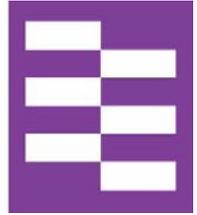


**Devon and  
Cornwall**  
Probation Trust



# **Devon and Cornwall Probation Trust**

**Annual Report and Accounts  
2012–2013**

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Cornwall  
Probation Trust**



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**Annual Report and Accounts**  
**2012–2013**

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

**OUR MISSION** is to stop re-offending, support victims and contribute to the prevention of harm.

**OUR VISION** – ‘Cutting crime to protect communities’

The Trust operates under contract to the National Offender Management Service (NOMS) to fulfil the duties required of Probation Trusts and our performance against agreed measures is summarised in annex 1.

To deliver our mission and vision and retain public confidence we have striven to achieve good contract performance and consistently improve our organisational effectiveness, value for money and wider contribution to society by setting ourselves strategic improvement objectives that focus on our main duties of:

- delivering the sentence of the court
- protecting the public from harm and
- reducing the amount of crime as a result of offending.

## Foreword

Despite the uncertainties created by the current consultations on the future arrangements for Probation services nationally Devon and Cornwall Probation Trust (DCPT) has maintained strong performance throughout 2012/13 remaining focused on our delivery of reducing offending and creating safer communities. The commitment to quality improvements in all that we do can be seen in the improving assurance that the Board receives about the quality of practice and first line management. The Trust Executive Team has had to deal with significant challenges throughout the year and this will continue into 2013/14. The commitment to local partnership working and delivery is evidenced in the range of organisations that are involved jointly with the Trust in work to reduce offending and the further developments of Integrated Offender Management. Whilst the effectiveness of the work of the Trust can be measured by its delivery of the contract with the Ministry of Justice its real impact must be measured by the impact that the Trust has in reducing reoffending and in particular providing public protection and support for victims from the most serious and potentially dangerous offenders by robust supervision and oversight in conjunction particularly with the Police. The Trust's staff are to be commended for their dedication and skill in undertaking work that many in the community would not want to be involved with, but it is their persistence that does succeed in changing lives.

Alan Wooderson

Chair

# 1. Operational & Performance Review 2012–13

## Section A – Summary<sup>1</sup> of compliance against the contracted performance requirements agreed with the National Offender Management Service (NOMS)

Probation Trusts are rated against a wide selection of targets and quality standards each year.<sup>2</sup> In 2012–13 DCPT was rated as 3 or good. Specific comment was made about the high level of commitment to improving offender management, organisational and customer excellence, financial management and engagement with partners and communities to enhance services available.

Of the 12 high level targets agreed with NOMS, DCPT met or exceeded the target in 10 of the measures. The two measures below target, both of which relate to assessment quality, are under review by NOMS. Of particular note were:

- The level of reoffending by offenders managed by the Trust improved during the year with positive trends in Devon, Torbay and Cornwall, with only Plymouth stubbornly maintaining an actual rate of reoffending which is greater than that predicted. This demonstrates a better understanding of the reasons for reoffending and targeted responses by all of the organisations involved in managing and intervening with offenders.
- A commitment to multi-agency public protection arrangements (100%) and the proper enforcement of community sentences. This gives communities greater confidence in the work of probation.
- A 3% above target (72%) level of offenders successfully completing their court order or licence. Evidence shows that those who do not complete are at greater risk of reoffending.

In relation to the 26 further contract performance targets, DCPT exceeded the level agreed in 23. The volume of offenders completing a groupwork programme has increased overall but reduced for the general cognitive behavioural programme that addresses thinking skills deficits. This demonstrates a preference by staff for more specific offence focused programmes. A review and relaunch of an amended suite of programmes will take place in 2013/14. The number of Drug Rehabilitation Requirements has decreased by approximately 15%, reflecting a trend in some parts of the Trust area to poly-drug use and lower arrest rates by the police of drug users. Of particular positive note:

- 46% of offenders unemployed at the commencement of supervision gained employment, with 84% of all offenders achieving stable accommodation. Both of these factors are critical to achieve reduced reoffending.
- The successful launch of Specified Activity Requirements for women offenders. This activity builds on evidence based practice of what works.
- 70% of offenders who were assessed as having a literacy or numeracy need subsequently achieved a qualification. The success of this figure needs to be compared to a national conversion rate of 20%.
- Over 150,000 hours of unpaid work undertaken by offenders that had a direct and meaningful benefit to communities.

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<sup>1</sup> PTRS ratings for DCPT 2012-13 are detailed in Annex 1. Source; NOMS Performance Hub.

<sup>2</sup> Probation Trust Rating System (PTRS) uses a four point scale from 1-4, with one as serious concern and four as exceptional.

## Section B – Summary<sup>3</sup> of improvement objectives identified within the DCPT Annual Delivery Plan

### Delivering the sentence of the court

DCPT has continued to maintain a high level of satisfaction<sup>4</sup> with sentencers through timely information and a confidence that community sentences or custody are properly administered and what is promised by the Trust is delivered. This year we have specifically focused on a number of areas of activity. 94% of pre-sentence report (PSR) assessments for court were made available on the day of sentence or within 24 hours. This enables the courts to deliver swift and speedy justice, avoids repeat appearances for defendants, and our own self assessment indicates, that it has not been to the detriment of PSR quality. This is one of, if not the highest percentage in England and Wales. We successfully extended bail information arrangements Trust-wide, to reduce the number of unnecessary and costly remands in custody. A pilot women only offender provision was successfully launched in Plymouth and during the year was extended to Cornwall. Both are based on evidence of what works with women offenders and will be further extended to all of the Trust area in 2013/14. Successful rehabilitation is much more likely if offenders complete the requirements of their court order and we have improved our overall completion rate by 3% to 75%.

Improving the quality of assessment, delivery of the sentence, management of the offender, use of community resources and ultimately achieving a successful non-reoffending outcome has been the focus of a major Quality Improvement Programme throughout the year and will continue into next. The Trust has adopted HM Inspectorate benchmark standards and achieved steady progress across all seven aspects measured. Most activity is of a good or excellent quality standard and the continuing programme aims to ensure that this level is achieved every time.

### Protecting the public from harm

Good quality and effective multi-agency responses to public protection have been confirmed in a number of MAPPA and safeguarding audits. It is not possible to avoid serious incidents of harm occurring but society has the right to expect that those working with offenders will do all that they can. To improve collaboration and information sharing DCPT has been working with the Police and other agencies to establish integrated, collocated units to manage the most dangerous offenders. This has taken longer than planned but will come to fruition in 2013/14. We have also implemented strategies and provided training for staff in identifying and managing extremist or terrorist offenders. The two Approved Premises within DCPT continue to actively manage a high proportion (over 90%) of high risk offenders and have a good record of successfully reintegrating residents back into local communities. This has, and will increasingly become more challenging as the resources of local authorities and other voluntary sector providers diminishes.

Whilst the level of satisfaction of victims of serious violent crime with whom we work is at an all time high of 100%,<sup>5</sup> we have taken the lead as an organisation, to further improve the end to end experience for victims in their interaction with the whole criminal justice process. In response to individual exceptional circumstances and an unmet need, we have also extended our provision to a wider group of victims than we are commissioned to work with.

### Reducing the amount of crime as a result of offending

The level of acquisitive crime has fallen by as much as 45% in parts of Devon and Cornwall. Whilst we cannot say that the creation of TurnAround, a new multi-agency, integrated, collocated team representing a variety of agencies that was led by DCPT, was the sole factor; the bringing together of a coordinated response to such crime and the targeting of prolific offenders will have undoubtedly helped.

<sup>3</sup> More detailed outcomes for each of the objectives set are outlined in Annex 2.

<sup>4</sup> As indicated in the DCPT 2012 sentencer survey.

<sup>5</sup> Victims' Satisfaction Feedback (2012–13) – NOMS Performance Hub.

This team has also targeted the most prolific offenders who have been released after serving a short sentence and who pose the highest risk of reoffending.

DCPT has reduced the rate of reoffending amongst those adult offenders that it works with. Although the percentage difference is relatively small, it does signify a continuing trend that has seen a 10% reduction in crime since 2001. The Trust continues to refine its practice based on what is effective and we have extended our direct or commissioned provision with those whose offending is influenced by their alcohol use. The results have been impressive. During 2012/13, two pilot projects involving voluntary sector providers working with us in partnership to manage and deliver interventions to lower risk offenders were completed. Both demonstrated improved results (against a control group) in compliance, completion of the order and a reduction in reoffending of between 8–12%. We aim to extend this activity during 2013/14. We have been working to lay down the foundations for a sustainable multi-agency restorative justice (RJ) scheme that will operate at many stages of the criminal justice process, from pre-court diversion to post conviction conferencing when offenders and victims meet.

### **Effective Organisation**

DCPT cannot deliver effective front line services to offenders without a highly efficient and effective organisation that supports this activity. We have continued to build on our 5\* Recognised for Excellence Award from the British Quality Foundation by meeting the standards to achieve Customer Standards Excellence recognition. Primary areas where we have focused our activity include:

- A major structural, cost reduction and income programme for the way DCPT manages Community Payback, accredited programmes and the provision of education, training and employment. The Trust exceeded its income generation target.
- A wider programme of unit costing and benchmarking that demonstrated that DCPT was on the expensive side of average for most operational activity and has resulted in a change programme that commenced this year and will continue into 2013/14. We reduced our estate overhead costs.
- We successfully implemented phase 1 of the criminal justice efficiency plan for digital working.
- Improvements to management of offender information and access to timely reoffending data will enable individual staff to assess their performance with offenders that we anticipate will further improve our ability to target the right resources to the right offenders. The benefits will become more evident in 2013/14.
- The Trust continues to act as a facilitator and advocate to ensure that nationally and locally identified co-commissioned service intentions are developed and maximised locally for offender benefit. This has been difficult in the current economic climate as organisations make hard choices in the allocation of scarce resources. A key success has been more comprehensive mental health provision,
- DCPT has maintained a comprehensive staff learning and development programme to ensure that employees have the necessary skills and expertise to enable the Trust to be effective. A number of reviews of Probation, culminating in the Governments' Transforming Rehabilitation proposals has made long term planning more difficult and unsettled staff, culminated in increased stress and sickness levels.

### **Section C – Capacity and Demand Information**

Like many public sector organisations, DCPT has had a cut in its overall contract price to deliver a wider range of services for the past 4 years. However in 2012/13, at 1.5%, this was less than was being planned for, which enabled the Trust to maintain its overall staffing level and take a managed approach to achieving efficiencies. We continued our resource management strategy with sentencers based on timely and effective dialogue that ensured need for provision and capacity to deliver a quality service were aligned. Sentencer feedback to the Trust indicated a high degree of satisfaction with the services provided. With cuts in other areas of the public and voluntary sectors affecting availability of provision for offenders, staff responded to these challenges extremely positively, and the information contained in this report clearly indicates that within a difficult operating environment, we were innovative and more efficient in the use of resources available.

## Demand Trends

Overall the number of commencements of new cases fell by just over 15%, with requirements within community supervision orders also falling by a similar amount. It reflects a 19% reduction in court throughput and a trend to divert low risk offenders from the court process by the Police.

However the total number of offenders under supervision by the Trust only reduced by 4%. General community orders and periods on licence following release have tended to be longer. These patterns were differently reflected in the three Local Delivery Units, with Cornwall and Devon & Torbay experiencing a reduction in commencements and Plymouth being the only area to show growth. The number of Community Payback (CP) requirements has reduced by 16% and the average length has reduced by 10 hours.

Approximately 50% of the caseload has an OGRS<sup>6</sup> rating of under 50 of which Community Payback accounts for 43% of all sentences in this band. Of the remainder the vast majority have committed offences of domestic or sexual violence, of which 85% have been assessed as a high risk of harm. DCPT has the highest % of sex offenders per 1000 population in England and Wales. What these figures indicate is that approximately 80% of the total offender caseload that the Trust works with has a medium to high level of risk of reoffending or risk of harm. The overall reduction in the Trust caseload also reflects a deliberate strategy to use community disposals where it is appropriate to do so.

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<sup>6</sup> Offender Gravity Rating Scale expressed as a % likelihood of reoffending within 2 years.

## 2. Management Commentary

### Statutory background

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

### Accounts

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 52, by the Secretary of State under the OM Act.

### Principal activities

Devon & Cornwall Probation Trust covers the Devon & Cornwall Police area, as defined in Schedule 1 of the Police Act 1996, serving a population of over 1.5m. The number of employees fell by 6 during the year resulting in a total of 394 (fte) staff at the end March 2013, the majority working from 10 buildings and 2 approved premises across the area.

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

The discharge of policies as established by the Ministry of Justice, are designed to ensure:

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

The Chief Executive (CE) is a statutory office holder appointed by the Trust appointed members. The CE is the Accountable Officer for the Trust and is accountable to the Chief Operating Officer in his position as the Principal Accountable Officer (PAO) for the National Offender Management Services. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

### 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. This consultation ended at the end of June 2012. A further consultation commenced in January 2013 building on the previous consultation last year which set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of these consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning

process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultation within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a 'material uncertainty' around going concern, arising from the recommendations of the report, Transforming Rehabilitation: A strategy for Reform.

### Results for the year

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

### Operating costs

The net operating cost before tax for 2012–13 stands at £1,878k compared to £1,105k for 2011–12. The primary reason for the increase is a reduction in the expected return on pension assets.

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

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

The net liability position has increased from £40,236k at March 2012 to £42,876k at March 2013. The primary reason for this movement was the increase in the Trust's share in the Local Government Pension Scheme (LGPS) deficit of £2,651k.

### Payment of creditors

In the year to 31 March 2013, the Trust paid 6,064 trade invoices with a value of £5,556k. The percentage of undisputed invoices paid within 30 days by the Trust was 94% compared to 97% in 2011–12.

### Treatment of Pension Liabilities

Past and present employees of the Probation Trusts 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. Further information can be found in **Note 4** to the Accounts.

### Sickness absence data

The average levels of absence due to staff sickness were 9.6 days across the Trust (2011–12 8.7 days).

### Personal data related incidents

There were no instances of significant personal data related incidents in 2012–13, which were formally reported to the Information Commissioner's Office (ICO).

### Events after the reporting period

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

As at the date of the Audit Certificate, no reportable events had occurred. See note above regarding the effects of the Transforming Rehabilitation report on going concern.

## Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 54 to 56.

## Future developments

The Secretary of State for Justice has made it clear that the Government's priority is to see more people properly punished but fewer offenders returning to the system, with every penny of public money being put to the best use. He has set out the Government's aims to transform rehabilitation by proposing to retain a public sector probation service responsible for public protection and risk assessment whilst subjecting the majority of community-based offender services to national competition with providers paid on the basis of results. It aims to extend rehabilitative provision to those released from short custodial sentences, a practice that DCPT welcomed, has already commenced, and will develop further in 2013/14. The Trust has, and will continue to actively contribute to the reform programme so that it delivers effective outcomes for victims and offenders, highlighting the diversity and interdependence of local provision.

Trust plans for 2013/14 facilitate flexibility and responsiveness to what are likely to be significant changes to be implemented within short time scales, delivering major organisational and practice reform whilst retaining the skills and motivation of staff during this period. In the longer term interests of offenders and staff employed by the Trust, it will facilitate staff to consider alternative methods of providing services that meet the government aims of transferring organisational risk and having a broader diversity of provider.

Whilst planning for a future change agenda, it remains critically important that DCPT continues to provide services that are responsive to and have the confidence of local communities, by improving organisational effectiveness, providing value for money and making a positive contribution to society. In summary, the Trust will be continuing with its major change programmes that focus on quality, effectiveness, collaboration and community engagement, delivering on contract requirements and cost reduction. Details of the organisational priorities for 2013/14 are published within an Annual Delivery Plan at [www.dcpt.co.uk](http://www.dcpt.co.uk).

## Staff diversity

The Trust is committed to equality of opportunity, both in its employment of staff and also in the delivery of its services to the people of Devon and Cornwall. It will oppose discrimination based on prejudice and bias, advance equality of opportunity and work to foster good relations between people from different groups.

The Trust has set up an Equalities group to scrutinise and consider all matters relating to equality and diversity across the functions of DCPT, and to advise and make recommendations to the Board as appropriate. The Group has the delegated authority from the Board to be a decision-making forum. For the first time, staff equalities data was published alongside data on outcomes for prisoners in the DCPT Equality Duty Compliance Annual Report 2012–2013, available at [www.dcpt.co.uk](http://www.dcpt.co.uk)

## Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a Department of Communities and Local Government (DCLG) decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 21.

Total audit fees reported in the Accounts are £25k for the audit of the statutory accounts only. The audit fees for 2011–12 relate to the previous external auditor.

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 Devon and Cornwall Probation Trust Management Board

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

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	Rob Menary	
Chair	Alan Wooderson	
Member	Catherine Elliot	
	Liz Firth	
	Geoffrey McCready	Resigned 30 June 2012
	Robert Nairn	
	Derek Law	Appointed 1 April 2012
	Nicholas Ball	Appointed 1 August 2012

Unless noted all members served for the whole of the year.

All Board Members can be contacted via DCPT Head Office address:  
Queen's House, Little Queen Street, Exeter, Devon, EX4 3LJ

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 12 to 14.

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.

Rob Menary  
Accountable Officer  
10 June 2013

## 3. Remuneration Report

### Appointments

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

The Chief Executive Officer is appointed by the Board.

The salary and pension entitlements of the senior managers and non-executive members of the Trust Board 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.

	2012/13			2011/12		
	Salary £000s	Bonus £000s	Benefits In kind £	Salary £000s	Bonus £000s	Benefits In kind £
Rob Menary CEO	80–85	0–5	Nil	80–85	0–5	Nil
Alan Wooderson Chair	15–20	Nil	Nil	15–20	Nil	Nil
Catherine Elliot Board Member	5–10	Nil	Nil	5–10	Nil	Nil
Liz Firth Board Member	5–10	Nil	Nil	5–10	Nil	Nil
Geoffrey McCready Board Member (resigned 30 <sup>th</sup> June 2012)	0–5 (full year equivalent 5–10)	Nil	Nil	5–10	Nil	Nil
Robert Nairn Board Member	5–10	Nil	Nil	5–10	Nil	Nil
Derek Law Board Member (appointed 1 <sup>st</sup> April 2012)	5–10	Nil	Nil	Nil	Nil	Nil
Nicholas Ball Board Member (appointed 1 <sup>st</sup> August 2012)	0–5 (full year equivalent 5–10)	Nil	Nil	Nil	Nil	Nil

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2008, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

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

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band)	£71,340–£90,592	£71,340–£90,592
Median for other staff	£27,102	£26,834
Pay multiple ratio	2.99:1	3.24:1

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 ratio between the total remuneration of the highest paid Director and the median for other staff.

### Salary

'Salary' includes the gross salary; overtime and stand-by payments.

### 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 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Rob Menary CEO	50–55 plus lump sum of 95–100	0–5 plus lump sum of 0–5	781	751	13

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.

Rob Menary  
Accountable Officer  
10 June 2013

## 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 Devon and Cornwall Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual 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.

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

### Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of corporate governance and risk management arrangements that support the achievement of Devon and Cornwall Probation Trust's (DCPT) mission and vision. These requirements are underpinned by clear policies and procedures to safeguard the public funds and departmental assets for which I am personally accountable, in accordance with the responsibilities assigned to me in Government Accounting.

The Annual Delivery Plan (ADP) sets out the aims and objectives for DCPT and incorporates the contract requirements agreed with the Senior Community Manager on behalf of The National Offender Management Service (NOMS). Financial out-turn and performance against contract targets are regularly monitored by the Board and NOMS. Corporate risks associated with the delivery of the plan are identified within a DCPT risk register that is reviewed quarterly by the Audit & Assurance, Governance and Value For Money (VFM) Board sub-group with key issues reported to the full Board.

The staff of DCPT work within the framework of policies and financial regulations provided by NOMS, enhanced by those developed locally and approved by the Trust Board. Governance of the work of the Chief Executive and staff is achieved by non-executive Board members fulfilling a number of specific functions on behalf of, or in addition to the full Trust Board that meets bi-monthly. These functions include, a member linked with each Local Delivery Unit (LDU)/Department, chairing or participating in sub-groups, special projects and wider association with other strategic bodies. During 2012–13 a review of the way the Board conducted its business and ensured governance was undertaken, resulting in a more clearly focused and accountable structure of sub-groups consisting of non-executive directors and executive officers. Much of the Trust activity and accountability was refocused into 5 areas:

- Audit & Assurance, Governance and VFM,
- Quality Assurance of Offender Management,
- People,
- Provider / Interventions development,
- Business Development and Commercial.

As the Chief Executive of DCPT I am involved in a number of significant inter-agency activities. These include the Local Criminal Justice Board, Police and Crime Commissioner Advisory Group, partnerships with the Police and others on the management of high risk of harm offenders through the multi-agency public protection (MAPPA) arrangements and TurnAround (prolific offenders), partnerships with the Prison Service in the resettlement of offenders and a series of inter-agency partnerships involving Criminal Justice agencies, the National Health Service and local authority services in relation to child protection, drug misuse, the administration of justice and the resettlement of offenders. The scope of Trust strategic activity is enhanced through the involvement of Assistant Chief Officers with devolved authority, in inter-agency activities at regional, county and local level. I also Chair, Devon and Cornwall Partnership, an independent charity and limited company that supports 3<sup>rd</sup> sector development in the fields of victim and offender services and the enhancement of criminal justice through collaboration.

### The purpose of the Annual Governance Statement

The Annual Governance Statement is designed to set out, in one place, how the Trust operates, with particular emphasis upon the nature and scale of risks and how they have been managed and monitored, including failure in controls, fraud risk and the likelihood of risks crystallising. As such, the Trust's governance arrangements are designed to discharge its policies, aims and objectives economically, efficiently and effectively and to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Underpinning the Trust's approach to good and effective governance is a comprehensive suite of plans derived from and supporting the one year Annual Delivery (Business) Plan together with governance and

control documentation including the Trust's Scheme of Delegation, Standing Orders, Standing Financial Instructions and detailed financial procedures. The Probation Trust Board, through the Chief Executive, ensures that arrangements are in place to meet its accountabilities to the NOMS agency and consequently to Parliament. The Board is led by its Chair who is responsible for ensuring the effectiveness of all aspects of its role and determining its agenda.

The Trust's governance arrangements are based on an ongoing process designed to identify and prioritise the risks to the achievement of NOMS Agency (Probation), Devon and Cornwall Probation Trust and departmental policies, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. These governance arrangements have been in place in DCPT for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The Trust's risk management strategy underpins the risk management arrangements in place to successfully achieve the objectives of the service. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks through the following processes:

- As part of the business planning process the Strategic Leadership Group consider the current risk register detailing the existing critical risks that face the organisation and identify those emerging from the new annual delivery plan objectives and priorities for the coming year. A summary risk register is compiled from this review and is included within the annual delivery plan itself and regularly reviewed each quarter by the Board.
- Responsibility for the ongoing assessment and management of risk is allocated to individual members of the senior management team (the Risk Owners) within their individual areas of expertise. The overall responsibility for risk management processes has been delegated to the Treasurer by the Trust Board.
- The Strategic Leadership Group formally reviews the risk register on a quarterly basis as part of their performance review cycle but it is a dynamic process and changes are highlighted monthly where required. The group ensures that those risks already identified are being well managed and identify and consider any emerging risks. Assessment of risk considers both probability of occurrence and the potential impact on DCPT given the controls in place. The group receive individual reports from each of the Risk Owners on the steps being taken to manage the risks assigned to them together with a commentary on the action to be taken to minimise the risk further wherever possible. A colour coded traffic-light system is used to focus attention on the key risk areas. Risk registers are also kept at LDU/Department/Corporate Services level and for projects, with high risks being escalated to the Trust register where necessary.
- The risk register is reviewed and robustly challenged to ensure adequacy at each Audit & Assurance, Governance and VFM Board sub-group meeting (quarterly).
- The organisation continues to embed the risk management process across all aspects of work. Each business unit is required to include a risk register in their unit plan for the year, considering the risks specific to their own area of operation as well as those which link with, and impact on, the key organisational risks identified in the Annual Delivery Plan. These are reported annually to the Audit & Assurance, Governance and VFM Board sub-group and there is a process in place for these to be escalated to the Trust risk register if required.
- The Audit & Assurance, Governance and VFM Board sub-group receives regular reports from the Internal Auditors, other external sources of assurance and the External Auditors which provide an independent opinion on the adequacy and effectiveness of the Trust's system of internal control, together with recommendations for improvement. The Audit & Assurance, Governance and VFM Board sub-group reviews progress against recommendations made at each meeting.
- A methodology for the prioritisation of workload by staff is in place to ensure that the level of risk is minimised in the event of any shortfall in available resources.

- The reporting framework in place across the organisation ensures that all reports presented for consideration and approval at the Trust Board, sub-groups or Strategic Leadership Group meetings systematically consider:
    - Risk implications
    - Financial implications
    - Links to Annual Delivery Plan objectives
- Our business risk management arrangements were audited in 2011–12 and rated as good (green). These arrangements are still maintained by the Trust and we have every reason to believe that they remain adequate.

### **Risk and control framework**

The key elements of the Trust's risk and internal control environment include:

- Standing Orders, Standing Financial Instructions, Scheme of Delegation and Terms of Reference for individual Board sub-groups which establish the overall arrangements for policy setting and decision making and the delegation of powers to the Trust Board and officers.
- A clear annual delivery planning process which sets clear objectives and targets and reconciles policy priorities and targets with financial resources.
- A system of regular monitoring and reporting of the area's performance against the delivery plan and contracted targets. This includes both individual and group accountability meetings between the Chief Executive and members of the Strategic Leadership Group.
- Established budget setting and budgetary management systems, ensuring the economical, effective and efficient use of resources and regular reporting of financial performance to officers and the Trust Board.
- A structure of centrally monitored, devolved financial management that promotes management of the Trust's finances at the appropriate organisational level.
- The risk management policy sets out the Trust's commitment to systematic risk assessment and provides the framework to properly manage and control both business and operational risk. This includes development and training for Board members and staff as required.
- Management and control of information risks. The Trust is compliant with current NOMs guidance on information security. There were 10 Freedom of Information requests in 2012–13.
- Arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption.
- An established and reviewed system for recording information assets.
- Regular customer and stakeholder engagement and feedback that is systematically evaluated and acted upon.

### **Review of effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of governance arrangements in the Trust. My opinion of their effectiveness is based on the comprehensive nature of the risk register and the analysis of "controls in place" it records, is also informed by the work of the internal auditors and other sources of external assurance, the senior managers within DCPT who have responsibility for the development and maintenance of the internal control framework, and the comments made by the External Auditors in their management letter and in their reports issued to the Trust Board during the year. DCPT has maintained an Assurance Framework which identifies 'other' sources of assurance in addition to audits carried out by Internal and External Auditors, covering all aspects of Trust activity and are routinely reported to the Audit, Assurance, Governance and VFM sub-group.

The Board have reviewed its effectiveness in relation to the Corporate Governance Code and is assured of its compliance. This is evidenced in the paragraphs below.

The review and subsequent changes to the way in which the Board fulfils its governance function (see Annex 3) reflects a 'learning organisation' that consistently examines its effectiveness and implements the necessary changes. This would also be true for the work of the Strategic Leadership Team (SLG) and the way both SLG and the Board engage with NOMS in the delivery of services.

In maintaining and reviewing the effectiveness of the Trust's governance arrangements, the following have been considered:

- Reports received by the Audit, Assurance, Governance and VFM Board sub-group. The Audit, Assurance, Governance and VFM Board sub-group receives and discusses the plans, reports and recommendations of both the Internal and External Auditors and other providers of external assurance to ensure development of the internal control environment. During the year NOMS Internal Audit carried out 6 audits covering topics within the areas of corporate governance, financial systems, service delivery and support services. In addition we commissioned 4 reviews from other specialist external providers. Actions to address recommendations are systematically monitored by the Audit & Assurance, Governance and VFM Board sub-group to ensure their timely implementation.
- The Annual Internal Audit Assurance Report. The report summarises the work of internal audit within the area during 2012–13 and presents an overall assessment of this. The assessment in their report for 2012–13 stated that they were able to give reasonable assurance that the Trust's overall risk, control and governance framework is generally adequate to enable the achievement of its objectives and that the key risks to the Trust were being effectively managed.
- Reports received by the Strategic Leadership Group and Board on budget management and forecasting. Internal audit reports on financial controls have consistently given this aspect of practice a rating of at least amber / green.
- Reports following our input to PREview (national unit costing model) and the detailed analysis of the output from it. These enable the Trust to benchmark its costs against other probation Trusts and better evaluate effectiveness and value for money. Progress is reported quarterly to the Audit, Assurance, Governance and VFM Board sub-group in the VFM section.
- Reports received by Quality Assurance of Offender Management Board sub-group. This sub-group receives and discusses incidents of serious harm committed by offenders on supervision by the Trust (SFO) and safeguarding children's reports (SCR) and resulting actions to ensure development of the internal control environment (in 2012/13 there have been 6 SFOs and 1 SCR). The sub-group also reviews other cases of concern or where there has been a serious potential risk, to ensure organisational learning.
- Reports received by the Audit, Assurance, Governance and VFM Board sub-group in the VFM section. The sub-group reviews plans to rationalise our property usage and the risks associated with this, facilities management issues which may require escalation, progress on procurement plan projects and progress on implementing the specification, costing and benchmarking programme which includes the innovation workshops which are reviewing current processes and developing revised standard process which are compliant the specification and offer optimum efficiency.
- Reports received by the Audit & Assurance, Governance and VFM Board sub-group in the External Funding section. The sub-group reviews potential bid opportunities and contracts and the associated risks.
- Reports from any external sources that impact on or reflect Trust activity. At the end of 2010/11 the Trust was the subject of an Offender Management Inspection by HM Inspectorate. The overall result rated the Trust as 'average'. This resulted in a Quality Improvement Programme which has continued to be a major activity for the Trust in 2012–13.
- Quarterly reviews of the risk register by the Senior Leadership Group and the Audit, Assurance, Governance and VFM Board sub-group.
- Monthly performance 'exception' reports presented to and scrutinised by the Strategic Leadership Group
- Monthly sickness absence monitoring reports
- The Trust has agreed several new strategies and policies and revised and updated existing ones, including:
  - Risk Management Policy
  - Safeguarding Policy
  - Women Offenders Strategy
  - Property Strategy
  - Procurement Plan

- Sickness Absence Management Policy
- Learning and Development Plan
- Grievance Policy
- Redundancy Policy
- Mobility and Direction Policy
- Travel Arrangements Policy
- Demand Management Strategy
- Capability Policy
- Leave Policy
- Health and Safety Policy
- Risk of Harm Policy
- External Funding Policy
- Complaints Policy

### Significant internal control issues

On the basis of the review of the sources of assurance set out in this statement, I am satisfied that DCPT has in place satisfactory governance arrangements and a satisfactory system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

As part of my review, I am required to identify and disclose any significant internal control issues and make the following comments below.

In 2012–13 there was 1 case of fraud in DCPT. This related to claims from a member of staff for shifts they did not work. Following a disciplinary process the employee was dismissed. The financial controls were reviewed and it was confirmed that had they been followed the fraud could not have occurred. A review of management practice has identified procedures that require improvement and have subsequently been actioned.

There were no Priority 1 (critical) recommendations made by the MoJ Internal Audit and Assurance Unit in 2012–13.

No other significant control issues have been identified.

However the system of internal control must be subject to continuous review and to ensure that it continues to meet the needs of the service and to operate effectively. This will be particularly important for the areas we wish to develop further, to include:

- the delivery of multi-agency, integrated services supported by multiple funding streams and with staff operating within different contractual arrangements and employers but for whom we will have a management or engagement responsibility.
- the development of new products and services delivered under contract to others
- the growth and management of income from sources other than NOMS

This Annual Governance Statement has been reviewed by the Audit & Assurance, Governance and VFM Board sub-group.

### Board Activity

Details of Board activity and attendance over the year are detailed in Annex 3.

Rob Menary  
Accountable Officer  
10 June 2013

## 6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Devon & Cornwall Probation Trust for the year ended 31 March 2013 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Offender Management Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### Opinion on regularity

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

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Devon & Cornwall Probation Trust's affairs as at 31 March 2013 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

### Emphasis of Matter – Material uncertainty in respect of going concern

Without qualifying my opinion, I have considered the adequacy of the disclosures made in **Note 1.3** of the financial statements, concerning management's consideration of a material uncertainty around the going concern status of the Trust. This arises from an announcement by the Secretary of State for Justice on 9 May 2013, regarding the future of the probation service.



## 7. Accounts

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
<b>Administration costs</b>			
Staff costs	3(a)	14,776	14,269
Other administration costs	6(a)	4,658	4,655
Income	7(a)	(18,959)	(18,809)
<b>Net administration costs</b>		<b>475</b>	<b>115</b>
<b>Programme costs</b>			
Staff costs	3(a)	0	0
Other programme costs	6(b)	0	0
Income	7(b)	0	0
<b>Net programme costs</b>		<b>0</b>	<b>0</b>
<b>Net operating costs</b>		<b>475</b>	<b>115</b>
Expected return on pension assets	4(d)	(2,780)	(3,221)
Interest on pension scheme liabilities	4(d)	4,183	4,211
<b>Net operating costs before taxation</b>		<b>1,878</b>	<b>1,105</b>
Taxation	5	2	15
<b>Net operating costs after taxation</b>		<b>1,880</b>	<b>1,120</b>

### Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net (gain)/loss on revaluation of property, plant and equipment	8	(11)	5
Net (gain)/loss on revaluation of intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Pension actuarial (gain)/loss	23	771	12,889
<b>Total comprehensive expenditure for the year ended 31 March 2013</b>		<b>2,640</b>	<b>14,014</b>

The notes on pages 27 to 51 form part of these accounts.

## Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Non-current assets</b>			
Property plant and equipment	8	159	212
Intangible assets	9	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
<b>Total non-current assets</b>		<b>159</b>	<b>212</b>
<b>Current assets</b>			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	2,186	2,163
Cash and cash equivalents	13	43	66
<b>Total current assets</b>		<b>2,229</b>	<b>2,229</b>
<b>Total assets</b>		<b>2,388</b>	<b>2,441</b>
<b>Current liabilities</b>			
Trade and other payables	14(a)	(1,293)	(1,058)
Provisions	15	0	0
Taxation payables	14(a)	(603)	(902)
<b>Total current liabilities</b>		<b>(1,896)</b>	<b>(1,960)</b>
<b>Non-current assets plus/less net current assets/(liabilities)</b>		<b>492</b>	<b>481</b>
<b>Non-current liabilities</b>			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(43,368)	(40,717)
<b>Total non-current liabilities</b>		<b>(43,368)</b>	<b>(40,717)</b>
<b>Assets less liabilities</b>		<b>(42,876)</b>	<b>(40,236)</b>
<b>Taxpayers' equity</b>			
General fund	23	(42,901)	(40,250)
Revaluation reserve – property, plant and equipment	24(a)	25	14
Revaluation reserve – intangible assets	24(b)	0	0
		<b>(42,876)</b>	<b>(40,236)</b>

The financial statements on pages 23 to 26 were approved by the Board on 10 June 2013 and were signed on its behalf by

Rob Menary  
Accountable Officer  
10 June 2013

The notes on pages 27 to 51 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net operating costs	23	(1,880)	(1,120)
Adjustments for non-cash transactions	6(a)	63	67
Adjustments for pension cost	4(d)	1,880	1,094
(Increase)/decrease in receivables	12(a)	(23)	(154)
Increase/(decrease) in payables	14(a)	(64)	(370)
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	0
<b>Net cash outflow from operating activities</b>		<b>(24)</b>	<b>(483)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	0	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	1	2
Proceeds on disposal of intangibles	9	0	0
<b>Net cash outflow from investing activities</b>		<b>1</b>	<b>2</b>
<b>Cash flows from financing activities</b>			
Net financing received in year	23	0	0
Payments of amounts due to the Consolidated Fund to NOMS		0	0
<b>Net financing</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			
		<b>(23)</b>	<b>(481)</b>
Cash and cash equivalents at the beginning of the period	13	66	547
Cash and cash equivalents at the end of the period	13	43	66
<b>Increase/(decrease) in cash</b>		<b>(23)</b>	<b>(481)</b>

The notes on pages 27 to 51 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
<b>Balance as at 1 April 2011</b>		<b>(26,247)</b>	<b>19</b>	<b>(26,228)</b>
Prior period adjustment	23/24	0	0	0
<b>As restated at 1 April 2011</b>		<b>(26,247)</b>	<b>19</b>	<b>(26,228)</b>
<b>Changes in taxpayers' equity for 2011–12</b>				
Net operating cost after taxation	SoCNE	(1,120)		(1,120)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		(5)	(5)
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	6	0	6
Pension actuarial (loss)/gain	23	(12,889)	0	(12,889)
Net NOMS financing received in year	23	0	0	0
<b>Balance as at 31 March 2012</b>		<b>(40,250)</b>	<b>14</b>	<b>(40,236)</b>
<b>Changes in taxpayers' equity for 2012–13</b>				
Net operating cost after taxation	SoCNE	(1,880)		(1,880)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		11	11
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Pension actuarial (loss)/gain	23	(771)	0	(771)
Net NOMS financing received in year	23	0	0	0
<b>Balance as at 31 March 2013</b>		<b>(42,901)</b>	<b>25</b>	<b>(42,876)</b>

The notes on pages 27 to 51 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

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

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

The IASB has issued an amended IAS 19 that will come into force for financial periods beginning on or after 1 January 2013 (IAS 19R). IAS 8 requires the disclosure of the impact of the changes to accounting standards which have not yet been adopted. In particular, it requires a disclosure, in the 2013 accounts for those employers with 31 March 2013 year end date, of the expected impact of the future change in accounting standard. The principal changes are as follows:

- The expected return on assets is calculated at the discount rate, instead of, as currently, at an expected return based on actual assets held in the Fund.
- The interest on the service cost is included in the service cost itself.
- Administration expenses continue to be charged through the Statement of Comprehensive Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been an increase in net expenditure after tax and net liabilities of £449k.

#### 1.1 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, where material, at their value to the business. The functional and presentational currency of the Trust's financial statements is the British pound sterling (to the nearest £1,000 unless otherwise stated).

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

There have been no changes in accounting policies or restatement of comparatives in these accounts.

#### 1.3 Going concern

The Statement of Financial Position at 31 March 2013 shows negative Taxpayers' Equity, which reflects the inclusion of liabilities falling due in future years. The future financing of the Probation Trust liabilities is met by future grants of Supply to the Ministry of Justice/NOMS and there is no reason to believe that future approvals of Supply will not be forthcoming. The Trust will continue to invoice NOMS for the provision of probation services under the terms of its contract with NOMS.

A consultation paper "Transforming Rehabilitation – A revolution in the way we manage offenders" was issued in January 2013 which built on the previous consultation last year and set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of both consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime

Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultations within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, *Transforming Rehabilitation: A strategy for Reform*.

#### 1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are 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.

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(a)**, other administration costs under “accommodation, maintenance & utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

#### Revaluation of non-current assets

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Upward revaluations go to the Revaluation Reserve. Downward revaluations are charged to the revaluation reserve if there is a prior credit balance; otherwise they are charged to the SoCNE.

#### 1.5 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

#### 1.6 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.

### 1.7 Intangible non-current assets

Intangible non-current assets should be recognised only if it is probable that future service potential will flow to the Trust and the cost of the asset can be measured reliably. The future service potential can be defined as a direct contribution of the intangible asset to the delivery of services to the public. These intangibles mainly comprise of internally developed software for internal use and 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.

The intangible assets (Software and Development) are amortised over 5 years using the straight-line.

Intangible assets are restated at each Statement of Financial Position date using ONS IT price indices.

### 1.8 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.

### 1.9 Inventories

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

### 1.10 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.

### 1.11 Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme follows the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

### 1.12 Pensions

Past and present employees 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 retirements benefits. Under the LGPS Regulations 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). 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.

### 1.13 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

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

#### Operating leases – incentives

Lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) are treated as an integral part of the consideration for the use of the leased asset. The incentives are accounted as an integral part of the net consideration agreed for the use of the leased asset over the lease term, with each party (the lessor and lessee) using a single amortisation method applied to the net consideration.

#### IFRIC 4 Determining whether an arrangement contains a lease

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

### 1.14 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.

### 1.15 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.

### 1.16 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. Probation Trusts are therefore subject to CT on their profits and ‘profit’ for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

### 1.17 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.

### 1.18 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.

### 1.19 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**.

### 1.20 Third party assets

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

## 2. Statement of Operating Costs and Net Assets by Operating Segment

### Analysis of spend by section as reported to the Trust's board

From 1 April 2012 the Trust changed the basis on which it reported to the Trust board. Previously it reported on a geographical basis. It now reports on a Functional basis namely Offender Management and Interventions.

The Trust operates a full absorption basis for centrally incurred costs therefore the total of the reported segments will equal the total Trust's Net Operating Costs however this technique can not be adapted to allocate centrally held assets, in particular debtors and cash balances, to specific functions and as a consequence the Trust aggregates all current assets.

Function	Operating Costs	Operating Costs	Segment Assets	Segment Assets
	2012-13	2011-12	2012-13	2011-12
	<b>£000</b>			
Offender Management	13,355	12,805	4	7
Interventions	4,823	5,526	155	205
Aggregated current assets	-	-	2,229	2,229
<b>Total Operating Costs before taxation</b>	<b>18,178</b>	<b>18,331</b>	<b>2,388</b>	<b>2,441</b>

### Reconciliation to the Statement of Comprehensive Net Expenditure

The statement of Comprehensive Net Expenditure includes the income charged by the Trust to the sponsoring department. This is added back to show the full net operating income.

There are certain charges and credits in the Statement of Comprehensive Net Expenditure that are not directly under the control of local management and consequently not reviewed routinely by the Board.

	2012-13	2011-12
	£000	£000
Functional segments	18,178	18,331
IAS 19 pension costs (see note 4)	1,880	1,094
Income from sponsoring department – added back	(18,180)	(18,320)
<b>Statement of Comprehensive Net Expenditure</b>	<b>1,878</b>	<b>1,105</b>

### 3. Staff numbers and related costs

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

	2012-13			2011-12
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	12,570	12,050	520	12,408
Social security costs	918	918	0	917
Other pension costs	2,631	2,631	0	2,219
<b>Sub-total</b>	<b>16,119</b>	<b>15,599</b>	<b>520</b>	<b>15,544</b>
Less recoveries in respect of outward secondments	(1,343)	(1,343)	0	(1,275)
<b>Total staff costs</b>	<b>14,776</b>	<b>14,256</b>	<b>520</b>	<b>14,269</b>
Administration-related staff costs	14,776	14,256	520	14,269
Programme-related staff costs	0	0	0	0
	<b>14,776</b>	<b>14,256</b>	<b>520</b>	<b>14,269</b>

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

1 person (2011-12: Nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2011-12: £Nil).

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

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

	2012-13			2011-12
	Total	Permanently- employed staff	Others	Total
	390	369	21	392
	<b>390</b>	<b>369</b>	<b>21</b>	<b>392</b>

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

Exit packages cost band	2012–13			2011–12		
	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	3	3	0	0	0
£10,000–£25,000	0	2	2	0	2	2
£25,000–£50,000	0	1	1	0	1	1
£50,000–£100,000	0	2	2	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
<b>Total number of exit packages by type</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Total resource cost £000</b>	<b>0</b>	<b>229</b>	<b>229</b>	<b>0</b>	<b>66</b>	<b>66</b>

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. Exit costs are accounted for in full in the year the liability becomes binding. 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, where relevant, are met from the pension scheme and are excluded from the above table.

## 4. Pensions costs

The provisions of the Local Government Pension Scheme (LGPS) cover past and present employees, which is statutory and fully funded. The Trust participates in the LGPS administered by Devon County Council Pension Services. Employees in the Scheme contribute in the range of 5.5% to 7.5% (2012: 5.5% to 7.5%) of pensionable salary. The annual investment return used to roll forward the trust's asset share has been estimated from the preliminary results of the triennial Actuarial Valuation as at 31 March 2010 and index returns appropriate to the mix of assets to get the total return for the year to 31 March 2013. Asset values were provided by the Administering Authority as at 31 March 2013. The expected return on assets is based on the long-term future expected investment return for each asset class as at 1 April 2012 for the year to 31 March 2013. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

### 4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Barnett Waddingham. For the 12 months to 31 March 2013, employers' contributions of £2,016,724 were payable to the LGPS (2011–12 £2,115,000) at a rate of 18.6%. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

	2012-13	2011-12
	%	%
Inflation assumption	3.4%	3.3%
Rate of increase in salaries	4.8%	4.7%
Rate of increase for pensions in payment and deferred pensions	2.6%	2.5%
Discount rate	4.5%	4.6%

The post retirement mortality tables adopted by the Actuary were the S1PA Heavy series with an 85% multiplier, making allowance for future improvements factors in line with the medium cohort projection with an underpin of 1%. Thus the life expectancy from age 65 for males retiring as at 31st March 2013 is 20.6 years and for females 24.6 years. For males retiring in 20 years life expectancy from age 65 is 22.6 years and for females 26.5 years

#### 4c. The assets in the scheme and the expected rate of return were:

	2012-13			2011-12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	6.0%	61%	35,151	6.3%	69%	35,375
Government bonds	3.0%	13%	7,491	3.3%	18%	9,228
Other bonds	4.1%	0%	0	4.6%	0%	0
Property	4.0%	8%	4,610	4.3%	6%	3,076
Other	0.5%	18%	10,373	3.0%	7%	3,589
<b>Total</b>	<b>5.1%</b>	<b>100%</b>	<b>57,625</b>	<b>5.4%</b>	<b>100%</b>	<b>51,268</b>
<b>(Present value of scheme liabilities)</b>			<b>(100,993)</b>			<b>(91,985)</b>
<b>Surplus/(deficit) of the scheme</b>			<b>(43,368)</b>			<b>(40,717)</b>
<b>Net pension asset/(liability)</b>			<b>(43,368)</b>			<b>(40,717)</b>

## 4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
<b>Pension cost</b>		
Current service cost	2,620	2,019
Past service cost	0	0
Effect of curtailment	11	200
Effect of settlement	0	0
<b>Total operating charge</b>	<b>2,631</b>	<b>2,219</b>

	2012–13	2011–12
	£000	£000
<b>Analysis of interest cost on pension scheme – assets/(liabilities)</b>		
Expected return on pension scheme assets	(2,780)	(3,221)
Interest on pension scheme liabilities	4,183	4,211
<b>Net interest costs</b>	<b>1,403</b>	<b>990</b>

## 4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(771)	(12,889)
Irrecoverable surplus (if applicable)	0	0
<b>Total shown in other comprehensive expenditure</b>	<b>(771)</b>	<b>(12,889)</b>

## 4f. Changes to the present value of liabilities during the year

	2012–13	2011–12
	£000	£000
<b>Opening present value of liabilities</b>	<b>91,985</b>	<b>76,815</b>
Current service cost	2,620	2,019
Interest cost	4,183	4,211
Contributions by members	687	691
Actuarial (gains)/losses on liabilities*	4,318	11,469
Benefits paid	(2,674)	(3,288)
Past service cost	0	0
Unfunded benefits paid	(137)	(132)
Curtailments	11	200
Settlements	0	0
<b>Closing present value of liabilities</b>	<b>100,993</b>	<b>91,985</b>

\* Includes changes to actuarial assumptions

#### 4g. Changes to the fair value of assets during the year

	2012–13	2011–12
	£000	£000
<b>Opening fair value of assets</b>	<b>51,268</b>	<b>50,081</b>
Expected return on assets	2,780	3,221
Actuarial gains/(losses) on assets	3,547	(1,420)
Contributions by the employer	2,154	2,115
Contributions by members	687	691
Benefits paid	(2,674)	(3,420)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	(137)	0
Curtailments	0	0
Settlements	0	0
<b>Closing fair value of assets</b>	<b>57,625</b>	<b>51,268</b>

#### 4h. History of asset values, present values of liabilities, surplus/deficit and experience gains and losses

	2012–13	2011–12	2010–11	2009–10	2008–09
	£000	£000	£000	£000	£000
Fair value of assets	57,625	51,268	50,081	48,967	36,640
Present value of liabilities	100,993	91,985	76,815	91,677	66,080
<b>Surplus/(deficit)</b>	<b>(43,368)</b>	<b>(40,717)</b>	<b>(26,734)</b>	<b>(42,710)</b>	<b>(29,440)</b>
Experience gains/(losses) on scheme assets	3,666	(1,629)	(1,056)	9,910	(12,050)
Experience gains/(losses) on scheme liabilities	0	0	(1,916)	0	(210)
Percentage experience gains/(losses) on scheme assets	<b>6%</b>	<b>-3%</b>	<b>-2%</b>	<b>20%</b>	<b>-33%</b>
Percentage experience gains/(losses) on scheme liabilities	<b>0%</b>	<b>0%</b>	<b>-2%</b>	<b>0%</b>	<b>0%</b>

#### 4i. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
<b>Adjustment to real discount rate</b>			
Present value of total obligation	98,813	100,993	103,236
Projected service cost	2,714	2,812	2,914

A change in the real discount rate covers an adjustment to the discount rate and to the inflation rate. A +0.1% adjustment to the real discount rate is equivalent to either a 0.1% addition to the discount rate or a 0.1% deduction to the inflation rate.

	+1yr	none	-1yr
	£000	£000	£000
<b>Adjustment to mortality age rate assumption</b>			
Present value of total obligation	97,299	100,993	104,731
Projected service cost	2,686	2,812	2,940

## 5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	2	15
	0	0
<b>Total</b>	<b>2</b>	<b>15</b>

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

## 6. Other administrative costs and programme costs

### 6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	45		45	
Interest charges	0		0	
Accommodation, maintenance and utilities	1,535		1,499	
Travel, subsistence and hospitality	292		258	
Professional services	90		78	
IT services	767		819	
Communications, office supplies and services	344		368	
Other staff related	362		198	
Offender costs	208		300	
Other expenditure	917		976	
External Auditors' remuneration – statutory accounts	24		27	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration and expenses	11		20	
		<b>4,595</b>		<b>4,588</b>
<b>Non-cash items</b>				
Depreciation of tangible non-cash assets	63		68	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	0		(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	
		63		67
<b>Total</b>		<b>4,658</b>		<b>4,655</b>

### 6b. Programme costs

Current expenditure	0		0	
<b>Total</b>		<b>0</b>		<b>0</b>
<b>Total other administration and programme costs</b>		<b>4,658</b>		<b>4,655</b>

## 7. Income

### 7a. Administration income

Income receivable from the sponsoring department – NOMS  
 Rent receivable from minor occupiers of Probation estate property:  
     From within the departmental boundary  
     From other Government departments  
     From external tenants

EU income from NOMS  
 EU income from other Government departments  
 Other EU income  
 Other income received from Probation Trusts  
 Other income from NOMS  
 Other income from rest of MoJ Group  
 Other income from other Government departments  
 Miscellaneous income

Interest received:  
     From bank  
     From car loans  
     From other sources

**Total interest received**

**Total administration income**

### 7b. Programme income

EU income from NOMS  
 EU income from other Government departments  
 Other EU income  
 Other programme income  
**Total programme income**

**Total income**

	2012-13		2011-12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	18,180		18,320	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		<b>18,180</b>		<b>18,320</b>
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		17		10
Other income from NOMS		69		58
Other income from rest of MoJ Group		5		6
Other income from other Government departments		235		137
Miscellaneous income		453		277
		<b>18,959</b>		<b>18,808</b>
Interest received:				
From bank	0		1	
From car loans	0		0	
From other sources	0		0	
<b>Total interest received</b>		<b>0</b>		<b>1</b>
<b>Total administration income</b>		<b>18,959</b>		<b>18,809</b>

EU income from NOMS	0		0	
EU income from other Government departments	0		0	
Other EU income	0		0	
Other programme income	0		0	
<b>Total programme income</b>		<b>0</b>		<b>0</b>
<b>Total income</b>		<b>18,959</b>		<b>18,809</b>

## 8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>As at 1 April 2012</b>	<b>0</b>	<b>46</b>	<b>465</b>	<b>0</b>	<b>0</b>	<b>511</b>
Additions	0	0	0	0	0	0
Disposals	0	0	(19)	0	0	(19)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	28	0	0	30
<b>As at 31 March 2013</b>	<b>0</b>	<b>48</b>	<b>474</b>	<b>0</b>	<b>0</b>	<b>522</b>
<b>Depreciation</b>						
<b>As at 1 April 2012</b>	<b>0</b>	<b>38</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>299</b>
Charge in year	0	5	58	0	0	63
Disposals	0	0	(18)	0	0	(18)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	18	0	0	19
<b>As at 31 March 2013</b>	<b>0</b>	<b>44</b>	<b>319</b>	<b>0</b>	<b>0</b>	<b>363</b>
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>4</b>	<b>155</b>	<b>0</b>	<b>0</b>	<b>159</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>8</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>212</b>
<b>Asset financing</b>						
Owned	0	4	155	0	0	159
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2013</b>	<b>0</b>	<b>4</b>	<b>155</b>	<b>0</b>	<b>0</b>	<b>159</b>

## 8. (Continued)

	2011-12					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
<b>Cost or valuation</b>						
<b>As at 1 April 2011</b>	<b>0</b>	<b>46</b>	<b>484</b>	<b>0</b>	<b>0</b>	<b>530</b>
Additions	0	0	0	0	0	0
Disposals	0	0	(20)	0	0	(20)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	1	0	0	1
<b>As at 31 March 2012</b>	<b>0</b>	<b>46</b>	<b>465</b>	<b>0</b>	<b>0</b>	<b>511</b>
<b>Depreciation</b>						
<b>As at 1 April 2011</b>	<b>0</b>	<b>32</b>	<b>218</b>	<b>0</b>	<b>0</b>	<b>250</b>
Charge in year	0	6	62	0	0	68
Disposals	0	0	(19)	0	0	(19)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
<b>As at 31 March 2012</b>	<b>0</b>	<b>38</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>299</b>
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>8</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>212</b>
<b>Carrying value as at 31 March 2011</b>	<b>0</b>	<b>14</b>	<b>266</b>	<b>0</b>	<b>0</b>	<b>280</b>
<b>Asset financing</b>						
Owned	0	8	204	0	0	212
Finance leased	0	0	0	0	0	0
<b>Carrying value as at 31 March 2012</b>	<b>0</b>	<b>8</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>212</b>

## 9. Intangible assets

The Trust held no Intangible assets at 31<sup>st</sup> March 2013 (2012 – Nil).

## 10. Impairments

There were no impairment charges made through the Statement of Comprehensive Net Expenditure during the year.

## 11. Assets held for sale

The Trust held no assets for sale at 31<sup>st</sup> March 2013. (2012 – Nil).

## 12. Trade receivables and other current assets

### 12a. Analysis by type

	2012–13 £000	2011–12 £000
<b>Amounts falling due within one year</b>		
Trade receivables	57	57
VAT	0	0
Deposits and advances	7	4
Receivables due from Probation Trusts	5	5
Receivables due from NOMS agency	1,928	1,961
Receivables due from Ministry of Justice – core	0	0
Receivables due from Ministry of Justice – NDPBs	0	0
Receivables due from HM Courts & Tribunals Service (HMCTS)	0	0
Receivables due from Office of the Public Guardian (OPG)	0	0
Receivables due from all other Government departments	28	15
Other receivables	6	5
Prepayments	75	48
Accrued income	80	68
	<b>2,186</b>	<b>2,163</b>
<b>Amounts falling due after more than one year</b>		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>2,186</b>	<b>2,163</b>

### 12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	1,936	1,966	0	0
Balances with local authorities	27	15	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	<b>1,963</b>	<b>1,981</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	223	182		0
<b>Total</b>	<b>2,186</b>	<b>2,163</b>	<b>0</b>	<b>0</b>

## 13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	66	547
Net change in cash and cash equivalents	(23)	(481)
<b>Balance at 31 March</b>	<b>43</b>	<b>66</b>
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	43	66
<b>Balance at 31 March</b>	<b>43</b>	<b>66</b>

## 14. Trade payables and other current liabilities

### 14a. Analysis by type

	2012–13	2011–12
	£000	£000
<b>Amounts falling due within one year (excluding taxation)</b>		
Trade payables	68	81
Other payables	252	147
Accruals	414	257
Deferred income	32	13
Staff payables	128	197
Bank overdraft	0	0
Payables due to Probation Trusts	6	14
Payables due to NOMS Agency	268	277
Payables due to Ministry of Justice – core	0	0
Payables due to Ministry of Justice – NDPBs	0	0
Payables due to HM Courts & Tribunals Service (HMCTS)	0	0
Payables due to Office of the Public Guardian (OPG)	0	0
Payables due to all other Government departments	4	72
Unpaid pensions contributions due to the pensions scheme	121	0
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	0	0
	<b>1,293</b>	<b>1,058</b>
<b>Tax falling due within one year</b>		
VAT	588	588
Corporation tax	15	25
Other taxation and social security	0	289
	<b>603</b>	<b>902</b>
<b>Total amounts falling due within one year</b>	<b>1,896</b>	<b>1,960</b>
<b>Amounts falling due after more than one year</b>		
Staff payables	0	0
Other payables	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,896</b>	<b>1,960</b>

### 14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	949	1,228	0	0
Balances with local authorities	134	37	0	0
Balances with NHS bodies	1	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	<b>1,084</b>	<b>1,265</b>	<b>0</b>	<b>0</b>
Balances with bodies external to Government	812	695	0	0
<b>Total</b>	<b>1,896</b>	<b>1,960</b>	<b>0</b>	<b>0</b>

## 15. Provisions for liabilities and charges

The Trust had no Provisions for Liabilities and Charges. (2011–12 Nil).

## 16. Capital commitments

The Trust had no Capital Commitments at 31st March 2013 for which no provision has been made. (2011–12 Nil).

## 17. Commitments under lease

### 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:

	2012–13	2011–12
	£000	£000
<b>Other</b>		
Not later than one year	12	5
Later than one year and not later than five years	14	53
Later than five years	0	0
<b>Total</b>	<b>26</b>	<b>58</b>

The Trust leases motor vehicles for periods of 3 years.

### 17b. Finance leases

The Trust has no obligations under Finance leases. (2011–12 Nil).

## 18. Other financial commitments

The Trust has not entered into any non-cancellable contracts (which are not leases) (2011–12 Nil).

## 19. Deferred tax asset

The Trust has no deferred tax assets or liabilities (2011–12 Nil).

## 20. Financial instruments

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

## 21. Contingent liabilities

The Trust does not have any Contingent Liabilities.

## 22. Losses and special payments

### 22a. Losses statement

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	1	4	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Store losses	0	0	0	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Details of cases over £250,000</b>				
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Store losses	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

As a result of non compliance with internal controls an Agency worker over claimed for work they had not undertaken. The sum overcharged was not recoverable either from the Agency nor from the worker.

### 22b. Special payments schedule

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	0	0	3	66
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>66</b>
<b>Details of cases over £250,000</b>				
Special payments	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Trust made no Special Payments during the 12 months to March 2013. The Special Payments made in 2011/12 relate to Voluntary Redundancy payments made in excess of the statutory minimum. Permission was sought and obtained from HM Treasury where applicable.

## 23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(40,250)	(26,247)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,880)	(1,120)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	6
Actuarial gains and losses	(771)	(12,889)
<b>Balance at 31 March</b>	<b>(42,901)</b>	<b>(40,250)</b>

## 24. Revaluation reserve

### 24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	14	19
Arising on revaluations of PPE during the year (net)	11	1
Transferred to General Fund	0	(6)
<b>Balance at 31 March</b>	<b>25</b>	<b>14</b>

### 24b. Intangibles

	2012–13	2011–12
	£000	£000
Balance at 1 April	0	0
Prior period adjustment (Note 28)	0	0
<b>Balance restated at 1 April</b>	<b>0</b>	<b>0</b>
Arising on revaluations of intangibles during the year (net)	0	0
Transferred to General Fund	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

## 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

There are no third party assets held by the Trust (2011–12 Nil).

## 27. Events occurring after the reporting period

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

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

The results of the “Transforming Rehabilitation” consultation paper were published on 9 May 2013, by the Secretary of State for Justice, which announced the future requirements for the provision of probation services. The recommendations will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. It is expected that the detail will be finalised over the coming months. None of the Trust’s assets, liabilities or functions had been transferred at the date the accounts were authorised for issue.

## 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 below.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 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 8 March 2012.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice  
6 March 2013

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

This report covers 12 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 and 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.

Waste cost data is not available at this stage.

### Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate is managed by facilities contractors, acting on behalf of the MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are major limitations to the accuracy of their financial and non-financial sustainability data and MoJ SDT continue to try to improve the quality of 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 Adaptation 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

The Carbon Reduction Commitment (CRC) is managed by the 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. The 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.

Their 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)

The 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.

## Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO <sub>2</sub> e)	Total gross emissions for scopes 1 & 2	614.7	471.8	678.8	733.3
	Electricity: green/renewable	74.4	50.0	96.0	81.4
	<b>Total net emissions for scopes 1 &amp; 2</b>	<b>540.3</b>	<b>421.8</b>	<b>582.7</b>	<b>651.9</b>
	Travel emissions scope 3	114.5	113.6	97.4	79.5
	<b>Total gross GHG emissions (all scopes)</b>	<b>729.2</b>	<b>585.4</b>	<b>776.2</b>	<b>812.8</b>
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	428,816	288,242	553,577	469,039
	Electricity: renewable	142,939	96,081	184,526	156,346
	Gas	1,261,223	1,021,742	997,766	1,612,281
	Other energy sources	0	0	0	0
	<b>Total energy</b>	<b>1,832,978</b>	<b>1,406,065</b>	<b>1,735,868</b>	<b>2,237,666</b>
Financial indicators	Expenditure on energy	£111,840	£65,232	£115,735	£122,061
	Expenditure on official business travel	£357,578	£245,962	£251,286	£284,035

## Waste

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tonnes)	Hazardous waste	0	0	0	0
	Non-hazardous waste	48	30	47	24
	Reused/recycled waste	82	55	85	46
	Energy from waste	0	0	0	0
	<b>Total waste arising</b>	<b>130</b>	<b>85</b>	<b>132</b>	<b>70</b>

## Water

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators	<b>Total water consumption (cubic metres)</b>	9,984	5,854	4,420	3,728
Financial indicators	<b>Total water supply costs (£)</b>	£43,862	£26,123	£19,691	£14,883

## Paper

	2009–10	2010–11	2011–12	2012–13
<b>Financial indicator (£)</b>	£24,592	£12,139	£18,310	£13,126

### Performance commentary

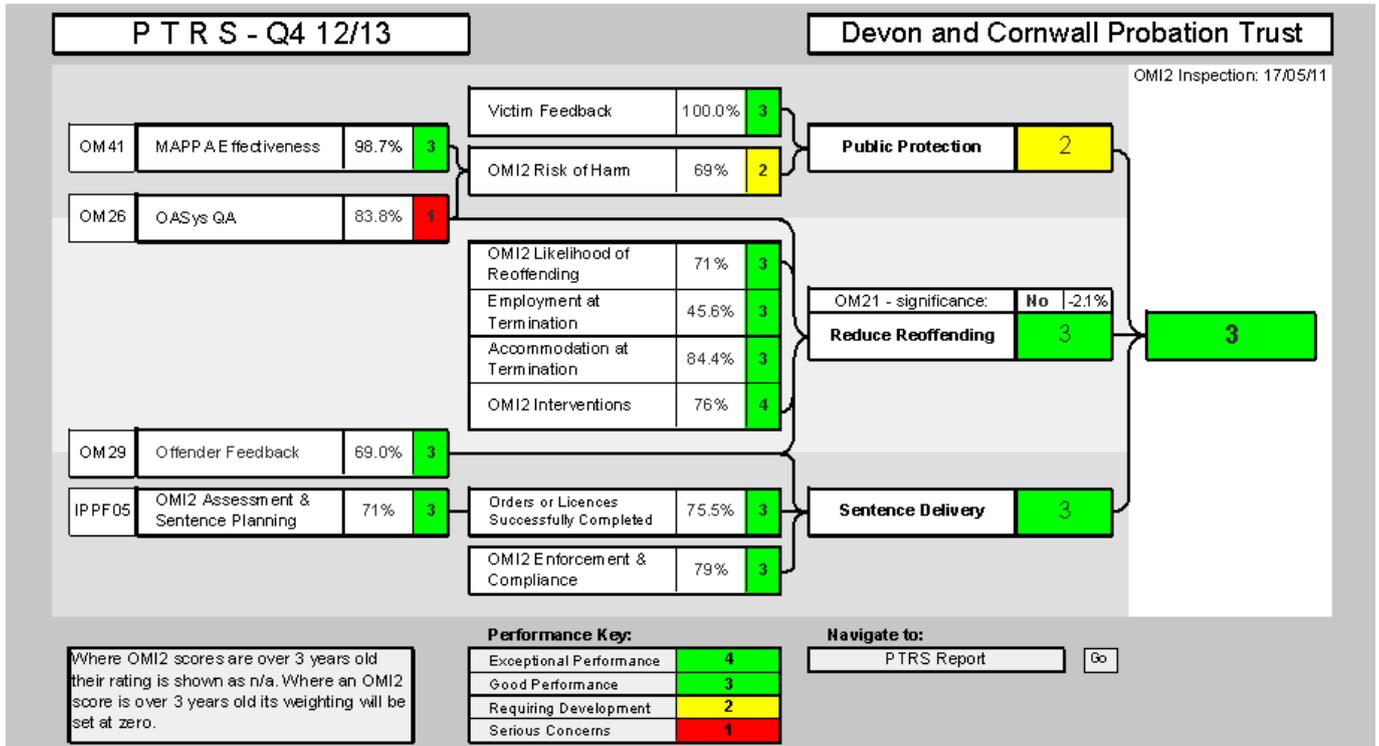
The Trust finds it difficult to comment on some parts of its sustainability performance as it remains far from clear as to the accuracy of the information coming from the nationally contracted facility managers, particularly in the emissions from electricity and gas and waste and water consumption. Where the Trust is able to exert downward pressure on usage and cost, for example in relation to Travel emissions or paper consumptions, we can see that travel emissions have fallen by over 30% since 2009–10 but fuel inflation has meant that the costs remain stubbornly high and that the cost of paper consumption has nearly halved in the same period.

### Controllable impacts commentary

The Trust continues to actively apply downward pressure on travel, investing in video conferencing technology for example. The Trust also continues an active staff awareness campaign to reduce unnecessary travel.

# Annexes

## Annex 1



## Annex 2

### Improvement Objectives 2012–13

ADP Workstream	Final report summary
Accurately identify and assess risk of reoffending and harm and provide recommendations to courts that give them confidence in the community options available to them, making best use of local provision, cost-effectiveness, well targeted delivery and demand levels.	Review of PSR quality completed and resulting action or deliverables either completed or timescales for completion redefined. Some work will carry forward to 2013/14, specifically: <ul style="list-style-type: none"> <li>development of a service level agreement with Courts</li> <li>further work to streamline court processes and subsequent phases of the digital efficiency programme.</li> </ul>
Improve support and advice to courts at the bail and remand stages and provide effective alternatives to custodial remand when appropriate.	Partnership contract with a number of voluntary sector organisations to deliver bail information across the Trust area took longer than desired to commence but is now complete.
Deliver the minimum requirements set out in the NOMS service specifications to ensure that services are legal, safe and decent.	Alignment with specifications for many different areas of practice was confirmed with NOMs and gaps rectified. Innovation workshop timetable completed by 31.12.12 – however software issues will delay complete implementation until early 2013/14. Costing information has been completed for all specifications.

ADP Workstream	Final report summary
Demonstrate high quality offender management.	Quality improvement programme continued and extended from 2011/12. Performance improvement plans for individuals managed well. Results continued to improve throughout the year.
Effective and efficient enforcement of court sentences and licences.	Timeliness of licence recalls = 96% (target 90%) Enforcement of community order requirements = 94% (target 90%), a 4% improvement on 2011/12.
Improve % of successful completion of sentence/licence.	The overall level of 75% is 3% higher than the target. However it is the same as 2011/12 and an improvement in the completion of specified activity and accredited programme requirements masked a slight reduction in alcohol treatment and Community Payback completions.
Continue to improve the level of service user satisfaction of women offenders by 5%.	A new women's service was piloted in Plymouth providing an holistic wraparound services and female only specified activity requirement (FOSAR). A similar scheme was commissioned in Cornwall in November 2012. Both services was evaluated through the NOMS quality assurance process and approved as suitable for the National interventions Directory. User feedback indicates high satisfaction, with high completion rates and target numbers being exceeded. 2012/13 will provide the benchmark for satisfaction evaluation in 2013/14.
Revise the Trust communication and marketing strategy to give a higher priority to promotion of human interest stories in the media and the DCPT web site.	Communication strategy revision completed and implemented. Higher public profile (as measured by positive articles) in the press than 2011/12. New website under development and will be completed early 2013/14.
Invest in effective co-located multiagency teams to manage dangerous and high risk offenders (mainly sexual, violent and extremist offenders) that covers the Trust area.	Progress on this project has been directly linked to the police internal restructuring process for public protection work. The review will be submitted to the chief officer team at year end. However, there has been a clear commitment given by the police and DCPT to supporting integrated MAPPA teams at 6 locations across Devon and Cornwall. Implementation has been delayed until May 2013 pending the Governments plans to Transform Rehabilitation and the definition of the work to be retained within the sphere of probation.
Improve the quality of risk of harm assessments in offender management practice.	The Quality Improvement Programme specifically addressed this objective. All Offender managers have been quality assessed by the Quality development Team and by their line managers. Those identified as below the standard required have been supported through training and intensive supervision and where necessary have been placed into capability. Audits over the year have shown an improvement in the level of the quality of risk of harm assessments though there is still progress to be made.
Develop and implement a strategy to improve accommodation needs of offenders assessed as posing a high risk of harm to others.	Accommodation for offenders formed part of the project group established under the Interventions Board. Both Approved Premises achieved higher turnover than the average thereby freeing up bedspaces for others. DCPT took on full funding for two accommodation officer posts that had been part funded in previous years to ensure provision of services being cut by local authorities.
Ensure delivery of the Specification Benchmarking and Costing (SBC) specification for Approved Premises to maximise opportunities for the rehabilitation of the offender and enable them to progress to less intensive support whilst offering protection to the community.	SBC specification for Approved Premises achieved. Particular improvement in the enhanced regime in both premises. Internal audit and external review of APs was good.

ADP Workstream	Final report summary
Develop a clear linear process to improve 'end to end' victim support provision.	New protocol established between police and probation victim liaison officers has increased victim take up of support. Work being done with Police and Crime Commissioner to encourage integrated services involving the 3 <sup>rd</sup> sector when victims work is subject to contracting in 2014/15.
Extended victim support services to 'non-statutory' cases based upon vulnerability and need.	During 2012–13 VLOs accepted responsibility for non statutory victim referrals where there is a clear need or vulnerability. An increasing number of referrals have now been made both through the witness care units and from offender managers. This development was welcomed by HMIP in their recent inspection and positively commented upon in their feedback. A new information sharing protocol has been agreed with the police that now covers the provision of victim information to VLOs in non statutory cases.
Participate in the 'Think Family' and intergenerational Crime initiatives across local authority areas.	DCPT has been actively involved in working with Local Authorities in developing Troubled Families initiatives. A narrowing of the target group has reduced to less than 10%, the numbers of families, where probation is a significant agency. The practical application of this initiative will be more evident in 2013/14
Work with partners to commission effective local services so that the risks offenders pose can be reduced within communities.	There are several examples of good local partnerships delivering effective services over the year, Shekinah and Homemaker were commissioned to manage and work with low risk offenders, Promise and WRASAC to work with women offenders. All have been evaluated by the DCPT research team and have demonstrated an increased impact on reducing reoffending. WRASAC is new and awaiting evaluation but initial signs are positive. DCPT is also very active through local partnership arrangements, it attends community safety partnerships, drug and alcohol boards, complex needs groups, troubled families boards, all of which have a major influence on local commissioning objectives and outcomes.
Extend and improve the provision for short sentence prisoners.	The TurnAround team has extended its remit to include the most prolific offenders who are released following a short prison sentence (85). They are offered support and guidance. The team has also supported the development of volunteers/mentors to work with such offenders and the plan is to extend this brief further in 2013/14.
Adopt a consistent multi-agency co-located approach to provide for the integrated management of offenders.	Since the launch of TurnAround to manage prolific offenders across Devon and Cornwall in April 2012 substantial progress has been achieved. Fully functioning integrated teams have been established in 6 locations working with an average of 550 offenders at any point in time including 85 non statutory short sentence offenders. The cohort includes statutory cases managed by probation staff and non statutory cases managed primarily by police officers. A development plan containing 22 action points has been progressed and there are positive performance results which indicate that TurnAround is starting to have a positive impact on reducing reoffending rates. Police data for the first 9 month of 2012–13 show a recorded fall in the number of dwelling burglaries of 24% and a 21% reduction in the number of robberies. The national adult reoffending measure has also shown a reduction in 2012. Experience from the first 12 months has demonstrated the need to find suitable accommodation (open plan office space with sufficient interviewing facilities) with a lengthy guaranteed tenure to avoid costly relocations and disruption to business. It is also been identified that there needs to be a careful selection of staff involved in TurnAround who are comfortable dealing with challenging offenders and working in a inter agency environment.

ADP Workstream	Final report summary
<p>Increase the availability of effective accredited programme interventions, and develop the use of those suitable for delivery as Specified Activities Requirements (SARs) to provide more cost effective, proportionate and targeted services.</p>	<p>A functional structure for the delivery of accredited programmes has been in place since April 2012. Following an initial poor audit by NOMS auditor were invited back in Sept 12 to review progress and whether improvements were evident. Positive feedback was received by the auditors and work has continued to ensure that accredited programme delivery meets NOMS standards. DCPT was subject of a further audit in Feb 13 when all programmes were assessed as achieving the required standard of quality. DCPT will exceed completion target for both sex offender programmes however as a result of transition from the domestic violence programme (IDAP) to a revised programme (BBR) will not achieve the completions for domestic violence programmes. In relation to offending behaviour programmes (OBPs) there have been insufficient requirements and many offenders did not commence programmes within a short time following sentence. DCPT will therefore not achieve OBP completions this year. DCPT has implemented a suite of programmes which based on evidence from NOMS and OASys meet the identified offending related needs. BBR and LIAP (Safer Drinking Choices) have been implemented across DCPT and all programmes offered are available across the Trust. The Research and Info Team are collecting on-going data with regard to outcomes for those who have completed an accredited programme in addition research by the University of Plymouth evidenced a 25% reduction in reoffending for those offenders who had completed LIAP (Safer Drinking Choices) across all OGRS bandings.</p>
<p>Develop the capacity and capability to offer restorative justice (RJ) conferencing for high risk and med/high acquisitive crime.</p>	<p>DCPT's intention has been to establish a sustainable multi-agency response to restorative justice and has taken the lead in coordinating collective action. There has been considerable RJ activity by the police as a process of diversion from court and to a lesser extent by Victim Support working with prisoners in custody and by 3<sup>rd</sup> sector organisations in their localities.</p>
<p>Increase engagement of volunteers and mentors within the provision of offender services in the community.</p>	<p>Contracted service with Just People continued throughout year. Involvement with Community Chaplaincy increased in the area of short sentence prisoners. These have provided a foundation for the development of community hubs and a significant growth in volunteer/mentor involvement in 2013/14.</p>
<p>Increase the Community Payback placements where there are opportunities for offenders to develop accreditation and skills to improve employability.</p>	<p>There is still a relatively piecemeal approach to achieving 20% of UPW hours contributing to ETE. In some parts of the Trust this is better embedded than others from induction through to relevant placements where there are opportunities to accredit skills. There are currently issues with regard to reporting on ETE activity in UPW as there is currently no facility within InCase to record this. UPW managers have been working with ICT to find a resolution.</p>
<p>Compete in partnership to be a successful provider of Community Payback services in response to the national CP/UPW (Lot 5) competition.</p>	<p>This objective was removed after NOMS terminated the CP competition.</p>
<p>Increase the proportion of income received from sources other than NOMS by 3%.</p>	<p>The end of year forecast for the Trust is that it will achieve an income level of £562,991 which is above the target. This is made up of nearly £300k income from ETE sources, £110k for CP, £41k for programmes, £13k from court costs and then other income from a variety of sources including nearly £40k for Supporting People.</p>

ADP Workstream	Final report summary
Evidence that Trust services are cost efficient against value for money requirements.	PREview return and responses to exception reports completed. Output disseminated and used in decision making. Agreed that the optimal way to deliver lower unit costs on PREview categories where we are outliers is via SBC Innovation Workshop approach and this is under way (see objective 3 above). Procurement plan, which has been revised during the year to reflect SLG decisions, has been delivered. We now have greater clarity on the regulations and out compliance with them. We have made some progress on property moves but our plan has been frustrated by NOMs lack of funding / timescales. We are revising the plan to focus on high risk and the citizenship approach and our immediate priority is accommodating the MAPPA teams.
Establish a programme of market testing and competition.	The end of year position remains that no market test exercise has taken place. In view of future uncertainties generated by the Justice Select Committee review and subsequent Transforming Rehabilitation consultation it was decided not to do any further market testing at this time. There has been an external review of Learning and Development undertaken the results of which will be implemented in 2013/14.
Implement the Criminal Justice digital efficiency programme and the DCPT digital record programme.	The majority of this project has been implemented although being embraced/implemented differentially across the LDUs. The DCPT project manager has recently left on maternity leave and future (phase 2) workstreams will be managed differently. The option of 3G enabled laptops in all courts was not possible as a number of the courts are not covered by the 3G network. DCPT has been viewed as a positive partner by the Criminal Justice efficiency team and invested in this activity with no new resources.
Produce a management information framework that enables the Trust to understand and demonstrate the effectiveness of its outcomes against its mission to stop reoffending, support victims and protect the public from harm.	The Business year ends with a more comprehensive suite of management reports on the effectiveness of the Trust's work and with the production of the Individual Officer performance reports that will enable managers and staff to compare and contrast performance and to ask more detailed questions about outcomes.
Ensure that key nationally identified co-commissioned service intentions (reducing reoffending pathways) are developed and maximised locally for offender benefit.	DCPT continues to make a major investment in partnership activity and development. There has been positive developments in mental health and alcohol services. Removal of ring fencing for 'supporting people' budgets has resulted in a diminution of accommodation services for offenders. A partnership framework document highlighted that DCPT works with in excess of 180 different organisations in the delivery of offender services.
Increase public confidence, customer and Authority satisfaction in the services that the trust provides.	DCPT finishes the year with a predicted level 3 assessment on the PTRS and the NOMS Contract compliance. The Trust achieved a Customer Service Excellence award and we are progressing the R4E programme that is due for reassessment in May 2013. Sentencer, victim and user satisfaction surveys all indicate over 90% levels of satisfaction for key areas of work.
Implement the legislative requirements for a public body of the Equality Act 2010 and wider commitment to equality in all Trust services.	The Trust achieved 2 of the 5 Objectives set for this year and has determined to roll over into next Business year 2013/14 the 3 partially completed objectives. The Trust has developed the Equality Strategy and this will guide the Trust for the next Business year.

ADP Workstream	Final report summary
Develop and implement a 5 yr staffing strategy that reflects the changing requirements and expectations of Probation Trusts.	The Staffing Strategy will be produced for May 2013 and this is delayed following the publication of the Government's response to the Transforming Rehabilitation consultation. The future for the Trust and as a consequence the staffing arrangements required has been given a level of uncertainty by the Government's consultation and any Staffing Strategy will need to be capable of getting the Trust safely through the next two years rather than the more long term vision of five years.
Review management and leadership requirements of management grades within the Trust	The Leadership programme is subject to the Learning and Development review that is due to report at the end of March 2013 and will be implemented in the first quarter of the new business year.
Implement a revised workload management tool (WMT) to facilitate staff and resource allocation and capacity analysis, reflecting changing Authority and Trust priorities and service specifications.	The revised WMT purchased from London failed to successfully operate on DCPT's IT system and meet the necessary security requirements. Work is now well underway to develop an in-house tool based upon the London WMT and reflecting the development of a Citizenship and community engagement model of delivery. We anticipate completing this activity early in 2013/14.

## Annex 3

### Devon and Cornwall Probation Trust Board

#### Meeting Schedule: Pre Board sub group re-organisation 2012/13

Meeting	Apr	May	Jun	Jul	Aug
Board	23	21	18	23	
Public Protection		21			
Audit and Assurance			11		
Health & Safety	19			11	
JNCC		30		31	
Equality		22			
Property, Procurement and FM			11		
External Funding Governance	11			11	
Information Security Forum			11		

#### Meeting Schedule: Post Board sub group re-organisation 2012/13

Meeting	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Board	17		19		21		18
Audit & Assurance, Governance and VFM	10			10			11
People	11			17			6
Quality Assurance of Offender Management	3				10		
Business Development and Commissioning	6			3			4
Provider/Interventions Development	5			12			7

### Attendance at meetings April 2012 to August 2012

	Board	Public Protection	Audit and Assurance	Health and Safety	JNCC	Equality	Property, Procurement and FM	External Funding Governance	Information Security Forum
Rob Menary	3/4	1/1	1/1				1/1	2/2	1/1
Alan Wooderson	4/4			1/1					
Robert Nairn	4/4		1/1		1/1		1/1	2/2	1/1
Liz Firth	4/4	1/1							
Geoffrey McCready (up to 30/6/12)									
Catherine Elliot	4/4				1/1	1/1			
Derek Law	3/4		1/1				1/1	2/2	1/1

### Attendance at meetings following restructure September 2012 to March 2013

	Board	Audit & Assurance, Governance and VFM	People	Quality Assurance of Offender Management	Business Development and Commissioning	Provider/ Interventions Development
Rob Menary	4/4	3/3		1/2		
Alan Wooderson	4/4					
Robert Nairn	4/4	3/3				2/3
Liz Firth	4/4			2/2	3/3	
Catherine Elliot	3/4	1/3	3/3			
Derek Law	4/4		3/3		3/3	
Nicholas Ball (from 1/8/12)	4/4	2/3				3/3



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