0	6,338
Amounts falling due after more than one year	0	0
Total	0	6,338

13b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 October 2014	31 March 2014	31 October 2014	31 March 2014
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	0	2,352	0	0
Balances with local authorities	0	55	0	0
Balances with NHS bodies	0	30	0	0
Balances with public corporations and trading funds	0	0	0	0
	0	2,437	0	0
Balances with bodies external to Government	0	3,901	0	0
Total	0	6,338	0	0

14. Provisions for liabilities and charges

There were no provisions at the reporting date (2013–14: £0).

15. Capital commitments

The Trust had no capital commitments at the reporting date (2013–14: £0).

16. Commitments under leases

16a. Operating leases

The Trust had no operating leases as at 31 October 2014 (2013–14: £0).

16b. Finance leases

The Trust had not entered into any finance leases as at 31 October 2014 (2013–14: £0).

17. Other financial commitments

The Trust had no other financial commitments at 31 October 2014 (2013–14: £0).

18. Financial instruments

As the cash requirements of the Trust were met through the estimates process, financial instruments played 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 related 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 was exposed to little credit, liquidity or market risk.

19. Contingent liabilities

The Trust did not have any contingent liabilities as at 31 October (2013–14: £0).

20. Losses and special payments

There were no losses or special payments in the period (2013–14: £0).

21. General fund

	Period to 31 October 2014	Year to 31 March 2014
	£000	£000
Balance at 1 April	(45,021)	(40,811)
Prior period adjustment	0	0
Balance restated at 1 April	(45,021)	(40,811)
Financing	0	0
Net transfers from Operating / Non Operating Activities:		
Statement of Comprehensive Net Expenditure	43,315	(3,759)
Re-measurement of post employment benefits	1,568	(451)
Transfer from revaluation reserve	138	0
Balance at 31 October / 31 March	0	(45,021)

22. Revaluation reserve

22a. Property, plant and equipment

	Period to 31 October 2014	Year to 31 March 2014
	£000	£000
Balance at 1 April	138	133
Prior period adjustment	0	0
Balance restated at 1 April	138	133
Arising on revaluations of PPE during the year (net)	0	5
Transfer to General Fund	(138)	0
Balance at 31 October / 31 March	0	138

The revaluation reserve was transferred to the general fund as part of the absorption accounting transfers to NOMS.

22b. Intangibles

There were no intangible reserves in the period (2013–14: £0).

23. Related party transactions

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

During the period, no former members of the Management Board, former members of key management staff or other related parties, or their related parties undertook material transactions with the Trust.

In 2013–14 Merseyside Probation Trust in partnership with Lancashire and Cumbria Trusts set-up Innovo CLM Ltd – a staff mutual bidding in partnership with Manchester College to run and operate the ‘Cumbria and Lancashire’ and the Merseyside Community Rehabilitation Companies within the Government’s Transforming Rehabilitation Programme. Pursuant to this Merseyside Trust staff members contributed to the development of the bid. A middle manager from the Trust was involved in the governance arrangements for the mutual and the joint venture partnership, whilst another middle manager and two operational staff have been involved in developing the service delivery element of the bid. All of these staff have signed a Declaration B form as required by the NOMS Principles of Competition. Before the final bid was submitted Manchester College pulled out of the bid and were replaced by Geo Ltd. Ultimately the bid has proved unsuccessful.

24. Third-party assets

There were no third-party assets at the reporting date (2013–14: £0).

25. 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, no reportable events had occurred.

26. Transfers under absorption accounting

A disaggregation exercise was carried out on the Trust's SoFP as at 31 May 2014, which assigned the majority of balances to the CRC or NOMS. See **Notes 1.3** and **1.20** for details of the rationale. In accordance with the FReM, such transfers were accounted for using the absorption method.

Certain balances were retained in the Trust to be settled prior to dissolution. Any residual unsettled balances were transferred to NOMS or CRC prior to dissolution under absorption accounting.

Under absorption accounting, balances are transferred at carrying value on the date of transfer. The total gain or loss on absorption, which reflects the net assets or liabilities being transferred, is recognised as a non-operating cost in the SoCNE.

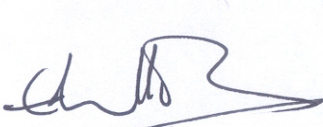
The total assets and liabilities transferred from the Trust to NOMS and the CRC during the period to 31 October 2014 were:

	Note	Transfers to NOMS £000	Transfers to CRC £000	Total transfers £000
Non-current assets				
Property, plant and equipment	8	(28)	(187)	(215)
Current assets				
Trade and other receivables		(2,693)	(11)	(2,704)
Cash and cash equivalents	12	(205)	(2,546)	(2,751)
Current liabilities				
Trade and other payables		153	2,644	2,797
Taxation payables		846	0	846
Non-current liabilities				
Pension liability	4	46,114	0	46,114
Total transfers		44,187	(100)	44,087
Net (gain)/loss on absorption	SoCNE			(44,087)

Accounts Direction

ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 3(1)(a) AND 3(4)(a) OF THE OFFENDER MANAGEMENT ACT 2007 (DISSOLUTION OF PROBATION TRUSTS) ORDER 2014

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 period from 1 April 2014 to 31 October 2014, in compliance with the accounting principles and disclosure requirements of the 2014–15 Government Financial reporting Manual (“the FReM”) issued by HM Treasury.
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 reporting period 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;
 - be on a basis other than that of a going concern.
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 18 February 2014.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
21 October 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

ISBN 978-1-4741-1427-1



9 781474 114271