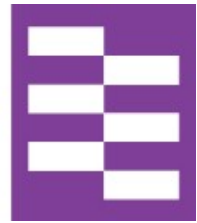


Prawf Cymru
Wales Probation



Wales Probation Trust

Annual Report and Accounts
2013–2014

Prawf Cymru
Wales Probation



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Annual Report and Accounts
2013–2014

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Contents

Vision, Values & Purpose	6
Foreword	7
1. Operational & Performance Review 2013–14	8
2. Management Commentary	10
3. Remuneration Report	17
4. Statement of Accountable Officer’s Responsibilities	20
5. Governance Statement	21
6. Independent Auditors Report to the Members of the Wales Probation Trust	27
7. Accounts	29
8. Sustainability Report	63

Vision, Values & Purpose

Our Vision

We constantly strive to reduce re-offending, uphold the rights of victims, and collaborate with local communities and organisations to protect the communities in Wales and beyond from harm. We are committed to being an excellent organisation and an exemplar employer, successfully providing and commissioning services to meet offenders' needs.

Our Values

In all aspects of our work Wales Probation will:

- respect and value individuals;
- be open, fair, consistent and explainable;
- be confident in our ability to make a positive difference;
- incorporate equality and diversity in everything that we do;
- involve, empower and motivate staff;
- work collaboratively with others, internally and externally;
- embrace change and innovation;
- deliver excellent value for money.

Our Purpose

The overarching aims of Wales Probation are set out in the Offender Management Act 2007:

- the protection of the public;
- the reduction of re-offending;
- the proper punishment of offenders;
- ensuring offender awareness of the effects of crime on the victims of crime and the public;
- the rehabilitation of offenders.

Foreword

Wales Probation is a forward thinking organisation and has always sought to be at the vanguard of probation services, constantly seeking out ways to innovate and improve the important services we deliver to the public in Wales. Our core purposes of public protection and the rehabilitation of offenders depend on our close working relationships with our many devolved partners throughout Wales. The importance of this has never been more evident than now, as we prepare for the implementation of the Transforming Rehabilitation (TR) reforms across England and Wales.

From June 2014, these reforms will create a single public sector National Probation Service (NPS) to run alongside 21 Community Rehabilitation Companies (CRCs), including a single CRC for Wales. Wales Probation Trust will no longer exist as a delivery organisation from 31 May 2014. Initially, while the NPS and CRCs will operate as distinct organisations, they will both remain under the control of the National Offender Management Service (NOMS) until the share sale of the CRC following the conclusion of the competition in Autumn 2014. NOMS in Wales will have ongoing overarching responsibility for the delivery of all of NOMS services in Wales, including the new NPS and prisons.

The business year 2013-14 has been extremely busy for Wales Probation. While maintaining focus on our core business - our performance has remained strong – there has been a considerable amount of work ongoing preparing for the closedown of the Trust, and the creation of the new NPS and CRC in Wales, as part of the TR reform programme.

This is our fourth annual report and accounts since we merged to become a single organisation in April 2010. Our performance across all of our services has been consistently good since the merger, and throughout this period of implementation of the Transforming Rehabilitation reforms, which bears testament to the dedication and professionalism of our staff in the face of significant organisational change.

Wales Probation is a learning organisation, and we are committed to sharing our learning in order to ensure the delivery of quality services for our communities. This has been evidenced with our Excellence in Public Protection and Rehabilitation Programme, which has drawn on the knowledge and experience of our staff to develop ground breaking tools such as our Practice Manual. Since the announcement of the Transforming Rehabilitation reforms, we have taken the view that it is in the best interests of our service users, our staff, and the communities we serve, to ensure we draw on our knowledge and expertise to continue to inform the development of this new policy area. As such, we have engaged with a range of opportunities to examine and test areas of the new operating model, to provide feedback that has influenced the design of key procedures.

This annual report demonstrates our continued firm commitment to continuous improvement in the context of Wales' unique opportunities and challenges and in response to Government policy. We are determined to do everything we can to ensure the NPS and CRC in Wales will protect the public in Wales and work with partners in all sectors to make a step change in re-offending rates throughout the country.

Acting Chief Executive Officer
19th June 2014

1. Operational & Performance Review 2013–14

Wales Probation is the third largest Probation Trust in England and Wales, employing over 1,200 staff across Wales. Wales Probation staff supervise around 14,000 offenders at any one time, across just over 8,000 square miles of the principality, covering a population of 3 million people.

Nationally, the Probation Service and the Prison Service form the National Offender Management Service (NOMS), which is an executive agency of the Ministry of Justice (MoJ).

Wales Probation's role is to reduce re-offending and protect the public, thereby making Wales safer. There is close working with other criminal justice agencies, such as the Police, Prison and Courts as well as with social justice partners, such as the Welsh Government, drug treatment providers and local authorities to ensure that offenders are properly managed and are helped to reform.

The skilled and experienced staff in Wales Probation work directly with offenders to tackle the causes of their offending behaviour, enable them to turn their lives around and where possible, rehabilitate them back into the community.

Wales Probation has been firmly at the forefront of developing the way that Probation services are most effectively run, including piloting new models of service delivery and joined-up working arrangements such as Integrated Offender Management (IOM) Cymru. We collaborated with IOM Cymru partners in the launch of the All Wales Reducing Reoffending Strategy 2014-2016, which aims to adopt the principles of IOM, and provide a vehicle through which collaborative working can be enhanced across Wales.

At a regional level, Wales Probation is structured into Local Delivery Units where there is close working with other agencies in local Community Safety Partnerships to jointly commission and deliver offender services. We have ensured that the organisational structures of the new NPS and CRC in Wales build on these effective local delivery arrangements.

At a Wales-wide level, we work through the All Wales Criminal Justice Board, which is chaired by the Chief Constable of South Wales Police to ensure that the efforts of key agencies to reduce crime and reoffending are joined up. NOMS in Wales, with its oversight of delivery of all offender services in Wales, will ensure these strong partnership working arrangements remain a key priority for all organisations involved in the delivery of offender management services in Wales.

Wales Probation's performance against key metrics is presented in the following tables.

Performance is monitored and reviewed regularly throughout the year. Both the Board and Senior Leadership Team receive performance reports at every meeting.

Additionally, there are quarterly contract review meetings with the NOMS Probation and Contracted Services Directorate, which have endorsed a strong set of performance target achievements for 2013-14.

Wales Performance SummaryApril 2013 - March 2014

Metric	Description	Target	Wales Performance Against Target
Public Protection			
OM021*	Reducing Reoffending Rate		10.67%
OM004	Licence Recall Requests	90%	98%
OM026*	eOASys Quality Audit	90%	96%
OM027	Generic Parole Process	80%	98%
Offender Management			
OM020*	Orders or Licences Successfully Completed	73%	74%
OM039*	OASys Tier2,3,4 & PPO Final Reviews	90%	95%
OM017*	Accommodation at Termination	78%	84%
OM040	Court Report Timeliness (Incl RIC)	90%	99%
OM005	Enforcement	90%	95%
OM032*	Victim Feedback	90%	98%
OM029*	Offender Feedback (Undertaken Oct 2013)	67%	75%
OM041a*	MAPPAs SMB Attendance	75%	100%
OM041b*	MAPPAs Level 2 & 3 Meeting Attendance	90%	99%
OM046	ViSOR Effectiveness	90%	99%
Interventions			
INT003	Number of OBP Completions	587	589
INT005	Number of Successful UPW Completions	3540	4049
INT001	Number Sex offender Prog. Completions	70	80
INT008	Sustained Employment	845	1047
INT009*	Employment at Termination	40%	46%
INT002	Number of IDAP Programme Completions	140	140

* denotes a national metric. Other metrics are specific to the WPT contract.

No target has been set as a benchmark for the reducing reoffending rate metric, a reduction in the rate is however expected.

It is pleasing to see that in the table above the majority of targets have been exceeded. This success is also demonstrated in the Probation Trust Rating System (PTRS) where our performance has been maintained and we have achieved a 'Good' status in all domains and overall.

Acting Chief Executive Officer
19th June 2014

2. Management Commentary

Statutory background

Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). Wales Probation Trust came into existence on 1 April 2010 following the merger of Dyfed Powys Probation Trust, North Wales Probation Board, Gwent Probation Board and South Wales Probation Trust.

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

Principal activities

The principal activities can be found within the Vision, Values and Purpose section on page 6.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 8 to 9.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 29. The Statement of Changes in Taxpayers' Equity is shown on page 32.

Operating costs

The net operating cost before tax for 2013–14 stands at £7.1m compared to £3.3m for 2012–13. The main reason for the increase is the current service cost of pensions.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 30 and 31.

The net assets position has decreased from £88.0m at 31 March 2013 to £67.6m at 31 March 2014. The largest single movement in net liabilities is £20.3m in respect of the Pension Fund.

Payment of creditors

In the year to 31 March 2014, the Trust paid 9,407 trade invoices with a value of £18.8m. The percentage of undisputed invoices paid within 30 days by the Trust was 92% compared to 93% in 2012–13.

Treatment of Pension Liabilities

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

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

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

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

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

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

Sickness absence data

The average levels of absence due to staff sickness were 12.3 days across the Trust (2012–13 9.75 days).

Personal data related incidents

In 2013-14 there were no personal data related incidents to report to the Information Commissioner's Office (ICO).

Events after the reporting period

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

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

Wales Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. The proportion of staff transferring to either the CRC or NPS is approximately 55%:45%

Refer to **Note 27** of the Accounts for further details.

Sustainable development

Wales Probation falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 63 to 68.

Going Concern

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

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

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

The remaining services are divided into 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new Community Rehabilitation

Companies (CRCs). They are fully owned by the Secretary of State for Justice on behalf of the Ministry of Justice.

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

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

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

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

Communications and employee involvement

As the Government's Transforming Rehabilitation reforms have taken shape and are beginning to take effect our staff engagement and external communications, have been ramped up with many new activities being brought into the mix.

Internal

New content plans were developed to ensure internal communication around TR was enhanced and key messages were disseminated. This included the introduction of a TR Bulletin and other focused TR communications themed around 'news you can use' as well as Five Friday Facts, an opportunity for staff to have their questions answered.

Our single platform intranet system launched at the beginning of 2013 has been useful in delivering internal communications to staff. Improvements to intranet navigation has helped to increase the number of hits. Traffic was at its highest in April through to June with hits reaching almost 23,000.

Following on from this, we improved the quality of our existing internal communications including revamping the weekly bulletin and made positive changes to the Executive communications with greater number of CE blogs linked to key themes and achievements.

Besides developing and improving internal communications, we also worked with HR and OD to ensure staff engagement opportunities were capitalised on. This included poster campaigns and roadshows across Wales to promote an Employee Assistance Programme and other campaigns such as Children in Need, No Smoking Day and collecting and promoting good news stories from staff across Wales.

Other highlights regarding staff engagement include adding more appealing content to the intranet like 'out of hours' and 'news and achievements' sections and the Staff Awards Ceremony that was held in September 2013. The awards recognised long service and professional achievement for more than 100 staff and they created a great internal buzz and were an excellent morale booster. Similar to the staff awards, and after a wave of internal communications, we received some excellent nominations for the NOMS Probation Awards 2013 with one member of staff going on to become a finalist in the Working in Partnership category.

External

With regards to stakeholder engagement and external communications we have concentrated our efforts on three tactical areas to ensure Wales Probation's public profile is strengthened and reputation upheld.

1. PR

Through environmental scanning and liaising with frontline staff, our PR work has become a lot more proactive. This increase in activity has had a positive result as we have strengthened our relationship with the media and we have succeeded in obtaining more positive coverage online, in print, on TV and radio - particularly relating to Community Payback stories. For example, a positive press release on the Green Employability work in February was used by a number of different outlets resulting in 150,000 Opportunities To See.

2. Digital communications

Efforts to maintain our digital channels are ongoing. The website still acts as an important tool and traffic has increased by 4% over the year. The 'news' section has seen an increase in traffic by 17%, we have ensured that we have covered a variety of new stories spanning all aspects of probation work at least once a fortnight. The social media strategy is still in effect with the corporate Twitter account being the key social media platform in communicating and building relationships with stakeholders. Our Twitter followers have grown by 82% in one year and we have achieved more than 1,000 'click throughs' to website content. Email continues to act as an important way to disseminate special announcements and letters to stakeholders.

3. Events

Our three biggest public engagement activities between 2013-14 involved having a presence at three high profile summer events in order to showcase how we manage offenders, protect the public and reduce reoffending in Wales. The three events were the Royal Welsh Agricultural Show in Builth Wells, National Eisteddfod for Wales in Denbighshire and Cardiff Mardi Gras. We have attended these events before, and as in previous years, we received thousands of visitors. We have also taken part in stakeholder campaigns such as Time to Change Wales, White Ribbon Day and a Bridgend Armed Forces pledge, which has enabled us build on existing relationships and work towards mutual benefits.

Relationships and interactions with our recognised Trade Unions have remained open, transparent and positive and we have continued to involve them in relation to communication developments regarding policies and internal campaigns.

Staff diversity

In accordance with the public sector equality duty, contained in section 149 of the Equality Act 2010, Wales Probation is required to publish relevant, proportionate information demonstrating due regard and compliance with the Equality Duty. Employee data across areas such as grade, turnover, recruitment and employee relations cases is regularly reported, reviewed and monitored via the Management Information (Metrics) Reports which is submitted to the Senior Leadership and Executive Team meetings. Offender Equality data is monitored via the Equality Objectives Forum. Detailed analysis are undertaken at the Forum and Executive meetings to determine if there are any processes, patterns or trends which identify a discriminatory bias or disproportionality across any of the protected groups. This is to ensure action is taken or established to mitigate or minimise any disadvantage. The information in this section is a snap shot of the statically data on the protected characteristics of the workforce profile and offenders according to sex, age, race and disability. Wales Probation's Annual Equality and Diversity Report 2013/2014 which is a detailed and comprehensive report on the organisations equality requirements across protected groups covering employees, service users and service delivery is available on request and is published on the www.walesprobationtrust.gov.uk

Employee Equality Data

Wales Probation records full-time employees, part-time employees, grade/ responsibility, redundancies, leavers, grievances and disciplinary, across the protected characteristics of sex, sexual orientation, gender reassignment, race and ethnicity, religion, pregnancy and maternity, marriage and civil partnership, age and disability.

	Age						Sex	
	Under 24	25 -34	35- 44	45-54	55-64	65+	Female	Male
Full Time Employee	36	205	228	283	133	10	610	285
Part Time Employee	3	75	94	82	69	15	253	85
Total	39	280	322	365	202	25	863	370
							1233	

As at 31st March 2014 there were a total of 1,233 employees, of which 863 (70%) are female and 370 (30%) are male. This is consistent with the 2012-13 figures. There are a total of 338 part time or casual workers of which 253 (74.8%) are female and 85 (25.2%) are male. This shows a slight decrease in the number of people working part time, compared to 2012/13 of 344. There is however, an increase in the number of females working part time from 71.3% in 2012-13 to 74.8% in 2013-14

The largest group of employees are those within the 45-54 age group, 365 (30%) followed closely by the 35-44 age group, 322 (26%). In the 2011 Census, 96% (2.9 million) of the resident population of Wales identified as White and 4.4% of the population identified as BME. Within the organisation a total of 1136 (92%) of employee identify as White British and 29 (2%) identify as White Other as opposed to White British. A total of 44 (4%) employees identify as being from a black minority ethnic group, which is consistent with the 2012/13 figures. The 2011 Census in Wales indicated that 23% of people have a long term health problem or disability, higher than any region in England. A total of 179 (15%) employees declared as disabled whilst 1,035 (84%) declared as non disabled. This is comparable with the 2012/13 figures.

Offender Equality Data

There were 13,915 offenders being supervised by Wales Probation. This was made up of 1,687 (12%) female offenders and 12,228 (88%) male offenders. This is consistent with the offender distribution in 2012.

	Age							Sex	
	Under 18	18-21	22-25	26-30	31-40	41-50	Over 50	Female	Male
All Offenders	22	1642	2374	2643	3607	2324	1303	1687	12228
BME Offenders	1	94	125	208	262	120	44		
Female Offenders	1	175	254	310	499	310	138		

In 2011, 96% (2.9 million) of the resident population of Wales identified as White and 4.4% of the population identified as BME. A total of 12,328 (88.6%) of offenders identified as White British and a total of 611 (4.4%) identified as White Other, White Irish or White Gypsy/ Irish Traveller as opposed to White British. A total of 854 (6.1%) of offenders identified as being from a black minority ethnic group. This represents a slight increase of 0.4% since the Equality Information Report 2012-2013. 122 (0.9%) of

offenders had no data recorded, 35 (0.3%) of this groups, had no data because they choose not to have this information recorded.

According to census data 23% of people in Wales had a long term health problem or disability. Within the offender population a total of 2,664 (18.2%) of offenders declared as disabled whilst 11,812 (80.6%) declared as non disabled. 182 (1.2%) of offenders had no data available. There has been a 4% increase in the number of offenders identifying as having a disability since the Equality Information Report 2012/13. Consistent since 2011/12 data, the most represented age group among the offender caseload was the 31-40 age group at 3,607 (26%). This was followed by the 26-30 age group with 2643 (19%) and the 22-25 age group with 2,374 (17%). Of the 854 offenders identifying as being from black minority ethnic groups, 513 (60%) were on community orders and 341 (40%) were in custody. There were 1,687 female offenders, 1,468 (87%) were on community orders and 219 (13%) were in custody.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Appointed Auditor is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Appointed Auditor is attached to the Accounts on page 27.

Total audit fees reported in the Accounts are £68,290. This fee will be subject to a rebate of approximately £8,850. This rebate relates to the distribution of the reserves that the WAO have generated to 31 March 2014 and will be paid once their accounts have been audited.

As Accountable Officer, I have taken all steps to ensure that:

- I am aware of any relevant audit information,
- the Auditor is aware of that information, and
- there is no relevant audit information of which the Auditor is unaware.

The Wales Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 is outlined in the Governance Statement on pages 21 to 26

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

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

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chair	Sue Fox	
Chief Executive	Sarah Payne	Ended December 31 st 2013
Acting Chief Executive	Ian Barrow	Commenced January 1 st 2014
Trust Member	Neil Bale	
	Christine Court	
	Stephen Davies	
	David Evans	
	Angela Gascoigne	
	Brigitte Heller	
	Mike Maguire	
	Susan Roberts	
	Phil Westwood	
	Wyn Williams	

My thanks and appreciation is extended to all past and present members of the Board for their hard work and effort during this reporting year.

Accountable Officer
19th June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State for Justice.

The Directors are appointed by the Trust on permanent contracts and subject to twelve week termination period. All payments including severance and termination payments are administered in accordance with employment legislation and terms and conditions of employment.

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

A) REMUNERATION – AUDITED

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

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Sue Fox – Chair	30-35	30-35	Nil	Nil	None	None	Nil	Nil	30-35	30-35
Sarah Payne – Chief Executive Officer ⁽¹⁾	80-85	100-105	0-5	0-5	None	None	24	29	105-110	130-135
Ian Barrow – Acting Chief Executive Officer ⁽²⁾	90-95	85-90	Nil	Nil	None	None	42	106	130-135	190-195
Nicola Davies - Director ⁽²⁾	65-70	Nil	Nil	Nil	None	None	85	Nil	150-155	Nil
William Savage – Director ⁽³⁾	80-85	80-85	Nil	Nil	None	None	23	21	106-110	100-105
Sian Hibbs – Director ⁽⁴⁾	80-85	10-15	Nil	Nil	None	None	21	4	100-105	15-20
Katie Norton – Director	Nil	50-55 ⁽⁵⁾	Nil	Nil	None	None	Nil	9	Nil	60-65
Neil Bale – Trust Member	0-5	5-10	Nil	Nil	None	None	Nil	Nil	0-5	5-10
Christine Court – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
Stephen Davies – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
David Rees Evans – Trust Member	0-5	5-10	Nil	Nil	None	None	Nil	Nil	0-5	5-10
Angela Gascoigne – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
Brigitte Heller – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
Mike Maguire – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
Susan Robert – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Phil Westwood – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5
Wyn Williams – Trust Member	0-5	0-5	Nil	Nil	None	None	Nil	Nil	0-5	0-5

Note 1 Left 31st December 2013

Note 2 Promoted 1st January 2014

Note 3 Seconded to Ministry of Justice from July 2013

Note 4 Started 28th January 2013

Note 5 includes payment in lieu of notice of £20,042

The 'Bonus' payment is in accordance with the Chief executive PRP scheme for Probation Trusts.

All MOJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2007, with the exception of the Chief Executive and the Chair. The Trust at its discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band)	£95,000 – £100,000	£100,000 – £105,000
Median for other staff	£25,797	£25,298
Pay multiple ratio	3.7:1	4.0:1

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

Salary

'Salary' includes the gross salary, overtime and contractual allowances.

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Sarah Payne	5-10	0.0-2.5	113	88	22
Ian Barrow	15-20	0.0-2.5	228	195	27
William Savage	0-5	0.0-2.5	56	34	21

	Total accrued pension at pension age as at 31 March 2014 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Sian Hibbs	0-5	0.0-2.5	15	2	13
Nicola Davies	15-20	2.5-5.0	202	147	50

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

Cash Equivalent Transfer Value (CETV)

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

Real increase in CETV

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

Accountable Officer

19th June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1) (b) of the Offender Management Act 2007, the Secretary of State has directed the Wales Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

5. Governance Statement

Introduction

Wales Probation Trust (hereafter referred to as 'Wales Probation') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Wales Probation was established by the Offender Management Act 2007 and is required to operate within the provisions of the Act and relevant subordinate legislation and to comply with any directions given by the Minister for Justice. The Minister is ultimately accountable to Parliament for the activities and performance of Wales Probation.

Sarah Payne, Chief Executive of Wales Probation since 2010 left at the end of 2013 to take up her new appointment as Director of NOMS in Wales and as the Director of Operations I was asked to take over the role of Acting Chief Executive up to the point when the activities of Wales Probation transfer to the CRC and NPS respectively. I received a detailed handover in order to facilitate my duties as Acting Chief Executive and Accountable Officer.

As the Acting Chief Executive I am designated as Accountable Officer of the Trust. As such, in addition to overall responsibility for the day-to-day operations and management of Wales Probation, I have responsibility for maintaining a sound system of internal control and effective arrangements for governance, including the management of risk. This personal responsibility is given to me in accordance with the responsibilities assigned in Government Accounting and in the Management Statement and Financial Memorandum. At all times, my focus has been to ensure that Wales Probation is positioned to support the achievement of the Ministry of Justice's and National Offender Management Service's (NOMS) aims and objectives, whilst safeguarding public funds and departmental assets.

Purpose of Governance Statement

This Governance Statement provides assurance that I, as Accountable Officer, have discharged my responsibilities to manage and control the resources used by Wales Probation. I am confident that Wales Probation has, and continues to develop, robust governance arrangements that ensure continuous improvement in the way in which its functions are exercised, having due regard to a combination of economy, efficiency and effectiveness.

The Governance Framework

The Governance Framework comprises the systems and processes, and culture and values by which Wales Probation is directed and controlled, together with the activities through which it accounts to and engages with communities throughout Wales. It enables Wales Probation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieving policies, aims and objectives. Therefore the system of internal control can only provide reasonable assurance and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise risks to the achievement of Wales Probation's strategic 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.

Governance Structure for Wales Probation

As Acting Chief Executive and Accountable Officer I am responsible for the operational management and for making proper arrangements for the governance of the organisation. I am governed by the Board which is required to hold me to account for the exercise of these functions, and for those persons under my direction and control. It is therefore important that the Board is able to satisfy itself that the organisation has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice. The Board comprises a Chair, Vice Chair and nine other Board members. All appointments to the Board are subject to open and public competition.

Board Attendance

Name	Role	Meetings Held / Meetings Attended
Sue Fox	Chair	5/5
Neil Bale		5/4
Christine Court		5/5
Stephen Davies		5/4
David Evans		5/4
Angela Gascoigne		5/3
Brigitte Heller		5/5
Mike Maguire		5/5
Susan Roberts		5/5
Phil Westwood		5/5
Wyn Williams		5/4
Sarah Payne (*)	Chief Executive	5/2
Ian Barrow (**)	Acting Chief Executive	5/5

*Sarah Payne left the Trust on December 31st 2013

**Ian Barrow appointed to Acting Chief Executive from January 1st 2014 but attended Board meetings throughout the year in his capacity as Director of Operations

For the year 2013-14, the Board has met at least quarterly and has operated a number of Board Committees which act within agreed terms of reference and delegated authority. The Committees are:

- Audit and Risk Management Committee;
- Transforming Rehabilitation Committee
- Remuneration Committee;
- Practice and Performance Committee;
- Joint Negotiating and Consultative Committee;
- Executive Health and Safety Committee.

The Audit and Risk Management Committee has a significant role in the context of oversight and assurance in relation to systems of internal control and the management of risk. It is chaired by the Vice Chair of the Board.

In terms of the day-to-day running of Wales Probation, as Acting Chief Executive I have continued with the established management arrangements put in place by my predecessor which include:

- a weekly Executive Leadership Team meeting, comprising the Acting Director of Operations, the Director of Support Services and me;
- a monthly Senior Leadership Team meeting, which I chair and which involves the Executive Leadership Team and all the Assistant Chief Executives.
- a monthly Programme Board to oversee key strategic projects

Principles of Wales Probation's Corporate Governance

The Corporate Governance of Wales Probation is based on a number of key principles:

- Focusing on the outcomes and objectives that underpin Wales Probation's duties to service users and the wider community of Wales;
- Ensuring effective working relationships between Board members and senior managers with clearly defined functions and roles and accountabilities;
- Promoting and maintaining high standards of conduct and behaviour which are consistent with the principles of the Nolan Report and Wales Probation's Code of Conduct;
- Ensuring transparent and effective decision-making which both promotes innovation and enables effective risk management;
- The use of resources necessary to deliver the strategic objectives is underpinned by a coherent set of financial controls and procedures. These ensure resources are deployed effectively.

Framework of Corporate Governance

Wales Probation has an agreed three year Strategic Plan, supported by an annual Delivery Plan. These documents articulate the vision and values for the organisation and the strategic objectives that inform detailed delivery arrangements. Wales Probation allocates resources in line with the agreed objectives. This has been important in ensuring that Wales Probation is able to position itself to respond to the changing environment in which probation services are operating.

I am pleased to be able to report that in 2013-14 the Delivery Plan continues to focus on outcomes. This has facilitated the setting of objectives and articulation of accountability for Directors and Assistant Chief Executives and for these to be cascaded to all members of staff. Performance against key targets is monitored regularly and reported to the Board, Executive Leadership Team and Senior Leadership Team. Analysis of performance forms a key part of quarterly meetings with the NOMS Commissioning Manager. I am confident that these arrangements have been effective in 2013-14, with strong operational performance evidenced in national performance data. But we are not complacent and we are committed to continuous improvement and building on existing performance management arrangements to support a move to outcomes-focused metrics.

A core piece of work in respect of risk management commenced during 2012-13 and work continued during 2013-14 to strengthen the framework for managing risk. This work has enabled us to ensure that the corporate risk register has clear links to the strategic objectives of the organisation, and is both monitored and reported on regularly.

As Accountable Officer I am confident that there continues to be effective, systematic arrangements for effective financial control which are articulated in the financial regulations and procedures. The Scheme of Delegation, which is aligned with the NOMS Finance Policy Manual for Trusts supports the objective of devolving decision-making and accountability where this can support improved performance and delivery.

To further ensure effective internal control Wales Probation has developed objective and professional relationships with both the external auditors (Wales Audit Office) and internal auditors (Ministry of Justice).

As Accountable Officer, I have also ensured that Wales Probation places great emphasis on ethical governance. This is achieved through a range of key policies which are regularly reviewed and updated, and which include:

- Staff Code of Conduct;
- Register of Interests for Board Members;
- Gifts and Donations Register;
- Whistle Blowing Policy;
- Equalities and Diversity Policy.

Wales Probation continues to take its responsibilities in respect of Information Security very seriously and is continuously striving to improve assurances even further. The arrangements for Information Security with a Senior Information Risk Owner (SIRO) and Information Asset Owners (IAO's) continue to work effectively. Furthermore the Information Security Forum (ISF) reports directly to the Audit and Risk Committee. This provides increased governance, oversight and assurance of Information Security issues in this area.

Review of Effectiveness During 2013-14

Wales Probation, and I as the Accountable Officer, have a responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. This review is informed by the work of Directors who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by reports published by the external auditors and other review agencies and inspectorates.

During the financial year 2013-14 the Internal Audit plan covered Key Financial Controls, Contract Management, Risk Management, Fleet Management, Demand Management & Workforce Planning, Court Reports, nDelius and Probation Qualification Framework. Recommendations from all reports have now been actioned.

The Internal Audit Annual Report for 2013-14 gives a reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control. With the exception of the audit of the Probation Qualification Framework, the majority of the audit reports were rated Amber Green or better.

Complaints

Wales Probation has recorded relatively low numbers of complaints in proportion to our customer base, including the numbers of offenders supervised in community and custody. The total number of formal complaints during 2013-14 was 73 (100 informal), which represents 0.5% of our total offender caseload. The majority of complaints relate to decisions or actions (or failure to act) by the offender manager or pre-sentence report author.

Information Security

Wales Probation operates and promotes a strong Information Security culture throughout all levels of the organisation. All staff have been made aware of the need to comply with the relevant information security policies and of the organisations requirement to fulfil its statutory and legal obligations. This is reinforced through mandatory on-line Information Assurance training and through briefings conducted at Local Delivery Unit and at Team level.

A robust Information Security incident/breach reporting procedure is in place and a log is maintained and reviewed regularly. Where incidents/breaches occur, these are reported and investigated and any lessons learnt are considered and communicated to all staff through the Weekly Bulletin.

During the financial year 2013/2014 a total of 38 incidents were reported, logged and investigated. The vast majority of these were deemed to be low level incidents where information was not put directly at risk and did not present a reputational issue for Wales Probation. The Senior Information Risk Owner (SIRO) did, however, report one incident to the Information Assurance Unit in the Ministry of Justice. The information in all the incidents was either retrieved or believed to be contained and were closed on the log. No breaches were reported to the Information Commissioners Office.

Information incidents/breaches are reported and considered by Wales Probation's Information Security Forum on a regular basis and recommendations for improvements in practice from this are implemented.

Serious Further Offences

There were 21 Serious Further Offence (SFO) notifications in the 2013/14 period. SFO notifications as a percentage of our overall caseload (over 14,000) is very low - 0.15%. The number of actual convictions following SFO is not finalised, due to some outstanding Court matters, but is expected to be lower than the overall percentage of SFOs against caseload.

It is important to note that the continual drive to improve the effectiveness of arrangements in place during 2013-14 has been undertaken in a environment which is both complex and evolving. Amongst other things this is because of:

- the Ministry of Justice's consultation on Transforming Rehabilitation;
- the fundamental requirement to maintain strong partnership arrangements that support public protection and reducing reoffending throughout Wales – despite decreasing availability of resources.

Risk Management

As Accountable Officer, I take very seriously my responsibility for ensuring that mechanisms are in place for developing and implementing systems of risk management. These systems help assess and manage both external and internal risks. Oversight is delegated to the Audit and Risk Committee, which meets at least every quarter. The systems for assessing and managing risks are managed by the Executive and Senior Management Team.

It is acknowledged that it is virtually impossible to eliminate risk entirely. Therefore Wales Probation's approach to risk management is to ensure that risks are anticipated, understood and effectively managed. This will enable Wales Probation to deliver its strategic objectives.

The key elements of Wales Probation's risk management system include:

- A risk based internal audit plan;
- A Scheme of Delegation that prescribes accountabilities, financial procedures and delegated authority levels;
- Regular performance reports, including financial reporting to the Executive Team, Senior Management Team and Board;
- Routine environmental scanning reported quarterly to the Senior Management Team.

Key risk areas covered in the risk register include:

- The need for Wales Probation to manage within budget by effectively planning to deliver the required savings and efficiencies;
- The organisation needs to be ready for the Transforming Rehabilitation agenda;
- Ensuring that managers and staff have the necessary support to effectively manage the change associated with Transforming Rehabilitation;
- Managing contracts effectively including the delivery of the requirements of the NOMS contract;
- Maintaining effective partnership working throughout Wales.

The corporate risk register has clear links to the strategic objectives of the organisation and is monitored regularly. The Audit and Risk Committee has a key role in the monitoring process. Reports are also made to the full Board on a monthly basis, as well as the Executive and Senior Leadership teams monthly. In addition managers across Wales Probation monitor risk on an on-going basis.

Assurance Summary

While no system of internal control can provide absolute assurance against material misstatement or loss, on the basis of the sources of assurance that I have, and my personal commitment to the highest standards of corporate governance, I am pleased to give my personal assurance that Wales Probation has satisfactory systems of governance in place to facilitate the effective exercise of our functions which include arrangements for the management of risk.

Sue Fox
Chair of Board

Ian Barrow
Acting Chief Executive
& Accountable Officer

Date: 19th June 2014

Date: 19th June 2014

6. Independent Auditors Report to the Members of the Wales Probation Trust

I certify that I have audited the financial statements of Wales Probation Trust for the year ended 31 March 2014 under Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flow and the related notes.

These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the Government's Financial Reporting Manual (FRoM) based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of the Accountable Officer and auditor

As explained more fully in the Statements of Accountable Officer's Responsibilities set out on page 21, the Accountable Officer is responsible for the preparation of financial statements which give a true and fair view in accordance with the Offender Management Act 2007 and directions made there under by the Secretary of State, and for ensuring the regularity of financial transactions

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of 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 Wales Probation Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

I am also required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I read all the financial and non-financial information in the Annual Report, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view, in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made there under by the Secretary of State, of the state of Wales Probation Trust's affairs as at 31 March 2014 and of its net operating costs, changes in taxpayers equity and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made there under by the Secretary of State.

Opinion on Regularity

In my opinion in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made there under by the Secretary of State;
- information which comprises commentary on the financial performance included within the Management Commentary Financial Review, within the Annual Report, 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:

- the Annual Governance Statement does not reflect compliance with HM Treasury's guidance or is misleading or inconsistent with other information I am aware of from my audit of the financial statements; and
- the other information in the Annual Report comprising the Foreword, the unaudited part of the remuneration Report and the remaining elements of the Management Commentary Financial Review, are materially inconsistent with the financial statements.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett

Appointed Auditor

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the website is not the responsibility of the auditors. The work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13 <i>Restated</i>
	Notes	£000	£000
Expenditure			
Staff costs	3(a)	39,683	37,709
Other expenditure	6	17,302	17,395
Total Expenditure		56,985	55,104
Income	7	(53,727)	(55,445)
Net operating costs		3,258	(341)
Net interest cost on pension scheme	4(c)	3,820	3,670
Net operating costs before taxation		7,078	3,329
Taxation	5	79	178
Net operating costs after taxation		7,157	3,507

Other Comprehensive Expenditure

		2013–14	2012–13 <i>Restated</i>
	Notes	£000	£000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	(4)	(39)
Net (gain)/loss on revaluation of intangibles	9	0	0
Remeasurement of post employment benefits	23	(27,650)	5,000
Total comprehensive expenditure for 31 March 2014		(20,475)	8,468

The notes on pages 34 to 60 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Non-current assets			
Property, plant and equipment	8	715	748
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		715	748
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	3,149	5,714
Cash and cash equivalents	13	1,357	431
Total current assets		4,506	6,145
Total assets		5,221	6,893
Current liabilities			
Trade and other payables	14(a)	(1,802)	(2,814)
Provisions	15	0	0
Taxation payables	14(a)	(2,220)	(3,057)
Total current liabilities		(4,022)	(5,871)
Non-current assets plus/less net current assets/(liabilities)		1,199	1,022
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(68,740)	(89,060)
Total non-current liabilities		(68,740)	(89,060)
Assets less liabilities		(67,541)	(88,038)
Taxpayers' equity			
General fund	23	(67,702)	(88,195)
Revaluation reserve – property, plant and equipment	24(a)	161	157
Revaluation reserve – intangible assets	24(b)	0	0
		(67,541)	(88,038)

The financial statements on pages 29 to 33 were approved by the Board on 19th June 2014 and were signed on its behalf by

..... Accountable Officer

Date: 19th June 2014

The notes on pages 34 to 60 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Cash flows from operating activities			
Net operating costs	23	(7,157)	(3,507)
Adjustments for non-cash transactions	6	195	158
Adjustments for pension cost	4(c)	7,330	4,000
(Increase)/decrease in receivables	12(a)	2,565	(943)
Increase/(decrease) in payables	14(a)	(1,849)	495
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
Net cash outflow from operating activities		1,084	203
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(171)	(487)
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	13	(1)
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		(158)	(488)
Cash flows from financing activities			
Net financing received in year	23	0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period			
		926	(285)
Cash and cash equivalents at the beginning of the period	13	431	716
Cash and cash equivalents at the end of the period	13	1,357	431
Increase/(decrease) in cash		926	(285)

The notes on pages 34 to 60 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(79,688)	118	(79,570)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2012		0	0	0
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(3,507)		(3,507)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		39	39
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Transferred to General Fund from tangibles revaluation reserve	24(b)			
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	(5,000)	0	(5,000)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(88,195)	157	(88,038)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(7,157)		(7,157)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		4	4
Transferred to General Fund from property, plant and equipment revaluation reserve	24(a)			
Net gain/(loss) on revaluation of intangibles	24(b)		0	0

Transferred to General Fund from tangibles revaluation reserve	24(b)			
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Remeasurement of post employment benefits	23	27,650	0	27,650
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2014		(67,702)	161	(67,541)

The notes on pages 34 to 60 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

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

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

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

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

1.2 Accounting convention

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

1.3 Changes in accounting policies and restatement of comparatives

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

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

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

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

Those that impact on the Trust are:

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

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

1.4 Going concern

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

On 1 June 2014, the Trust ceased trading.

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Revaluation

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

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

1.6 Depreciation

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

Asset lives are currently in the following ranges:

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

1.7 Impairment

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

1.8 Intangible non-current assets

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

developed by third parties and licenses for purchased software.

The minimum level for capitalisation of an intangible non-current asset is £10,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 3 to 10 years. Licences are amortised over the length of the licence.

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

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

1.9 Non-current assets held for sale

Non-current assets held for sale are identified as assets whose carrying amount will be recovered through sale rather than through continuing use. Depreciation on non-current assets held for sale ceases upon reclassification. Depreciation is re-instated and retrospectively applied to any

assets which are subsequently not sold and re-classified as in-use.

1.10 Inventories

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

1.11 Operating income

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

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

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

1.12 Other Expenditure

In 2012-13 the SoCNE was analysed between administration and programme income and expenditure, however Wales Probation classified programme expenditure as administration and did not identify it separately. For 2013–14 the distinction between administration and programmes has been removed and for both prior and current year is shown as Other Expenditure. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts.

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

1.13 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme. Retirement benefits are determined

independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

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

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

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

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

1.14 Leases

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

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental to ownership of leased non-current assets are

transferred from the lessor to the lessee when assessed against the qualitative and quantitative criteria in IAS 17. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Finance leases

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

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

Operating leases

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

1.15 Provisions

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

1.16 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.17 Corporation Tax

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

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

At the 31st March 2013 the Trust held, as custodian or trustee, an asset belonging to a third parties. This asset was not recognised on the Statement of Financial Position. During 2013/14 this asset was transferred to the Trust and is now shown as an asset as at 31st March 2014. Full details are disclosed within **Note 26**.

2. Statement of Operating Costs by Operating Segment

The following table presents the net cost of operations by reportable operating segments for the year ending 31st March 2014.

Operational Unit	2013–14	2012–13
	Net Expenditure	Net Expenditure
	£	£
Trust Board	0	82,630
Office of Chief Executive	734,159	381,877
Corporate	3,858,031	3,232,817
Director of Local Delivery	342,684	194,717
Director of Commercial Affairs	0	385,105
Director of Resources	104,699	103,329
Cardiff & Vale LDU	5,450,184	5,934,272
Swansea/Neath/Port Talbot and Bridgend LDU	5,751,284	6,667,591
Rhondda Cynon Taff, Merthyr & South Powys LDU	3,370,304	4,012,055
West Wales LDU	2,872,282	3,471,203
Gwent LDU	4,698,122	5,897,793
Denbigh, Conwy & Ynys Mon LDU	3,772,724	4,227,119
Flintshire, Wrexham & North Powys	3,330,483	3,859,954
Community Payback	4,481,517	0
Head of Finance	1,017,844	2,822,737
Head of Human Resources	1,801,282	1,630,509
Head of Infrastructure	6,341,027	6,374,549
Head of Business Intelligence	451,783	0
Head of service & Public Protection	631,153	268,258
TR Programme	349,528	0
Head of Business Development	0	309,753
Head of Business Monitoring	0	462,628
Head of Business Planning	0	274,104
Total Net Expenditure	49,359,090	50,593,000
Contract Income	(49,611,144)	(51,264,383)
Revenue Overspend (Underspend)	(252,054)	(671,383)
Capital Expenditure	171,102	487,618
Resource Overspend (Underspend) before Tax	(81,952)	(183,765)
Corporation Tax	79,120	178,000
Resource Overspend (Underspend) After Tax	(2,832)	(5,765)
Reconciliation to Statement of Comprehensive Net Expenditure	£000	£000
Revenue Overspend (Underspend)	(252)	(671)
Pension Costs Per Note 3	7,250	5,890
Actual Pension Payments Made (Note 4C)	(3,740)	(5,560)
NET Operating Cost Per SOCNE	3,258	(341)

The reporting segments changed during the year. Therefore direct comparisons are not always possible.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013-14			2012-13
	Permanently-employed staff		Others	Total
	Total	staff		Total
	£000	£000	£000	£000
Wages and salaries	31,481	30,900	581	30,756
Social security costs	2,350	2,350	0	2,314
Other pension costs	7,250	7,250	0	5,890
Sub-total	41,081	40,500	581	38,960
Less recoveries in respect of outward secondments	(1,398)	(1,398)	0	(1,251)
Total staff costs	39,683	39,102	581	37,709

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

3 persons (None in 2012-13) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2,065.

3b. Average number of persons employed

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

	2013-14		2012-13
	Total	Permanently-employed staff	Others
			Total
	1,041	1,022	19
	1,041	1,022	19

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0	0	17	17
£10,000–£25,000	0	0	0	0	6	6
£25,000–£50,000	0	0	0	0	2	2
£50,000–£100,000	0	0	0	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	0	0	0	25	25
Total resource cost £000	0	0	0	0	246	246

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

There was no scheme during 2013/14. The 2012/13 scheme resulted savings of £348,000 in year one rising to £656,000 in subsequent years.

4. Pensions costs

As part of the terms and conditions of employment of its officers and employees, the Trust offers retirement benefits. Although these will not actually be payable until the employees retire the trust has a commitment to make the payments that need to be disclosed at the time that the employees earn their full entitlement. The provision of the Local Government Pension Scheme (LGPS) covers present and past employees which are fully funded. The Scheme is administered by Rhondda Cynon Taff County Borough Council. Benefits earned up to 31st March 2014 are linked to final salary. Benefits earned after 31st March 2014 are based on Career Average Re-valued Earnings. The funded nature of the LGPS requires the employer and its employees to pay contributions to the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

4a Pension costs

The schemes' Actuary, Aon Hewitt Limited, undertakes a full actuarial valuation every three years. The rate for 2013/14 was agreed in the 2010 valuation. For 2013/14 contributions of £3,740,000 were payable to the Scheme (2012/13 £5,560,000). This includes a rate of 12.3% plus a small number of lump sum contributions.

The contributions reported above include:-

Employer Contributions	£3.386,000	(2012/13 £3,303,000)
Capital Contributions	-	(2012/13 £1,070,000)
Added Years	£ 315,000	(2012/13 £ 308,000)
Strain Costs	£ 39,000	(2012/13 £ 29,000)
Additional Voluntary Contributions	-	(2012/13 £ 850,000)

The employer's contributions for April and May 2014 were set following an agreement between Rhondda Cynon Taff Pension Fund and the Greater Manchester Pension Fund. The contributions have been set at 12.3% of pensionable pay plus a capital contribution of £198,000.

On 1st June 2014 the Trust's existing pension liabilities and corresponding assets transfers to the Greater Manchester Pension Fund (GMPF). The Trust is no longer required to pay employer contributions to the fund. The future funding arrangements for the Fund are outlined in note 27.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.4%	2.8%
Rate of increase in salaries	3.9%	4.7%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.8%
Discount rate	4.3%	4.4%

Mortality Assumptions

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

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

	2013–14	
Present value of obligation	Fair value of plan assets	Total
£000	£000	£000
Plan assets	144,910	144,910
Funded liabilities	0	(228,820)
Unfunded liabilities	0	(5,150)
Opening balance at 1 April (restated)	144,910	(89,060)
Current service costs	0	(7,220)
Past service costs (including curtailments)	0	(30)
Gains and losses on settlements	0	0
	0	(7,250)
Net Interest (cost)/income	6,350	(3,820)
Remeasurements		
Returns on plan assets, excluding amounts included in interest cost/(income)	2,570	2,570
Gain/(loss) from change in demographic assumptions	0	5,510
Gain/(loss) from change in financial assumptions	0	19,230
Experience gains/(losses)	0	340
Change in asset ceiling, excluding amounts included in interest cost	0	0
	2,570	27,650
Foreign exchange differences	0	0
Effect of business combinations on disposals	0	0
Contributions		
Employers	3,740	3,740
Plan participants	1,800	0
Unfunded benefits	0	0
Payments from plans		
Benefit payments	(6,510)	0
Unfunded benefit payments	(320)	0
Closing balance at 31 March	152,540	(68,740)
Plan assets	152,540	152,540
Funded liabilities	0	(216,470)
Unfunded liabilities	0	(4,810)
Closing balance at 31 March	152,540	(68,740)

	2012–13 (restated)	
Present value of obligation	Fair value of plan assets	Total
£000	£000	£000
Plan assets	124,200	124,200
Funded liabilities	0	(199,380)
Unfunded liabilities	0	(4,880)
Opening balance at 1 April	124,200	(80,060)
Current service costs	0	(5,650)
Past service costs (including curtailments)	0	(240)
Gains and losses on settlements	0	0
	(5,890)	(5,890)
Net interest (cost)/income	5,980	(3,670)
Remeasurements		
Returns on plan assets, excluding amounts included in interest cost	14,070	14,070
Gain/(loss) from change in demographic assumptions	0	0
Gain/(loss) from change in financial assumptions	0	(19,370)
Experience gains/(losses)	0	300
Change in asset ceiling, excluding amounts included in interest cost	0	0
	(19,070)	(5,000)
Foreign exchange differences	0	0
Effect of business combinations on disposals	0	0
Contributions		
Employers	5,560	5,560
Plan participants	1,740	0
Unfunded benefits	0	0
Payments from plans		
Benefit payments	(6,330)	0
Unfunded benefit payments	(310)	0
Closing balance at 31 March	144,910	(89,060)
Plan assets	144,910	144,910
Funded liabilities	0	(228,820)
Unfunded liabilities	0	(5,150)
Closing balance at 31 March	144,910	(89,060)

4d. Plan assets are comprised as follows

	2013-14		2012-13	
	Total	%	Total	%
	£000		£000	
Equity	108,300	71.0%	99,550	68.7%
Debt instruments				
UK Government	12,970	8.5%	15,360	10.6%
Corporate bonds	17,850	11.7%	16,520	11.4%
Other	0	%	0	%
	30,820	20.2%	31,880	22.0%
Property	9,000	5.9%	8,550	5.9%
Cash and cash equivalents	4,420	2.9%	4,930	3.4%
Total	152,540	100.0%	144,910	100.0%

4e. Sensitivity analysis

	+0.1% £000	0% £000	-0.1% £000
Adjustment to discount rate			
Present value of total obligation	212,380	0	220,650
Projected service cost	5,650	0	6,030
	+1yr £000	none £000	-1yr £000
Adjustment to mortality age rate assumption			
Present value of total obligation	211,600	0	221,330
Projected service cost	5,660	0	6,020
	+0.1% £000	0% £000	-0.1% £000
Adjustment to increase in salaries			
Present value of total obligation	217,390	0	215,560
Projected service cost	5,840	0	5,840

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

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

5. Taxation

	2013–14 £000	2012–13 £000
UK corporation tax	79	178
Total	79	178

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.

Corporation Tax was calculated at the main rate of Corporation Tax for 2013 ie 24% and was based on a profit chargeable to Corporation Tax (PTCT) of £316,000 (£741,000 in 2012/13)

6. Other Expenditure

	2013–14		2012–13	
	£000	£000	£000	£000
Rentals under operating leases	140		130	
Interest charges	0		0	
Accommodation, maintenance and utilities	3,657		4,077	
Travel, subsistence and hospitality	1,016		987	
Professional services	377		561	
IT services	2,187		2,382	
Communications, office supplies and services	1,151		1,148	
Other staff related	674		481	
Offender costs	7,225		6,773	
Other expenditure	584		611	
External Auditors' remuneration – statutory accounts	68		59	
External Auditors' remuneration – other	0		1	
Internal Auditors' remuneration	28		27	
		17,107		17,237
Non-cash items				
Depreciation of tangible non-cash assets	188		153	
Amortisation of intangible non-cash assets	0		4	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	7		1	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	0		0	
Early retirement provisions not required	0		0	
		195		158
Total		17,302		17,395

The external auditors' remuneration will be subject to a rebate of approximately £8,850. This rebate relates to the distribution of the reserves that the WAO have generated to 31 March 2014 and will be paid once their accounts have been audited. The rebate has been accrued for in full.

7. Income

	2013–14		2012–13	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	49,611		51,264	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		49,611		51,264
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		8		3
Other income from NOMS		194		351
Other income from rest of MoJ Group		51		2
Other income from other Government departments		3,325		3,234
Miscellaneous income		527		570
		53,716		55,424
Interest received:				
From bank	11		20	
From car loans	0		1	
From other sources	0		0	
Total interest received		11		21
Total income		53,727		55,445

During 2012/13 and 2013.14 the Trust administered funds on behalf of South Wales Drug Intervention Project. Total income of £2.4m was received from the Police and Crime Commissioner for South Wales (In 2012/13 £2.7m was received from the Welsh Assembly Government) and is included in the above figures. This income is offset by additional expenditure and is therefore cost neutral to the Trust.

8. Property, plant and equipment

	2013–14					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2013	0	583	1725	104	144	2,556
Additions	0	171	0	0	0	171
Disposals	0	(412)	(318)	(85)	0	(815)
Transfers	0	0	0	0	0	0
Reclassifications	0	163	0	(19)	(144)	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	9	0	0	11
As at 31 March 2014	0	507	1,416	0	0	1,923
Depreciation						
As at 1 April 2013	0	556	1,167	85	0	1,808
Charge in year	0	61	127	0	0	188
Disposals	0	(410)	(300)	(85)	0	(795)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	3	4	0	0	7
As at 31 March 2014	0	210	998	0	0	1,208
Carrying value as at 31 March 2014	0	297	418	0	0	715
Carrying value as at 31 March 2013	0	27	558	19	144	748
Asset financing						
Owned	0	297	418	0	0	715
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2014	0	297	418	0	0	715

During 2013/14 the Trust completed the Wales wide telephone system project.

8. (Continued)

	2012–13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	0	565	1404	95	0	2,064
Additions	0	0	324	19	144	487
Disposals	0	(8)	(102)	(11)	0	(121)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	26	99	1	0	126
As at 31 March 2013	0	583	1,725	104	144	2,556
Depreciation						
As at 1 April 2012	0	518	1,077	94	0	1,689
Charge in year	0	27	126	0	0	153
Disposals	0	(8)	(102)	(11)	0	(121)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	19	66	2	0	87
As at 31 March 2013	0	556	1,167	85	0	1,808
Carrying value as at 31 March 2013	0	27	558	19	144	748
Carrying value as at 31 March 2012	0	47	327	1	0	375
Asset financing						
Owned	0	27	558	19	144	748
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	0	27	558	19	144	748

During 2012/13 the Trust purchased 10 Community Payback vehicles and commenced the installation of a Wales wide telephone system.

9. Intangible assets

	2013–14				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2013	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	0	0	0	0
Amortisation					
As at 1 April 2013	0	0	0	0	0
Charge in year	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2014	0	0	0	0	0
Carrying value as at 31 March 2014	0	0	0	0	0
Carrying value as at 31 March 2013	0	0	0	0	0
Asset financing					
Owned	0	0	0	0	0
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2014	0	0	0	0	0

9. (Continued)

	2012–13				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2012	0	22	0	0	22
Additions	0	0	0	0	0
Disposals	0	(22)	0	0	(22)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	0	0	0	0
Amortisation					
As at 1 April 2012	0	18	0	0	18
Charge in year	0	4	0	0	4
Disposals	0	(22)	0	0	(22)
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	0	0	0	0
Carrying value as at 31 March 2013	0	0	0	0	0
Carrying value as at 31 March 2012	0	0	0	0	0
Asset financing					
Owned	0	0	0	0	0
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2013	0	0	0	0	0

10. Impairments

All revaluation/indexation charges for 2013/14 have been taken to the revaluation reserve. There have been no impairment charges during the year.

11. Assets held for sale

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

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	227	215
VAT	0	0
Deposits and advances	9	20
Receivables due from Trusts	8	0
Receivables, Accrued Income and Prepayments due from NOMS Agency	2,634	4,597
Receivables, Accrued Income and Prepayments due from MoJ Group	31	22
Receivables, Accrued Income and Prepayments due from other Government departments	240	797
Other receivables	0	0
Prepayments	0	63
Accrued income	0	0
	3,149	5,714
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	3,149	5,714

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	2,687	5,237	0	0
Balances with local authorities	226	166	0	0
Balances with NHS bodies	0	13	0	0
Balances with public corporations and trading funds	0	0	0	0
	2,913	5,416	0	0
Balances with bodies external to Government	236	298	0	0
Total	3,149	5,714	0	0

13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	431	716
Net change in cash and cash equivalents	926	(285)
Balance at 31 March	1,357	431
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	1,357	431
Balance at 31 March	1,357	431

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	977	574
Other payables	0	8
Accruals	275	820
Deferred income	2	0
Staff payables	235	517
Bank overdraft	0	0
Payables due to Probation Trusts	1	0
Payables, Accruals and Deferred Income due to NOMS Agency	10	688
Payables, Accruals and Deferred Income due to MoJ Group	3	0
Payables, Accruals and Deferred Income due to other Government departments	299	207
Unpaid pensions contributions due to the pensions scheme	0	0
Long-term liabilities due within one year	0	0
Non-current asset accruals	0	0
	1,802	2,814
Tax falling due within one year		
VAT	2,141	2,163
Corporation tax	79	178
Other taxation and social security	0	716
	2,220	3,057
Total amounts falling due within one year	4,022	5,871
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	4,022	5,871

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	2,263	3,787	0	0
Balances with local authorities	270	413	0	0
Balances with NHS bodies	0	2	0	0
Balances with public corporations and trading funds	0	0	0	0
	2,533	4,202	0	0
Balances with bodies external to Government	1,489	1,669	0	0
Total	4,022	5,871	0	0

15. Provisions for liabilities and charges

There were no provisions at the reporting date

16. Capital commitments

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

	2013–14 £000	2012–13 £000
Property, plant and equipment	0	121
Intangibles	0	0
Total	0	121

There were no capital commitments at the reporting date. The figure of £121,000 reported for 2012/13 was in respect of the telephone project which is now complete.

17. Commitments under leases

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2013–14	2012–13
	£000	£000
Other		
Not later than one year	12	48
Later than one year and not later than five years	5	19
Later than five years	0	0
Total	17	67

The operating leases are predominantly in respect of photocopiers and other office equipment. From the 1st June 2014 the future commitments from these agreements will be the responsibility of either the National Probation Service or the Community Rehabilitation Company.

17b. Finance leases

There are no finance leases.

18. Other financial commitments

There are no financial commitments

19. Deferred tax asset

There are no deferred tax assets

20. Financial instruments

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

21. Contingent liabilities

There are no contingent liabilities (2012–13 – £0).

22. Losses and special payments

22a. Losses statement

There are no losses.

22b. Special payments schedule

There are no Special Payments.

23. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(88,195)	(79,688)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(88,195)	(79,688)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(7,157)	(3,507)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Remeasurement of post employment benefits	27,650	(5,000)
Balance at 31 March	(67,702)	(88,195)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	157	118
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	157	118
Arising on revaluations of PPE during the year (net)	4	39
Transferred to General Fund	0	0
Balance at 31 March	161	157

24b. Intangibles

There are no intangible assets.

25. Related party transactions

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

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

26. Third-party assets

The details below related to the Annie Williams Trust Fund created on her death to assist those persons on probation within the Bangor area.

During the year the small balance was transferred to the Trust and this is now shown in the Statement of Financial Position.

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2014
	£000	£000	£000	£000
Annie Williams Trust Fund	1	0	(1)	0
	0	0	0	0
	0	0	0	0
	0	0	0	0

27. Events occurring after the reporting period

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

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

Dissolution of the Trust

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

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

Staff related balances

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

All other balances

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

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

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

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

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

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

The amendments relevant to the Trust are:

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

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

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

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	1,137
Other comprehensive expenditure	7,331
Total comprehensive expenditure	8,468
Restatement:	
Increase in programme expenditure (interest costs)	2,370
Remeasurement of post employment benefits	(2,370)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	3,507
Other comprehensive expenditure	4,961
Total comprehensive expenditure	8,468

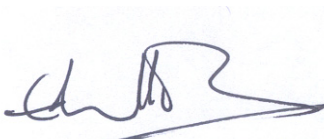
Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	88,195
Restatement:	
Increase in net operating expenditure	(3,120)
Remeasurement of post employment benefits	2,370
General fund balance as at 31 March 2013 after restatement	87,445

Accounts Direction

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

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



Edward Kirby

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

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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

This report covers 32 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

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

Social and environmental awareness

Wales Probation pro-actively promotes social and environmental awareness. This is evidenced by the successful progress made in terms of the Green Dragon award. Wales Probation not only encapsulates staff within the commitment to social and environmental awareness. Offenders are also included. For example within Community Payback Wales Probation is partaking in the Green Employability Project. The purpose of this project is to provide offenders with the necessary skills and awareness to successfully seek employment in the green economy.

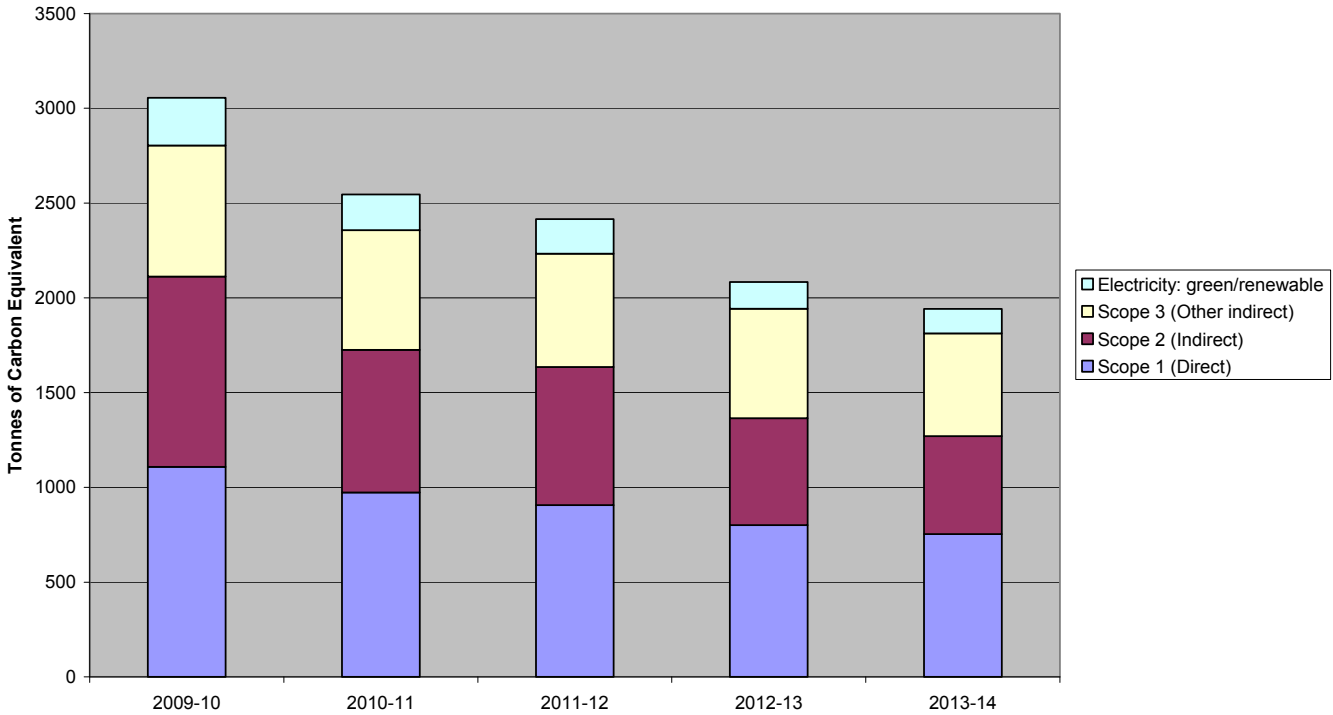
Any other headings (e.g. Local initiatives)

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	1,108.7	973.7	906.4	800.1	753.4
	Scope 2 (indirect): Supplied energy (electricity and heat)	1,003.3	751.3	728.6	564.3	516.8
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	692.5	633.2	597.8	578.4	541.6
	Total gross GHG emissions	2,804.5	2,358.2	2,232.8	1,942.8	1,811.8
	Electricity: green/renewable	250.8	187.8	182.2	141.1	129.2
	Total net GHG emissions	2,553.6	2,170.4	2,050.7	1,801.7	1,682.6
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	1,523,784	1,264,896	1,226,738	950,029	870,134
	Electricity: renewable	507,928	421,632	408,913	316,676	290,045
	Gas	3,009,003	2,832,907	2,280,904	2,456,606	1,846,705
	Other energy sources	44,450	44,450	84,423	4,478	0
	Total energy	5,085,165	4,563,885	4,000,977	3,727,789	3,006,884
Financial indicators	Expenditure on energy (£)	£382,886	£298,383	£269,753	£219,045	£248,740
	Expenditure on official business travel (£)	£1,240,900	£1,248,000	£1,342,400	£1,017,100	£998,900

Greenhouse Gas Emissions by Source



Performance commentary (including targets)

The Greening Government Commitments requires a reduction in greenhouse gas emissions from 2009/10 baseline of 20% by 2015. Wales Probation's baseline figure for 2009/10 was 2,553.6 tonnes of Carbon (Co2e). The reported carbon dioxide emissions from the Trust's buildings and travel for 2013/14 are 1,677.9 which represents a reduction of 35% against the 2009/10 baseline. Although there have been a significant improvement in the quality of data in respect of the buildings data since the first report in 2011/12 it has been necessary to include some estimates to ensure full disclosure. It has also been required to estimate carbon dioxide emissions in respect of travel for 2009/10 and 2010/11 as data was not collected for these years.

Controllable impacts commentary

During the year Wales Probation achieved the Green Dragon Environmental Recognition award 2014 for all its premises across Wales. The award recognises that the Trust; improves its environmental performance, complies with legislation and responds to the challenge of climate change.

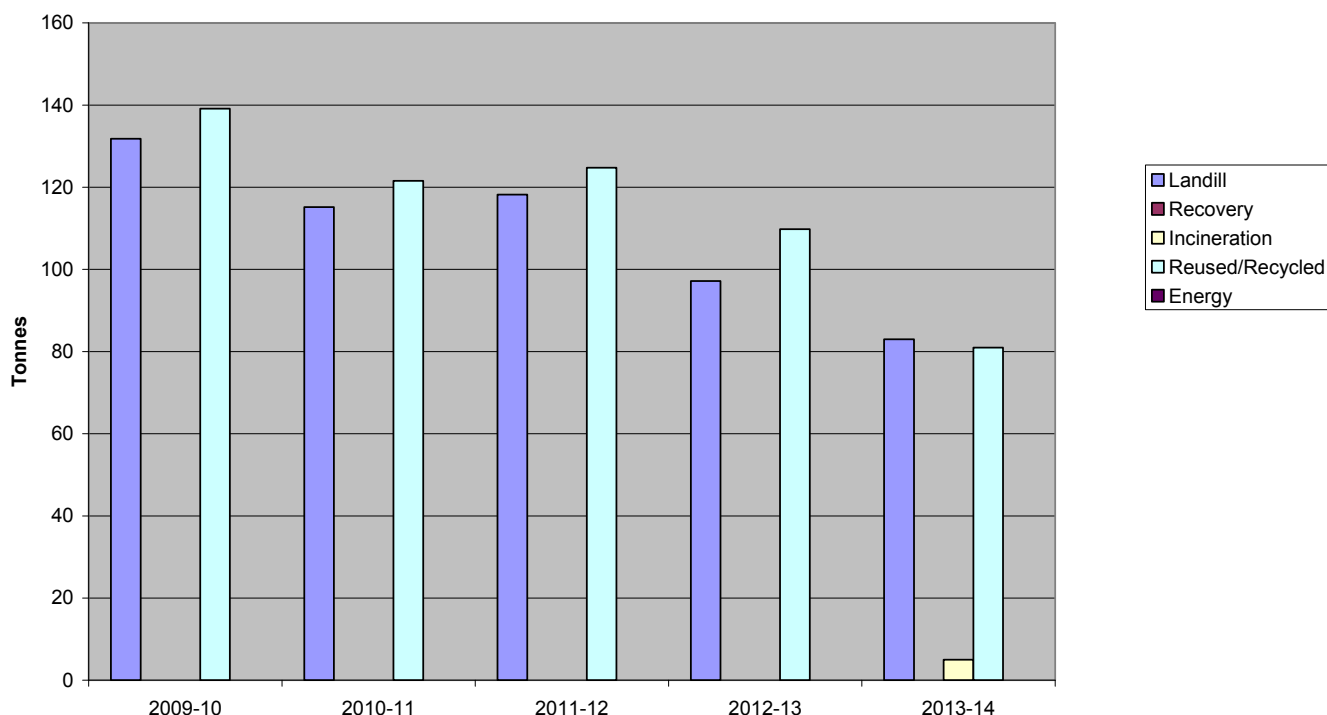
Overview of influenced impacts

Wales Probation forms part of the National Probation Estates and facilities contract which manages energy supplies across the Probation Estate. However since 2010 Wales Probation has implemented its estates strategy and has reduced its office space and promoted co-location with partnerships and other agencies. The Trust has also continued to promote the use of video conferencing as an alternative to travel. When travel is required the use of public transport is encouraged.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	131.8	115.2	118.2	97.2	83.0
		To recovery (AD & composting)	0.0	0.0	0.0	0.0	0.0
		To incineration	0.0	0.0	0.0	0.0	0.0
		Reused/recycled waste	139.1	121.6	124.8	109.8	81.0
		Energy from waste	0.0	0.0	0.0	0.0	0.0
Total waste arising			270.9	236.7	243.0	207.0	169.0
0	Non-hazardous waste	Landfill waste	Not Known	Not Known	Not Known	Not Known	Not Known
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	Not Known	Not Known	Not Known	Not Known	Not Known
		Energy from waste	0	0	0	0	0
Total waste costs (£)			Not Known	Not Known	Not Known	Not Known	Not Known

Waste By Final Disposal



Performance commentary (including targets)

There has been a significant reduction (18%) in the waste generated during the past year. Although the proportion of waste being recycled has declined this general reduction in waste has resulted in a decrease in the amount of waste going to landfill. Although there have been some improvement in the quality of data in respect of waste since the first report in 2011/12 it has been necessary to include some estimates to ensure full disclosure.

Controllable impacts commentary

Wales Probation is committed to minimising the amount of waste generated and pro actively make staff aware of this commitment.

Overview of influenced impacts

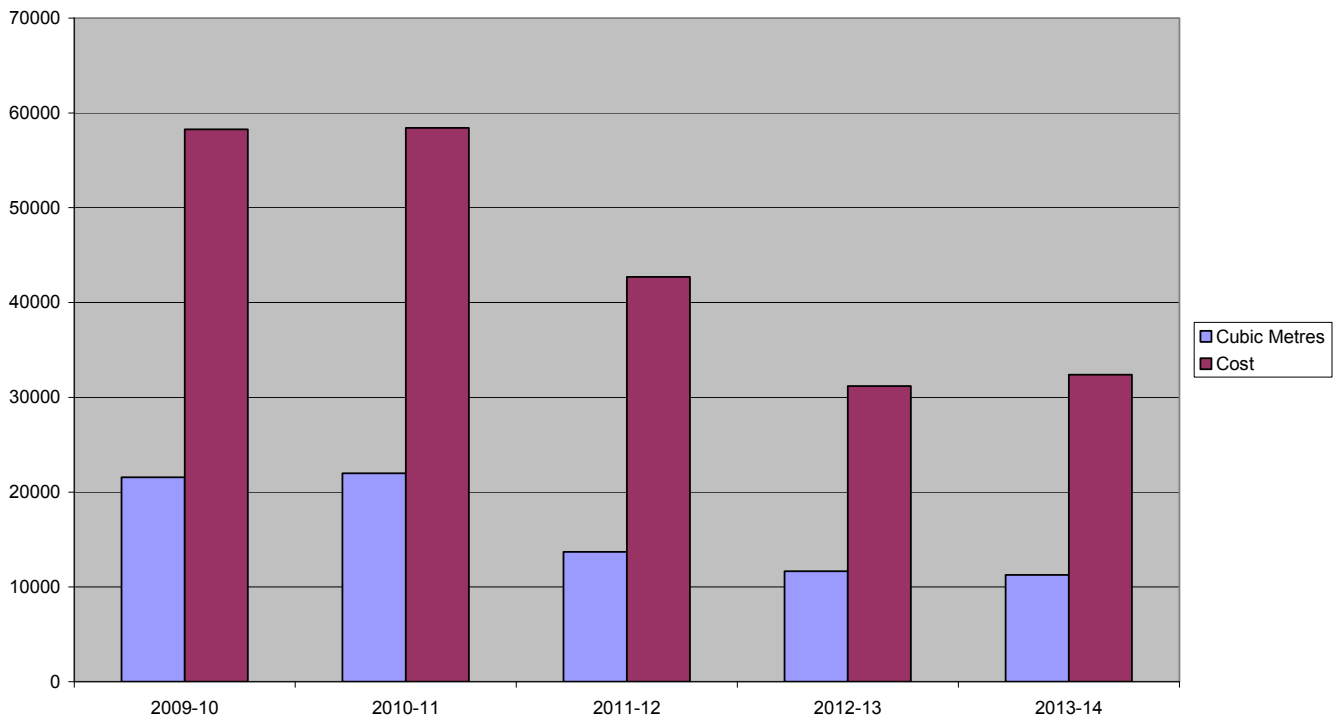
The decrease in non hazardous waste is a result of Wales Probation's commitment to a range of initiatives including the increased use of electronic media and the rationalisation of the estate.

Water

Non-financial indicators **Total water consumption (cubic metres: m³)**
 Financial indicators **Total water supply costs (£)**

2009–10	2010–11	2011–12	2012–13	2013–14
21,568	21,980	13,689	11,651	11,267
£58,269	£58,415	£42,703	£31,193	£32,386

Water Consumption & Cost



Performance commentary (including targets)

Wales Probation understands that water is a vital resource and that large amounts of energy is used in ensuring it is safe and clean for human consumption. The organisation is committed to reducing its water consumption wherever possible and this is reflected in the reduction over the reporting period. Wales Probation is part of the National Probation Estates and Facilities Contract which manages water supplies across the Probation estate. However Wales Probation continues to implement its estates strategy and has reduced its office space and promoted co location with partnerships and other agencies. Although the quality of data has improved since the first sustainability report it has been necessary to include some estimates to ensure full disclosure.

Controllable impacts commentary

Wales Probation pro actively make staff aware of the need to manage the use of water effectively and minimise unnecessary waste.

Overview of influenced impacts

It is important that there are regular meter readings to ensure accurate reporting in the future.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)	£26,300	£30,400	£29,700	£35,800	£31,700

