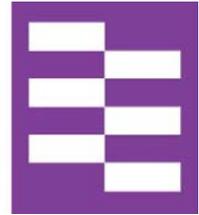


**Hertfordshire**  
Probation Trust



# **Hertfordshire Probation Trust**

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

**Hertfordshire  
Probation Trust**



## **Hertfordshire Probation Trust**

### **Annual Report and Accounts**

**2012–2013**

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

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# Mission, Vision and Values of Hertfordshire Probation Trust

## Our Mission:

Working with partners and communities to reduce re-offending and protect the public, thus leading to fewer victims.

## Our Vision:

Hertfordshire Probation Trust – Transforming Lives, Reducing Reoffending Protecting our Communities

These will be achieved by:

- Providing hope and opportunities towards change
- Working in partnership to protect the public through effective risk management
- Working to safeguard known and potential victims
- Providing the courts with skilled assessment and the delivery of effective sentences
- Explaining our work to our communities and how they can contribute
- Developing our valued, skilled and confident workforce
- Deploying our resources efficiently to commission and deliver effective services

Our **PICTURE** of how we aim to deliver and the values that underpin our approach:

**Professionalism:** we are committed to high standards and aim to act decisively and consistently

**Integrity:** we aim to be fair and honest in our decision making and activities

**Communication:** we want to exchange and share information clearly and promote understanding

**Teamwork:** we learn from each other and value everyone's skills and contributions

**Understanding:** we are keen to understand the needs of stakeholders, offenders, staff and our community

**Respect:** we support and draw strength from diversity and value different cultures, perspectives and view points

**Excellence:** we are ambitious and determined to deliver quality and value for money

## Foreword

We introduce the third annual report for Hertfordshire Probation Trust (HPT) with considerable pride. The Trust has performed strongly and achieved overall good performance as at 31 March 2013. In addition, the Trust is recognised as a 4 star Trust by the European Foundation for Quality Management (EFQM).

The Trust has delivered the next phase of the savings plan outlined in the four year Strategic Business Plan 2009–2013 when we achieved trust status. We have realised an additional saving of £0.4m in 2012/13 and the workforce has reduced by over 20% over the past three years. These achievements have been made against a back cloth of year on year performance improvement and without compulsory redundancies and is due to the hard work and commitment of our skilled staff, senior management team and our Board.

We closed our Hertford office during this year with the operational team moving into shared premises with Broxbourne Borough Council and headquarters staff joining operational staff at Stevenage. This project contributed to considerable efficiency savings and has improved access for service users in the south east of the county.

A highlight in 2012/13 was when Hertfordshire Probation Trust won the prestigious Guardian Public Services Award for Digital Innovation. This was achieved in partnership with the Hertfordshire Constabulary and a range of partners for the joint work with prolific offenders managed by the Herts Horizons Team and contributed to a significant reduction in burglary in the county. A number of service users stepped forward to advocate how their voluntary participation by wearing the GPS Tracker has supported their rehabilitation and commitment to reform. The newly elected Police and Crime Commissioner was able to celebrate with us in his first month in office.

Hertfordshire Probation Trust piloted and led implementation for the new national IT case management system – N-Delius. This was a considerable undertaking for a relatively small probation trust and the positive engagement and leadership by staff has been recognised nationally.

Alongside these achievements probation staff have had to work against considerable uncertainty. The Ministry of Justice published two significant consultation documents during 2012/13 concerning the future arrangements for rehabilitation services which indicate that the majority of services will be competed nationally, with a remaining small reserved public service to provide advice to courts and supervise the highest risk offenders. Hertfordshire Probation Trust provided detailed responses to the consultations which can be found on our website at [www.hertfordshireprobation.gov.uk/about-us/consultations](http://www.hertfordshireprobation.gov.uk/about-us/consultations). Considerable work has been undertaken and a change programme put in place in collaboration with probation trusts also in the competed area to make sure that the probation leadership takes every opportunity to influence and contribute to the design of the future arrangements. This will include leading change effectively as well as exploring alternative delivery models with a range of providers which can maximise the opportunities to reduce reoffending and help keep crime low and our communities safe. The Ministry of Justice Transforming Rehabilitation strategy was published on 9 May 2013 and Hertfordshire Probation Trust will be working to implement the proposals.

The staff in Hertfordshire Probation Trust have every reason to be proud of their achievements during 2012/13 and the challenge ahead will be to make sure the skills and experience and strong local partnership relationships are not lost and opportunities are realised during the transition to the proposed arrangements.

Tessa Webb  
Chief Executive

Delbert Sandiford  
Board Chair

# 1. Operational and Performance Review 2012–13

## Management Commentary

### Part 1: Operational and Performance Review

#### A. Enablers

This section is based on the Annual Business Plan for 2012/13, which identified a number of measures regarded as priorities for improving our operations and performance. These measures were based on priorities from national, regional and local initiatives and Hertfordshire Probation Trust assessments.

##### LEADERSHIP

**Provide leadership to the Multi Agency Public Protection Arrangements contributing to the delivery of the Hertfordshire Multi Agency Public Protection Arrangements (MAPPA) Business Plan.**

Hertfordshire MAPPA Business Plan was agreed and has been delivered via MAPPA Strategic Management Board (SMB). A new protocol with health re mental health cases linked to MAPPA has been drafted and is waiting sign off by health. The Police and Crime Commissioner sent a representative to the January MAPPA SMB.

**In partnership develop a range of Restorative Justice (RJ) approaches which are victim centred and improve community confidence in the management of offenders.**

HPT is in Phase 5 of the roll out of RJ training funded by NOMS and staff from probation and partner agencies have been trained. This is linked to HPT's work with Hertfordshire Police and partners to develop Restorative Justice approaches in Hertfordshire, particularly linked to our Integrated Offender Management (IOM) approach. The initial pilot programme was completed in December 2012.

**Continue to develop the Multi Agency Offender Accommodation Strategy, enhancing relationships with local district councils, social housing providers and improve offender accommodation co-commissioned services.**

The new contract with St Mungo's funded through Probation and Hertfordshire County Council (HCC) Supporting People funds has progressed well with all contract elements in place. Elstree House, Stonham (also funded by HCC) has been closely overseen and contract has been updated to provide higher levels of throughput (this has been an excellent piece of joint agency work). HPT is working closely with the constabulary, HCC and partners to develop additional accommodation options in Hertfordshire.

**Develop the Communications Strategy to improve our community's confidence in and understanding of Probation, including provision of quarterly reports by district or borough.**

The Social Media policy was implemented and HPT has made effective use of Twitter to promote the work of the Trust. Social media is now widely deployed across the probation community nationally. HPT had significant positive external coverage through winning the Guardian Public Services Award Digital Innovation in November.

The quarterly Local Delivery Unit (LDU) reports provided to key partners have been well received.

## POLICY AND STRATEGY

**To continue to develop our local knowledge of factors that reduce reoffending and best target the resources, services and interventions of HPT where they can have the greatest impact on reducing crime. This will be based on; segmented caseload analysis of reoffending; detailed analysis of criminogenic need linked to risk and likelihood of reoffending; and information from partner agencies strategic need assessments.**

The Reducing Reoffending Action Plan captured all work streams, which have been monitored and reviewed regularly at LDU, Strategic Management Team (SMT) and Board level throughout 2012/13.

The Community Safety Partnership report has been provided quarterly breaking down the offending profile and reducing reoffending levels to each of the ten boroughs/districts.

Segmented data of OASys has been used to support analysis and planning for services and contract negotiations.

The Hertfordshire Reducing Reoffending Strategy was revised, external consultation completed, and the Police and Crime Commissioner will lead with key partners through the new arrangements (Crime Board) he is putting in place for 2013/14.

The Adult Reducing Reoffending rate shows an actual rate of reoffending (measured by a three month follow up) which is greater than our predicted rate. The 2007 baseline has remained an issue for Hertfordshire which was influenced by increased policing estate/SDR capacity 2008 onwards.

The Proven Reoffending data published by MoJ which measures reoffending activity over a 12 month period, shows a reoffending rate slightly below that predicted.

**Engage local politicians and the Police and Crime Commissioner (when elected) to strengthen local public engagement on HPT initiatives and criminal justice issues at LDU level.**

HPT continues to welcome local political leaders to visit and learn about the work of the Trust. Visits in 2012/13 have included the MoJ Permanent Secretary, Ursula Brennan, MPs for Stevenage, Broxbourne and Welwyn Hatfield. All local MPs have received communication about the work of the Trust during the course of the year.

The Police and Crime Commissioner joined staff to celebrate Hertfordshire receiving the Guardian Public Services Award for Digital Innovation following his election in November 2012.

**Contribute with other Probation Trusts to explore benefits for collaboration to increase capability, capacity and generate efficiency savings, recognising this may lead to merger. Developments to take account of Ministry of Justice consultations; Effective Probation Services and Effective Community Sentences.**

A decision was taken on 11 June 2012 by Bedfordshire, Hertfordshire, Cambridgeshire and Peterborough and Northamptonshire Probation Trusts to commence a process to merge. The HPT Chief Executive Officer (CEO) was appointed as Senior Responsible Officer (SRO) for the Merger Programme and the Programme Director commenced in November 2012.

The mandate to merge had to be reconsidered following publication of the Transforming Rehabilitation consultation in January 2013. The project has now been redesigned to support the change programme between Hertfordshire, Cambridgeshire and Peterborough and Northamptonshire Probation Trusts. HPT provided full responses to the MoJ consultations in 2012 and again in February 2013, which are available on the website at [www.hertfordshireprobation.gov.uk/about-us/34/136-consultations](http://www.hertfordshireprobation.gov.uk/about-us/34/136-consultations).

## PEOPLE MANAGEMENT

**Developing a workforce which meets the needs of the competitive/commercial environment.  
Review redirection policy to support HPT to be recognised as flexible fleet of foot organisation.**

Careful workforce planning continued through 2012/13 to balance the needs of the Savings Plan with sufficient cover for gaps through sickness and maternity leave. Changes in the demographic of our workforce have led to a much greater level of maternity leave over the last three years, which has added to planning and budget pressures.

Savings required going into 2013/14 have been achieved through voluntary redundancy. The training plan was completely reviewed going into 2012/13.

The Mobility Policy has been revised and reissued. Towards the end of the year plans were put in place to restructure SMT to meet the needs of the Probation Transforming Rehabilitation programme.

## PARTNERSHIPS AND RESOURCES

**Promote strategic partnership to reduce reoffending and make communities safer, in particular with; Police and Crime Commissioner; Forensic Mental Health; Community Safety Partnerships; Community Safety Unit; Hertfordshire Criminal Justice Board partners; Children and Adult Services; Employers and Education Providers; Housing Providers and Public Health providers.**

The Hertfordshire Police and Crime Commissioner, David Lloyd, was elected in November 2012. HPT has seconded a manager part-time to support connections and contribute to the policing plan and Criminal Justice developments in Hertfordshire. The CEO meets with the PCC monthly.

HPT, with Hertfordshire Foundation Health Trust, bid and successfully secured additional resources to improve services for offenders with a personality disorder.

Quarterly reports have been provided to support the ten Community Safety Partnerships (CSP's) providing local reoffending analysis and information concerning Community Payback projects.

HPT is represented on the County Community Safety Board, which monitors the Integrated Offender Management Programme and the Hertfordshire Reducing Reoffending Strategy.

HPT has contributed to the resourcing of the Criminal Justice Board and the CEO deputises as Chair. Progress has been made to implement 'virtual courts' and exploring potential for greater flexibility to delivery through new technology.

Probation Officers contribute across the week to the Targeted Assessment and Support team to strengthen communication/responses with Children's services.

Work with employers and education providers continues to be driven through each centre, supported by the additional resources through ESF Serco/Job Deal.

St Mungo's were commissioned to provide offender advice and access to suitable accommodation from April 2012.

HPT data was shared to contribute to development of Hertfordshire Health and Well Being Board (HWBB), and Thriving Families programme. The Chair of the Health and Well Being Board visited HPT in February 2013.

**Continue to support development of Circles of Support provision and facilitate transfer to Voluntary Sector to achieve freestanding independent capability.**

All Probation Trusts within the East of England Region are involved. New ventures with Health and Social Care are developing as well as links to HPT's Personality Disorder (PD) development bid.

**Maximise income by effective delivery of the NOMS Contract ensuring effective negotiations to ensure that targets align with HPT's reducing reoffending strategy.**

HPT managed budget reductions effectively within the 2012/13 budget, delivering very well against NOMS contract and avoiding the need for any compulsory redundancies.

**Continue to work with sentencers and criminal justice agencies to contribute to effective sentencing practices and effective targeting of interventions for offenders.**

HPT is implementing a sentencer e-learning package initially produced by Staffordshire and West Midlands Probation Trust. HPT provided its annual input to both Hertfordshire Benches in March 2013 with the CEO addressing both. HPT is currently developing its management of electronic advanced disclosure in line with the court efficiency programme and will move to full capacity in early 2013/14.

**Increase engagement with public health services and new GP commissioning structures to ensure the needs of offenders are fully taken into account and targeted services developed.**

HPT provided a detailed response to the Health and Well Being Board consultation on strategic priorities. A lead board member has been assigned. The HWBB Chair visited HPT in February 2013. Work commenced with the NHS on smoking cessation. HPT are working at NHS Trust level to develop Community Payback projects and work placements.

**Evaluate unit costs of Specified Activity Requirement portfolio and determine strategy to market, commission externally, to achieve delivery of new services effectively and efficiently and enable other providers to contribute.**

The women's Specified Activity Requirement (SAR) has been rolled out across the Trust and delivered by NACRO, an external provider commissioned by HPT. We have sought to re-launch the Integrated Domestic Abuse Programme (IDAP) contract with CAF/CASS. Drink wise is now being delivered by HDARS who took over the contract for Drug and Alcohol Services from 1 April 2012.

The unit costs of the Specified Activity Requirement portfolio has been evaluated and costed. HPT commissions SOVA to provide trained volunteers and peer mentors and St Mungo's to provide accommodation advice and support.

**Continue to refine the delivery of Community Payback in preparation for national commissioning.**

All targets have been met. The implementation of Intensive Working made steady progress with Community Payback (CP) staff offering additional hours to relevant service users. The 20% working in Employment, Training and Education (ETE) has also been promoted to all CP service users who are available. Costs of tools and repairs have been reduced. Work is continuing to increase work availability across the week. From 1 April 2013 intensive four days per week projects will be available across the Trust.

**Develop approach with the County Community Safety Unit to co-commission and provide leadership with partners that will support the reducing reoffending pathways including relevant families with complex needs that will best meet the needs of Hertfordshire.**

HPT has seconded a manager into the new PCC office for the remainder of 2012/13 and will maintain the commitment in 2013/14. HPT has led on developing the Hertfordshire reducing re-offending strategy. HPT are fully involved in the Hertfordshire Thriving Families approach. One particular area of development has been with offender health and HPT have undertaken some work and training with the county PD team with the IOM scheme. This will be a good prelude to the wider PD development in 2013/14.

**Manage transition of the closure of Graham House and redeployment of operational staff to Broxbourne and HQ staff to Stevenage.**

The headquarter staff relocated to Argyle House, Stevenage in May and final closure of Graham House was completed in October 2012 when operational staff moved to the new offices in Cheshunt.

## PROCESSES

**Further develop the HPT contract management approach including opportunities to contract out business to other providers when appropriate.**

Key HQ staff have undertaken enhanced contract management training and this will be rolled out to Contract Managers in early 2013/14. Women's Services were contracted out to NACRO.

**Support opportunities for Service User Engagement to contribute to development of services and extend number of engaged employers.**

HPT is working with Revolving Doors Agency to develop a Probation approach to Service User Engagement. Following field work involving Service Users, staff and managers, a pilot engagement programme is being run, developing a number of Service Users to become peer researchers and then carry out some analysis of our offender survey data.

The LDU Service User Groups are now well established in each centre and continue to meet quarterly and a representative to be invited to the Diversity Strategy Group, chaired by the CEO. An area management group currently co-ordinates this approach and links to the national pilot.

**Review Interventions portfolio to develop range of provision across specified activity requirements and accredited programmes. Consult with Hertfordshire HMCTS and JIG to ensure portfolio continues to meet effectively and efficiently sentencing demand.**

HPT currently has four Activity Requirements (AR) in place, Women's, Drinkwise, ETE and Compliance. Following the introduction of the Legal Aid Sentences and Punishment of Offenders (LASPO) Act, HPT has decided to withdraw the Compliance Activity Requirement from 1 February 2013 and develop other routes to secure offender compliance, proposing fines as the standard option for Community Order/Suspended Sentence Order (CO/SSO) default.

The Women's Activity Requirement has been well received as an intervention by women offenders.

Drinkwise has proved more problematic and a detailed review of targeting criteria has taken place alongside a review of service delivery within HDARS, who are contracted to provide the service. There has been increased demand from the courts for the sex offenders programme and resources have been adjusted and the increased need recognised in the contract for 2013/14.

ETE SARs remain strong with good completion rates. HPT is piloting RJ group work with a view to the potential of constructing an RJ AR in 2013/14. HPT are planning to take on the replacements for OSAP and Anger Replacement Training (ART) programme in 2013/14 as well as the revised sex offender programme.

**Develop management use and understanding of Value for Money efficiency agenda including using the tools of PREview.**

The Medium Term Financial Plan has been updated regularly with the Savings Plan that identified savings required for a balanced Budget for 2013/14. HPT has completed the national benchmarking returns that are co-ordinated by NOMS. The process is being refined for the 2012/13 return by implementing a more robust system for recording activities by using process maps.

**Review the deployment of databases, IT Licences, implement the PCMS in line with national requirements, identifying opportunities for efficiency and innovation making sure information is managed securely.**

HPT has successfully piloted the new national probation case management system – N-Delius on behalf of the trusts. The system was successfully deployed into the live environment in early February 2013. HPT have contributed to a number of events to support the national project team and contributed to lessons learned ahead of the system being deployed nationally.

Led by the Chief Executive, HPT now has a firm presence on Twitter and has incorporated social media into the Communication Strategy.

## Performance Targets and Performance Measures 2012/13

| Target  | Hertfordshire result | National result |
|---|----------------------|-----------------|
| <b>Reducing Reoffending Rate</b><br>Reduce the rate of proven reoffending whilst under the supervision of probation (expressed as the number of offenders who commit offences during the period whilst under the supervision of probation as a percentage of the total number of offenders being managed) | 8.98%                | 9.54%           |
| <b>Licence Recall Requests</b><br>90% of licence recall requests to reach NOMS Post Release Section) within 24 hours of the decision by the Offender Manager  | 98.70%               | 96.74%          |
| <b>OASys Quality (Probation)</b><br>90% of OASys offender assessments judged at least satisfactory  | 97.21%               | 90.93%          |
| <b>Indeterminate Sentence Prisoners report timeliness</b><br>80% of IPP (Lifer) assessment reports completed and returned to prison within 8 weeks of Parole Review Commencement Date   | 100.00%              | 93.88%          |
| <b>Orders and Licences Successfully Completed</b><br>At least 72% of Orders and Licences successfully completed   | 81.50%               | 76.92%          |
| <b>Tier 2, 3, 4 and PPO OASys Final Reviews</b><br>At least 90% of OASys termination assessments to be completed within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 and PPO offenders   | 91.77%               | 89.94%          |
| <b>Accommodation at Termination (Probation)</b><br>At least 78% of offenders in settled and suitable accommodation at the end of their Order or Licence   | 86.36%               | 86.44%          |
| <b>Court Report Timeliness (incl RIC)</b><br>90% of SDRs/FDRs/ODRs completed within the timescales set by the court.  | 99.66%               | 98.66%          |
| <b>Enforcement</b><br>90% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply – all Tiers   | 96.55%               | 95.24%          |
| <b>Victim Feedback</b><br>90% of victim questionnaires at least satisfactory  | 100.00%              | 97.66%          |
| <b>Offender Feedback</b><br>67% of offenders respond positively in annual sample  | 73.37%               | 77.22%          |
| <b>Employment at Termination</b><br>45% of offenders in employment at termination of their Order or Licence   | 52.61%               | 49.40%          |
| <b>Sex Offender Programme Completions (Probation)</b><br>23 accredited sex offender treatment programme completions   | 24                   | 23              |
| <b>Domestic Violence Programme Completions (Probation)</b><br>60 accredited domestic violence programme completions   | 60                   | 60              |
| <b>Accredited OBP (excl SOTP and DV) Completions (Probation)</b><br>209 accredited offending behaviour programme completions  | 229                  | 209             |
| <b>ATR Completions</b><br>100 Alcohol Treatment Requirement completions   | 132                  | 100             |
| <b>DRR Completions</b><br>72 Drug Rehabilitation Requirement completions  | 90                   | 72              |
| <b>Community Payback Completions</b><br>800 Community Payback completions   | 839                  | 800             |
| <b>Sustained Employment</b><br>210 offenders under supervision who find and sustain employment for 4 weeks  | 233                  | 210             |

## Workload and Activity Statistics

### Commencements by type of order/licence:

|           | 2007/08 | 2008/9 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|-----------|---------|--------|---------|---------|---------|---------|
| CPO       | N/A     | 17     | 0       | 0       | 0       | 0       |
| CRO       | N/A     | 11     | 0       | 0       | 0       | 0       |
| CPRO      | N/A     | 4      | 0       | 0       | 0       | 0       |
| DTTO      | N/A     | 0      | 0       | 0       | 0       | 0       |
| Com Order | 2,426   | 3,027  | 3,033   | 2,881   | 2,706   | 2,668   |
| Licence   | 411     | 419    | 440     | 438     | 523     | 555     |

### Caseload

|           | 31 March 2008 | 31 March 2009 | 31 March 2010 | 31 March 2011 | 31 March 2012 | 31 March 2013 |
|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| CPO       | 23            | 14            | 0             | 0             | 0             | 0             |
| CRO       | 37            | 0             | 0             | 0             | 0             | 0             |
| CPRO      | N/A           | 16            | N/A           | 0             | 0             | 0             |
| DTTO      | N/A           | 0             | N/A           | 0             | 0             | 0             |
| Com Order | 2,395         | 2,389         | 2,485         | 2,387         | 2,220         | 2,132         |
| Licence   | 385           | 417           | 431           | 510           | 425           | 600           |

### Reports produced (PSR, SSR) by court type:

|         | 2007/08 |     | 2008/09 |     | 2009/10 |     | 2010/11 |     | 2011/12 |     | 2012/13 |     |
|---------|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|
|         | MAG     | CRN |
| SDR     | 1,380   | 717 | 1,395   | 835 | 1,017   | 772 | 633     | 717 | 345     | 401 | 537     | 378 |
| FDR ODR | 931     | 11  | 1,005   | 17  | 1,465   | 45  | 1631    | 277 | 2,014   | 288 | 1,589   | 251 |

### Community Punishment hours ordered/worked

|               | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---------------|---------|---------|---------|---------|---------|---------|
| Hours ordered | 128,935 | 156,014 | 155,667 | 153,463 | 145,128 | 145,430 |
| Hours worked  | 97,831  | 107,500 | 119,115 | 126,425 | 114,688 | 103,258 |

## 2. Accounts

### 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 Hertfordshire Probation Board which was established in 2001).

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 57, by the Secretary of State under the OM Act.

#### Principal activities

Hertfordshire Probation Trust covers the Hertfordshire police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.014 million. During the year, the Trust employed some 232 full time equivalent staff that worked from 4 buildings.

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 National Offender Management Service (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; and
- The rehabilitation of offenders.

The Chief Executive Officer (CEO) is the accounting statutory office holder appointed by the Secretary of State. The CEO is the Accounting Officer for the Trust and is accountable to the Director of Probation Trusts and Contracted Prisons who reports to the Chief Executive of the National offender management Service (NOMS) for the stewardship of resources provided to the Probation Trust.

#### Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. 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 26. The Statement of Changes in Taxpayers' Equity is shown on page 29.

### Operating costs

The net operating cost before tax for 2012–13 stands at a surplus of £301k compared to a surplus of £310k for 2011/12.

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

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

The net asset position has increased from £504k at March 2012 to £596k at March 2013. The largest single movement in net assets is £1,250k on trade and other receivables due to the full contract sum being received from NOMS before 31 March 2013. The other largest movement is the increase in pension fund deficit of £2,269k resulting from falling real bond yields partially offset by strong asset returns.

### Payment of creditors

In the year to 31 March 2013, the Trust paid 1,947 trade invoices with a value of £2,941,512. The percentage of undisputed invoices paid within 30 days by the Trust was 90% compared to 92% in 2011/12.

### Treatment of Pension Liabilities

Past and present employees of the Probation Trust are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme, and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Further information can be found in **Note 4** to the Accounts.

### Sickness absence data

The average levels of absence due to staff sickness were 11.2 days across the Trust (2011–12 10.4 days).

### Personal data related incidents

There were no cases of personal data related incidents in 2012–13.

### Events after the reporting period

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

As at the date of the Audit Certificate, the following reportable events had occurred. The results of the “Transforming Rehabilitation” consultation paper were published on 9 May 2013 by Chris Grayling, Lord Chancellor and Secretary of State for Justice, which announced the future requirements for the provision of probation services. Although the detail of the new structure has not been confirmed, the recommendations will change the way in which probation services are commissioned and delivered. As a result it is expected that the future structure of the probation service and of this Trust will need to change and adapt to meet the new requirements. HPT established a change programme office in collaboration with Cambridgeshire and Peterborough Probation Trust and Northamptonshire Probation Trust to lead the required changes.

It is expected that the detail will be finalised over the coming months.

### 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 59 to 61.

### Future developments

Details of future developments can be found in our **HPT Four Year Strategic Business Plan 2012–16**.

### Communications and employee involvement

HPT utilises a range of methods to ensure good communication with staff and key stake holders, these include:

- Daily Information Centre meetings for staff in each Centre
- Monthly LDU Management Meetings
- Monthly Team Brief cascaded to all staff concerning key messages, with opportunity to raise questions
- Quarterly Internal News – *Probation Courier*
- Quarterly Diversity Strategy Group, chaired by CEO, including representatives from staff reference groups, Service user group, Unions
- Bi Monthly Union/Management Meetings
- Quarterly Local Joint Negotiating Consultative Committee
- Assigned lead probation board member to each centre and the team at HMP The Mount
- A wide range of projects include staff representation from across LDUs, specialisms and grade
- CEO walk and talk visits planned through the year
- CEO and Board Chair briefings and engagement to support Transforming Rehabilitation Consultation
- Trained Diversity Champions in each centre
- Staff and Service User suggestion boxes
- Service User reference groups in each centre
- Key stakeholders (approx 80, including MPs and Sentencers) consulted in preparation of annual business plan
- Quarterly LDU reports to Community Safety Partnerships and key partners re reducing reoffending and caseload profiles
- MAPP Annual report
- Community Payback Annual Report
- Maintained website with regular updates concerning local media coverage

## Staff diversity

HPT regularly collects data to ensure we meet our objectives to promote equalities and remove discrimination both in the services we deliver and within our HR processes.

The HR, Training and Diversity Report containing a range of information and analysis of both service user and employee data is published on the website [www.hertfordshireprobation.gov.uk/about-us/diversity-and-equality](http://www.hertfordshireprobation.gov.uk/about-us/diversity-and-equality).

## 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 pages 24 and 25.

Total audit fees reported in the Accounts are £22,028. The audit fees for 2011–12 relate to the previous external auditor.

As Accounting 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 Hertfordshire Probation Trust Management Board

The governance arrangements within the Trust for the period April 2012 to March 2013, included:

- Board meetings
- Audit Committee
- Finance Committee
- Performance Committee
- Workforce and Diversity Committee
- Health and Safety Committee

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 17 to 18.

Membership of the Board of Hertfordshire Probation Trust is set out in the table below:

| Position                         | Name              | Date appointment commenced           |
|----------------------------------|-------------------|--------------------------------------|
| Chief Executive                  | Tessa Webb        | 1 April 2010                         |
| Chair                            | Delbert Sandiford | 1 April 2010                         |
| Board Member                     | Tap Bali          | 1 April 2010                         |
| Board Member                     | Robin Gardner     | 1 April 2010                         |
| Board Member                     | Judith Greenwood  | 1 October 2010                       |
| Board Member                     | Gabrielle Prince  | 1 April 2010                         |
| Board Member                     | John Wright       | 1 April 2010 (retired 31 March 2013) |
| Magistrates Advisor to the Board | Valerie Beale     | 17 October 2011                      |
| Magistrates Advisor to the Board | Andrew Stevenson  | 2 November 2011                      |

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.

Tessa Webb  
Chief Executive Officer and Accounting Officer for the Trust  
11 June 2013

## Remuneration Report

### Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with the Commissioner for Public Appointments “Guidance on Appointments to Public Bodies”. The emoluments of these persons are paid for through Ministry of Justice funds. These disclosures are subject to audit as laid out in the Government’s Financial Reporting Manual (FRoM).

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

### A) REMUNERATION – AUDITED

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

| Name                  | Role                    | 2012/13         |   | 2011/12         |   |
|-----------------------|-------------------------|-----------------|---|-----------------|---|
|                       |                         | Salary<br>£000s | Benefits in kind<br>(rounded to the<br>nearest £100)<br>£ | Salary<br>£000s | Benefits in kind<br>(rounded to the<br>nearest £100)<br>£ |
| Tessa Webb            | Chief Executive Officer | 80–85           | None  | 80–85           | None  |
| Delbert Sandiford     | Chair of the Board      | 15–20           | None  | 15–20           | None  |
| Tap Bali (R T N Bali) | Board Member            | 0–5             | None  | 0–5             | None  |
| Robin Gardner         | Board Member            | 0–5             | None  | 0–5             | None  |
| Judith Greenwood      | Board Member            | 0–5             | None  | 0–5             | None  |
| Gabrielle Prince      | Board Member            | 0–5             | None  | 0–5             | None  |
| John Wright           | Board Member            | 0–5             | None  | 0–5             | None  |
| Valerie Beale         | Magistrates Adviser     | 0–5             | None  | 0–5             | None  |
| Andrew Stevenson      | Magistrates Adviser     | 0–5             | None  | 0–5             | None  |

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2010, with the exception of the Chief Executive and the Chair. 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  | 80–85                                   | 80–85   |
| Median for other staff | £25,349                                 | £25,749 |
| Pay multiple ratio     | 3.3                                     | 3.1     |

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

### Salary

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

### Benefits in kind

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

**B) PENSION BENEFITS – AUDITED**

|                  | <b>Total accrued pension at pension age as at 31 March 2013 and related lump sum</b> | <b>Real increase/ (decrease) in pension and related lump sum at pension age</b> | <b>CETV at 31 March 2013</b> | <b>CETV at 31 March 2012</b> | <b>Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors</b> |
|------------------|--|---|------------------------------|------------------------------|--|
|                  | <b>£000s</b>   | <b>£000s</b>  | <b>£000s</b>                 | <b>£000s</b>                 | <b>£000s</b>   |
| Tessa Webb (CEO) | 25–30 plus lump sum of 70–75   | 0 to 2.5 plus lump sum of 0 to 2.5  | 582                          | 543                          | 17   |

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.

Tessa Webb  
Chief Executive Officer and Accounting Officer for the Trust  
11 June 2013

## Statement of Accounting Officer's Responsibilities

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

In preparing the accounts, the Accounting 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 Accounting Officer of the Trust. The responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting 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.

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Governance Statement

### Introduction

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Hertfordshire Probation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Secretary of State has delegated to the Permanent Secretary the responsibility for the management of the Ministry of Justice. I am accountable through the Director of Probation Trusts and Contracted Prisons who reports to the Chief Executive of the National Offender Management Service (NOMS) for the stewardship of resources provided to the Probation Trust.

I, or an Officer of the Trust, delegated by me, give account of service performance to Board meetings, its sub-committees and to the Director of Probation Trusts and Contracted Prisons on a regular basis throughout the year. The Trust gives account of its performance at the end of the financial year by providing an annual report to the Chief Executive of NOMS.

The Annual Governance Statement describes the system of internal control which is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hertfordshire Probation Trust for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

### Governance Framework

HPT has a Board which is made up of the Chair, the Chief Executive, five Board Members and two Magistrates Advisers. It has sub-committees that report in to it with minutes and comments from Committee Chairs. The Committees are Finance, Performance, Audit and Workforce and Diversity and each has their own Terms of Reference which are reviewed on an annual basis. There is also a Health and Safety Committee which submits its minutes and update reports to the Board. Attendance records are kept for the Board and the Committees and for 2012/13 attendance was at 83%.

A Business Risk Management Policy and Framework, approved by the Board, identifies the roles of the Chief Executive Officer, Board, Strategic Management Team, Staff and the Trust's Committees. In addition, it identifies risk management as an integral part of the system of internal control specifying the Trust's requirements in relation to policies and procedures, business planning, budgeting and regular reporting. As Trust policy, its status is such that it requires compliance from all staff.

The Strategic Risk Register is monitored and reviewed by the Trust's Audit Committee which identifies and monitors overall risks significant to the Trust. The Audit Committee reports to all Board meetings on the effectiveness of internal controls and alerts me as Accounting Officer and the Board on any emerging issues. An annual agreed programme of internal audit work is undertaken by the MoJ Internal Audit and Assurance Team and reported to the Audit Committee.

Training is provided for Senior Managers and Board and Audit Committee members as appropriate.

The Board reviews its effectiveness by the Chair carrying out annual appraisals for each Board Member. The Board completed the Institute of Directors questionnaire and the main points arising from this were discussed at the Board Development Day in June 2012. This confirmed good levels of satisfaction with internal control, risk management, performance management and the Audit Committee. The Audit

Committee undertakes an annual self-assessment using a checklist taking account of the Committee's Terms of Reference. The results are reported and discussed at the Audit Committee.

The Trust has considered its compliance with the HM Treasury Corporate Governance in Central Government Departments, Code of Good Practice. The Trust's practices are consistent with the principles of the Code as the Board reviews its effectiveness and role on annual basis. There are effective arrangements in place for risk management and internal control.

In 2011/12 the Board appointed two Magistrates Advisers to the Board and both also attend some of the Committees of the Board.

Regular meetings of the Strategic Management Team (SMT) review all new Policies and Strategies, taking account of consultation feedback before implementation. Progress on Action Plans is regularly monitored. The Trust implements a system of Team Briefings to continue to ensure regular consistent internal communication and the staff publication 'The Courier' continues to work effectively, as well as the Intranet 'Touch Point' and the website.

The Trust has made impressive efforts through the year to improve processes specifically in relation to risk management, expense payments, financial control and performance.

Internal Audit's recommendations are considered by the Strategic Management Team, the Local Delivery Unit (LDU) Management Teams and the Audit Committee. They are subject to regular reporting to the Audit Committee.

### **The Risk and Control Framework**

The Business Plan, Budget and Business Risk Management Policy and Framework are agreed annually by the Board. The Audit Assurance Framework is established and this provides the Audit Committee with additional assurances of the controls in place. It documents the areas covered by internal and external audits and other internal and external assurances

As part of the Business Risk Management Policy and Framework, a Strategic Risk Register is maintained throughout the year. The Risk Register is reviewed and re-scored on a monthly basis to evaluate the residual risks after taking in to account the controls in place by SMT. The Risk Register is then reported to every Audit Committee and then to the Board. From 2011/12 the Audit Assurance Framework was established and this provides the Audit Committee with additional assurances of the controls in place. It documents the areas covered by internal and external audits and other internal and external assurances.

The Trust has established a framework of policies and procedures that form a key part of the Trust's Control framework. These include:

- Contract Standing Orders
- Standing Financial Instructions
- Scheme of Delegation
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy

The Register identifies risks which underpin each Service priority and objective in the Business Plan. All risks are assessed in terms of both "likelihood" and "impact" and, where relevant, informed by the views of key stakeholders such as Local Authorities, Police and Sentencers. Control measures are identified in respect of every risk. The major risks identified for 2012/13 related to inadequate financial sustainability and longer term planning, failure to deliver contracts and unreliable business support systems. A new risk identified was for the sustainability of the Change Management Programme. Along with the Strategic Management Team and Audit Committee, I formally review monthly all identified risks and consider the updated assessment of the risk. Any significant variation of risk is reported to the Audit Committee as part of the Strategic Risk Register report to every meeting.

The Director of Finance and Business Development reports monthly to SMT, the monthly Management Accounts and Forecasts on the position of the Trust's finances. These are then reported to every Finance Committee and then reported to the Board. The Medium Term Financial Plan is reviewed regularly, taking in to account the Government's Comprehensive Spending Review and informs the Trust's Saving Plan on the level of savings required over the next 5 years. These are reported to the Finance Committee including progress on achieving the required savings.

The Board has reviewed, formalised and developed its arrangements by establishing Committees with delegated powers and advisory groups across the range of Service activity. The terms of reference of these groups includes a responsibility to assist in the identification and monitoring of relevant risks. The risks associated with management and control of information are monitored through the Strategic Risk Register and with compliance to external verification.

The internal auditors for Probation Trusts, the Internal Audit and Assurance Team, are well placed to ensure that I am aware of best practice and can take account of it in developing the Trust's capacity to manage risk. Their Audit Programme has not identified any significant issues and the Annual Internal Audit Report showed that all audit reports for 2012–13 were rated Amber Green. This gave an overall 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 are being effectively managed.

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place, in doing so I ensure that:

- The Business Risk Management Policy and Framework is updated, reviewed and approved as necessary on an annual basis;
- The Audit Committee undertakes an annual review of effectiveness;
- The recommendations of Internal Audit are implemented in a timely and comprehensive fashion;
- The implementation of Internal Audit Recommendations is regularly monitored by the Audit Committee;
- Areas for Improvement identified as part of the European Foundation for Quality Management (EFQM) Recognised For Excellence assessment are assimilated into the Business Plan,
- The Performance Management Framework challenges the organisation to continually improve.
- The Internal Audit Annual Report is provided to the Audit Committee to provide assurance to the Audit Committee and the Board, and;
- The Audit Committee provide an Annual Report detailing its activities during the year.

The Trust has continued to consolidate its position with regard to improved performance and has achieved a favourable position on the PTRS (NOMS performance measurement tool); the final performance rating at the end of 2012/13 continues to be green.

In summary, internal control is maintained through management processes that identify risks impacting on the organisation as a whole and on specific improvement plans. I monitor these risks through Strategic Management Team meetings, input from Lead Board Members, the Audit Committee, other Board Committees (Health and Safety, Finance, Performance and the Workforce and Diversity Committees) with minutes and comments from Committee Chairs being reported to the full Board. A "traffic light" system is used to highlight status of risk and exception reports are provided where risk

in relation to “likelihood” or “impact” are determined as increasing. Board Members provide assurance with regard to Human Resources, Finance, Diversity, Health and Safety and Performance Management.

Additional information in relation to risk is provided by internal and external audit reports, thematic national reports from NOMS and HM Inspectorate of Probation. The Trust also undertakes a number of internal reviews including European Foundation for Quality Management (EFQM) self-assessment.

The Performance Management Framework ensures that the service continues to benefit from both a comprehensive embedded monitoring system and a culture among staff that puts performance at the forefront of delivery. A Process Management initiative (Evolution) has continued to be implemented in order to contribute to continuous improvement and improving efficiency. This has supported the reviews under the Specification Benchmarking and Costing (SBC) programme.

The Business Plan was submitted to the Director of Probation Trusts and Contracted Prisons Community Lead following wide external consultation and sets a programme to work towards maximising the value of working with other providers whilst recognising the value for money principles of public service delivery. Training continues to take place with Budget holders to outline their responsibilities for financial control along with a re-issue and review of the financial regulations and delegations and Contract Standing Orders.

### **Significant Internal Control Issues**

No significant internal control matters have been identified.

Tessa Webb  
Chief Executive Officer and Accounting Officer for the Trust  
11 June 2013

## 3. 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 Hertfordshire 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 Hertfordshire Probation Trust's affairs as at 31 March 2013 and of the net operating gain 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.

### Opinion on other matters

In my opinion:

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

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**  
National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**5 July 2013**

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

|   |       | 2012–13      | 2011–12      |
|---|-------|--------------|--------------|
|   | Notes | £000         | £000         |
| <b>Administration costs</b>                           |       |              |              |
| Staff costs   | 3(a)  | 7,843        | 7,873        |
| Other administration costs                            | 6(a)  | 2,590        | 2,819        |
| Income  | 7(a)  | (11,105)     | (11,174)     |
| <b>Net administration costs / (income)</b>            |       | <b>(672)</b> | <b>(482)</b> |
| <b>Programme costs</b>                                |       |              |              |
| Staff costs   | 3(a)  | 140          | 152          |
| Other programme costs                                 | 6(b)  | 30           | 14           |
| Income  | 7(b)  | (184)        | (146)        |
| <b>Net programme costs / (income)</b>                 |       | <b>14</b>    | <b>20</b>    |
| <b>Net operating costs</b>                            |       | <b>(686)</b> | <b>(462)</b> |
| Expected return on pension assets                     | 4(d)  | (1,454)      | (1,726)      |
| Interest on pension scheme liabilities                | 4(d)  | 1,839        | 1,878        |
| <b>Net operating costs / (income) before taxation</b> |       | <b>(301)</b> | <b>(310)</b> |
| Taxation  | 5     | 39           | 30           |
| <b>Net operating costs / (income) after taxation</b>  |       | <b>(262)</b> | <b>(280)</b> |

### Other Comprehensive Expenditure

|   |       | 2012–13      | 2011–12      |
|---|-------|--------------|--------------|
|   | Notes | £000         | £000         |
| <b>Net operating costs / (income) after taxation</b>                    |       | <b>(262)</b> | <b>(280)</b> |
| Net (gain)/loss on revaluation of property, plant and equipment         | 8     | (6)          | (1)          |
| 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    | 2,269        | 3,574        |
| <b>Total comprehensive expenditure for the year ended 31 March 2013</b> |       | <b>2,001</b> | <b>3,293</b> |

The notes on pages 30 to 56 form part of these accounts.

## Statement of Financial Position

As at 31 March 2013

|  | Notes | 2012–13<br>£000 | 2011–12<br>£000 |
|--|-------|-----------------|-----------------|
| <b>Non-current assets</b>  |       |                 |                 |
| Property plant and equipment   | 8     | 92              | 124             |
| Intangible assets  | 9     | 49              | 0               |
| Deferred tax asset   | 19    | 0               | 0               |
| Trade and other receivables  | 12(a) | 0               | 0               |
| <b>Total non-current assets</b>                                      |       | <b>141</b>      | <b>124</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) | 146             | 1,396           |
| Cash and cash equivalents  | 13    | 1,616           | 593             |
| <b>Total current assets</b>  |       | <b>1,762</b>    | <b>1,989</b>    |
| <b>Total assets</b>  |       | <b>1,903</b>    | <b>2,113</b>    |
| <b>Current liabilities</b>   |       |                 |                 |
| Trade and other payables   | 14(a) | (519)           | (624)           |
| Provisions   | 15    | (8)             | (13)            |
| Taxation payables  | 14(a) | (780)           | (972)           |
| <b>Total current liabilities</b>                                     |       | <b>(1,307)</b>  | <b>(1,609)</b>  |
| <b>Non-current assets plus/less net current assets/(liabilities)</b> |       | <b>596</b>      | <b>504</b>      |
| <b>Non-current liabilities</b>                                       |       |                 |                 |
| Trade and other payables   | 14(a) | 0               | 0               |
| Provisions   | 15    | 0               | 0               |
| Pension liability  | 4(c)  | (14,241)        | (12,148)        |
| <b>Total non-current liabilities</b>                                 |       | <b>(14,241)</b> | <b>(12,148)</b> |
| <b>Assets less liabilities</b>                                       |       | <b>(13,645)</b> | <b>(11,644)</b> |
| <b>Taxpayers' equity</b>   |       |                 |                 |
| General fund   | 23    | (13,651)        | (11,644)        |
| Revaluation reserve – property, plant and equipment                  | 24(a) | 6               | 0               |
| Revaluation reserve – intangible assets                              | 24(b) | 0               | 0               |
|  |       | <b>(13,645)</b> | <b>(11,644)</b> |

The financial statements on pages 26 to 29 were approved by the Board on 11 June 2013 and were signed on its behalf by

Tessa Webb  
Chief Executive Officer and Accounting Officer for the Trust  
11 June 2013

The notes on pages 30 to 56 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    | 262          | 280          |
| Adjustments for non-cash transactions                                     | 6(a)  | 33           | 45           |
| Adjustments for pension cost  | 4(d)  | (176)        | (238)        |
| (Increase)/decrease in receivables  | 12(a) | 1,250        | (376)        |
| Increase/(decrease) in payables   | 14(a) | (297)        | 145          |
| Utilisation of provisions   | 15    | 0            | 0            |
| Less movements in property, plant and equipment payable                   | 14(a) | (49)         | 0            |
| Less payments of amounts due to Consolidated Fund to NOMS                 | 14(a) | 0            | 6            |
| <b>Net cash outflow from operating activities</b>                         |       | <b>1,023</b> | <b>(138)</b> |
| <b>Cash flows from investing activities</b>                               |       |              |              |
| Purchase of property, plant and equipment                                 | 8     | 49           | (24)         |
| Purchase of intangibles   | 9     | (49)         | 0            |
| Proceeds on disposal of property, plant and equipment                     | 8     | 0            | 0            |
| Proceeds on disposal of intangibles                                       | 9     | 0            | 0            |
| <b>Net cash outflow from investing activities</b>                         |       | <b>0</b>     | <b>(24)</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            | (6)          |
| <b>Net financing</b>  |       | <b>0</b>     | <b>(6)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents in the period</b> |       | <b>1,023</b> | <b>(168)</b> |
| Cash and cash equivalents at the beginning of the period                  | 13    | 593          | 761          |
| Cash and cash equivalents at the end of the period                        | 13    | 1,616        | 593          |
| <b>Increase/(decrease) in cash</b>  |       | <b>1,023</b> | <b>(168)</b> |

The notes on pages 30 to 56 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

|   | Notes | General Fund<br>£000 | Revaluation Reserve<br>£000 | Total<br>£000   |
|---|-------|----------------------|-----------------------------|-----------------|
| <b>Balance as at 1 April 2011</b>                               |       | <b>(8,351)</b>       | <b>0</b>                    | <b>(8,351)</b>  |
| Prior period adjustment   | 23/24 | 0                    | 0                           | 0               |
| <b>As restated at 1 April 2011</b>                              |       | <b>(8,351)</b>       | <b>0</b>                    | <b>(8,351)</b>  |
| <b>Changes in taxpayers' equity for 2011–12</b>                 |       |                      |                             |                 |
| Net operating income / (cost) after taxation                    | SocNE | 280                  |                             | 280             |
| Net gain/(loss) on revaluation of property, plant and equipment | 24(a) |                      | 0                           | 0               |
| Net gain/(loss) on revaluation of intangibles                   | 24(b) |                      | 0                           | 0               |
| Movement in donated assets                                      | 23    | 0                    |                             | 0               |
| Transferred from revaluation reserve                            | 23    | 1                    |                             | 1               |
| Pension actuarial (loss)/gain                                   | 23    | (3,574)              |                             | (3,574)         |
| Net NOMS financing received in year                             | 23    | 0                    |                             | 0               |
| <b>Balance as at 31 March 2012</b>                              |       | <b>(11,644)</b>      | <b>0</b>                    | <b>(11,644)</b> |
| <b>Changes in taxpayers' equity for 2012–13</b>                 |       |                      |                             |                 |
| Net operating income / (cost) cost after taxation               | SocNE | 262                  |                             | 262             |
| Net gain/(loss) on revaluation of property, plant and equipment | 24(a) |                      | 6                           | 6               |
| Net gain/(loss) on revaluation of intangibles                   | 24(b) |                      | 0                           | 0               |
| Movement in donated assets                                      | 23    | 0                    |                             | 0               |
| Transferred from revaluation reserve                            | 23    | 0                    |                             | 0               |
| Pension actuarial (loss)/gain                                   | 23    | (2,269)              |                             | (2,269)         |
| Net NOMS financing received in year                             | 23    | 0                    |                             | 0               |
| <b>Balance as at 31 March 2013</b>                              |       | <b>(13,651)</b>      | <b>6</b>                    | <b>(13,645)</b> |

The notes on pages 30 to 56 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 (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

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

The Trust has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements, 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 IAS 19 for the 2012–13 reporting period, the impact on the financial statements would have been an increase of £184,000. This will be discussed in the report covering the year to 31 March 2014.

#### 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 £5,000, 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 in their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under "accommodation, maintenance and 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 and equipment              | 3 to 15 years depending on individual asset type |
| Vehicles                         | 7 years depending on individual asset type       |
| Furniture, fixtures and 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 £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

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

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 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

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 (CT). 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 and Strategic Management Team. As the Trust’s activities are presented in total, no further segmental analysis is required. This is in accordance with IFRS 8 Segmental Reporting. Therefore, the financial information reported to the Board is in line with the information contained in this report.

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

As stated in the Trust's Accounting Policies (**Note 1.19**), the Trust's activities are presented in total in the Annual report and Accounts, so no further segmental is required. This is in accordance with IFRS 8 Segmental Reporting. The internal reporting to the Board covers the nature of the services, the type and class of customer for the services, the methods used to provide the services and, the nature of the regulatory environment.

### 3. Staff numbers and related costs

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

|   | 2012-13       |  |                | 2011-12       |
|---|---------------|--|----------------|---------------|
|   | Total<br>£000 | Permanently-<br>employed staff<br>£000 | Others<br>£000 | Total<br>£000 |
| Wages and salaries                                | 6,861         | 6,328                                  | 533            | 6,848         |
| Social security costs                             | 487           | 487                                    | 0              | 509           |
| Other pension costs                               | 1,015         | 1,015                                  | 0              | 1,051         |
| <b>Sub-total</b>                                  | <b>8,363</b>  | <b>7,830</b>                           | <b>533</b>     | <b>8,408</b>  |
| Less recoveries in respect of outward secondments | (380)         | (380)                                  | 0              | (383)         |
| <b>Total staff costs</b>                          | <b>7,983</b>  | <b>7,450</b>                           | <b>533</b>     | <b>8,025</b>  |
| Administration-related staff costs                | 7,843         | 7,335                                  | 508            | 7,873         |
| Programme-related staff costs                     | 140           | 115                                    | 25             | 152           |
|   | <b>7,983</b>  | <b>7,450</b>                           | <b>533</b>     | <b>8,025</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**.

No staff retired early on ill-health grounds, so no additional pension liabilities were accrued in the year (2011/12 No staff and £0).

#### 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-<br>employed staff | Others    | Total      |
|  | 232        | 219                            | 13        | 232        |
|  | <b>232</b> | <b>219</b>                     | <b>13</b> | <b>232</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                                 | 1                                 | 1  |
| £10,000-£25,000                              | 0                                 | 1                                 | 1  | 0                                 | 1                                 | 1  |
| £25,000-£50,000                              | 0                                 | 0                                 | 0  | 0                                 | 2                                 | 2  |
| £50,000-£100,000                             | 0                                 | 0                                 | 0  | 0                                 | 1                                 | 1  |
| £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>4</b>                          | <b>4</b>                                   | <b>0</b>                          | <b>5</b>                          | <b>5</b>                                   |
| <b>Total resource cost £000</b>              | <b>0</b>                          | <b>34</b>                         | <b>34</b>                                  | <b>0</b>                          | <b>127</b>                        | <b>127</b>                                 |

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

There have been four voluntary early departures this year, the first resulting from the re-configuration of the prison team, which cost the Trust an additional £7k in pension capital strain costs. The other three posts (one Senior Probation Officer (SPO) and two Technical Information Support Officers (TISOs)) went as part of the Trust's Savings Plan. One of the TISO post cost the Trust an additional £13k in pension strain capital costs.

## 4. Pensions costs

The provision of the Local Government Pension Scheme (LGPS) covers past and present employees. The Trust participates in the LGPS administered by London Pension Fund Authority on behalf of Hertfordshire County Council. The LGPS provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at a rate one-eighth of pensionable pay for each year of service. In addition a lump sum equivalent to three-eighths of final pay for every year of total membership is payable upon retirement.

### 4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hyman Robinson. For 2012–13, employers’ contributions of £1,576,130 were payable to the LGPS (2011–12 £1,440,750) at 15.5%, with lump sum payments totalling £761,000. The scheme’s 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. The Trust will continue to use the CIPFA discount rate for valuing liabilities (unless advised otherwise by NOMS) – this has previously agreed methodology with the National Audit Office.

With effect from 1 April 2010, early retirement costs have been included within the Actuarial pension valuation and calculated on the same bases as the pension fund scheme assets and liabilities, in accordance with IAS 19. This was a change to the accounting policy, but as the Trust did not hold any early retirement costs outside the Actuarial valuation, the pension figure did not require reinstatement.

Partnership accounts are excluded under IAS 19.

The approximate employer’s pension contributions for the three years from:

- Employer’s contributions for 2012–13 were 15.5% of salaries and total lump-sum contributions of £761,000; and,
- Employer’s contributions for 2013–14 will be 15.5% of salaries and a lump-sum contribution of £591,000; and
- Employer’s contributions for 2014–15 will be 15.5% of salaries and a lump-sum contribution of at least £591,000, depending on the Actuarial valuation.

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

|  | 2012–13 | 2011–12 |
|--|---------|---------|
|  | %       | %       |
| Inflation assumption   | 2.8%    | 2.5%    |
| Rate of increase in salaries                                   | 5.1%    | 4.8%    |
| Rate of increase for pensions in payment and deferred pensions | 2.8%    | 2.5%    |
| Discount rate  | 4.5%    | 4.8%    |

Mortality Assumptions made by the Actuary are based on the SAPS year of birth tables with improvements in line with the Medium Cohort and a 1% underpin from 2007. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

- Current Pensioners – 21.0 years (males) and 23.8 years (females);
- Future Pensioners – 22.9 years (males) and 25.7 years (females).

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                                     | 4.5%                              | 71%  | 21,728          | 6.2%                              | 69%  | 18,069          |
| Government bonds                             | 3.0%                              | 9%   | 2,780           | 3.3%                              | 8%   | 2,062           |
| Other bonds                                  | 4.1%                              | 9%   | 2,728           | 4.6%                              | 10%  | 2,652           |
| Property                                     | 4.5%                              | 5%   | 1,530           | 4.4%                              | 6%   | 1,571           |
| Other  | 4.5%                              | 6%   | 1,836           | 3.5%                              | 7%   | 1,833           |
| <b>Total</b>                                 |                                   | <b>100%</b>                                  | <b>30,602</b>   |                                   | <b>100%</b>                                  | <b>26,187</b>   |
| <b>(Present value of scheme liabilities)</b> |                                   |  | <b>(44,843)</b> |                                   |  | <b>(38,335)</b> |
| <b>Surplus/(deficit) of the scheme</b>       |                                   |  | <b>(14,241)</b> |                                   |  | <b>(12,148)</b> |
| <b>Net pension asset/(liability)</b>         |                                   |  | <b>(14,241)</b> |                                   |  | <b>(12,148)</b> |

## 4d. Analysis of amounts recognised in SoCNE

|                               | 2012–13      | 2011–12      |
|-------------------------------|--------------|--------------|
|                               | £000         | £000         |
| <b>Pension cost</b>           |              |              |
| Current service cost          | 1,002        | 966          |
| Past service cost             | 13           | 0            |
| Effect of curtailment         | 0            | 85           |
| Effect of settlement          | 0            | 0            |
| <b>Total operating charge</b> | <b>1,015</b> | <b>1,051</b> |

|   | 2012–13    | 2011–12    |
|---|------------|------------|
|   | £000       | £000       |
| <b>Analysis of interest cost on pension scheme – assets/(liabilities)</b> |            |            |
| Expected return on pension scheme assets                                  | (1,454)    | (1,726)    |
| Interest on pension scheme liabilities                                    | 1,839      | 1,878      |
| <b>Net interest costs</b>   | <b>385</b> | <b>152</b> |

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

|   | 2012–13        | 2011–12        |
|---|----------------|----------------|
|   | £000           | £000           |
| Pension actuarial gain/(loss)                         | (2,269)        | (3,574)        |
| Irrecoverable surplus (if applicable)                 | 0              | 0              |
| <b>Total shown in other comprehensive expenditure</b> | <b>(2,269)</b> | <b>(3,574)</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>38,335</b> | <b>33,929</b> |
| Current service cost                        | 1,002         | 966           |
| Interest cost                               | 1,839         | 1,878         |
| Contributions by members                    | 361           | 360           |
| Actuarial (gains)/losses on liabilities*    | 4,724         | 2,368         |
| Benefits paid                               | (1,431)       | (1,251)       |
| Past service cost                           | 13            | 0             |
| Unfunded benefits paid                      | 0             | 0             |
| Curtailments                                | 0             | 85            |
| Settlements                                 | 0             | 0             |
| <b>Closing present value of liabilities</b> | <b>44,843</b> | <b>38,335</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>26,187</b> | <b>25,117</b> |
| Expected return on assets                    | 1,454         | 1,726         |
| Actuarial gains/(losses) on assets           | 2,455         | (1,206)       |
| Contributions by the employer                | 1,576         | 1,441         |
| Contributions by members                     | 361           | 360           |
| Benefits paid                                | (1,431)       | (1,251)       |
| Net increase from disposals and acquisitions | 0             | 0             |
| Unfunded benefits paid                       | 0             | 0             |
| Curtailments                                 | 0             | 0             |
| Settlements                                  | 0             | 0             |
| <b>Closing fair value of assets</b>          | <b>30,602</b> | <b>26,187</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                                       | 30,602          | 26,187          | 25,117         | 23,112          | 16,920         |
| Present value of liabilities                               | (44,843)        | (38,335)        | (33,929)       | (40,005)        | (25,043)       |
| <b>Surplus/(deficit)</b>                                   | <b>(14,241)</b> | <b>(12,148)</b> | <b>(8,812)</b> | <b>(16,893)</b> | <b>(8,123)</b> |
| Experience gains/(losses) on scheme assets                 | 2,455           | (1,206)         | 5              | 4,486           | (6,641)        |
| Experience gains/(losses) on scheme liabilities            | 65              | (513)           | 445            | 0               | 816            |
| Percentage experience gains/(losses) on scheme assets      | <b>8%</b>       | <b>-5%</b>      | <b>0%</b>      | <b>19%</b>      | <b>-39%</b>    |
| Percentage experience gains/(losses) on scheme liabilities | <b>0%</b>       | <b>-1%</b>      | <b>1%</b>      | <b>0%</b>       | <b>3%</b>      |

#### 4i. Sensitivity analysis

IAS1 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 March 2013     | Approximate %age<br>increase to Employer<br>Liability | Approximate monetary<br>amount |
|--|---|--------------------------------|
|  | %   | £000                           |
| 0.5% decrease in real discount rate        | 10%   | 4,426                          |
| 1 year increase in member life expectancy  | 3%  | 1,345                          |
| 0.5% increase in the salary increase rate  | 3%  | 1,263                          |
| 0.5% increase in the pension increase rate | 7%  | 3,100                          |

## 5. Taxation

|                    | 2012–13   | 2011–12   |
|--------------------|-----------|-----------|
|                    | £000      | £000      |
| UK corporation tax | 39        | 30        |
| <b>Total</b>       | <b>39</b> | <b>30</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 Corporation Tax 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                          | 8       |              | 6       |              |
| Interest charges  | 0       |              | 0       |              |
| Accommodation, maintenance and utilities                | 814     |              | 889     |              |
| Travel, subsistence and hospitality                     | 170     |              | 225     |              |
| Professional services                                   | 196     |              | 268     |              |
| IT services   | 397     |              | 420     |              |
| Communications, office supplies and services            | 187     |              | 173     |              |
| Other staff related                                     | 148     |              | 104     |              |
| Offender costs  | 474     |              | 573     |              |
| Other expenditure                                       | 126     |              | 78      |              |
| External Auditors' remuneration – statutory accounts    | 22      |              | 23      |              |
| External Auditors' remuneration – other                 | 0       |              | 0       |              |
| Internal Auditors' remuneration and expenses            | 15      |              | 15      |              |
|   |         | <b>2,557</b> |         | <b>2,774</b> |
| <b>Non-cash items</b>                                   | 38      |              | 47      |              |
| Depreciation of tangible non-cash assets                | 0       |              | 0       |              |
| Amortisation of intangible non-cash assets              | 0       |              | 0       |              |
| Impairment of non-current assets                        | 0       |              | 0       |              |
| Profit/(loss) on disposal of tangible non-cash assets   | 0       |              | 0       |              |
| Profit/(loss) on disposal of intangible non-cash assets | 0       |              | 0       |              |
| Other provisions provided for / (released) in year      | (5)     |              | (2)     |              |
| Early retirement provisions not required                | 0       |              | 0       |              |
|   |         | <b>33</b>    |         | <b>45</b>    |
| <b>Total</b>  |         | <b>2,590</b> |         | <b>2,819</b> |

### 6b. Programme costs

|   |    |              |    |              |
|---|----|--------------|----|--------------|
| Current expenditure                                   | 30 |              | 14 |              |
| <b>Total</b>  |    | <b>30</b>    |    | <b>14</b>    |
| <b>Total other administration and programme costs</b> |    | <b>2,620</b> |    | <b>2,833</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            | 10,824  |               | 10,909  |               |
| 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>10,824</b> |         | <b>10,909</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                        |         | 85            |         | 68            |
| Other income from NOMS   |         | 24            |         | 15            |
| Other income from rest of MoJ Group                                |         | 0             |         | 30            |
| Other income from other Government departments                     |         | 76            |         | 116           |
| Miscellaneous income   |         | 90            |         | 32            |
|  |         | <b>11,099</b> |         | <b>11,170</b> |
| Interest received:   |         |               |         |               |
| From bank  | 6       |               | 4       |               |
| From car loans   | 0       |               | 0       |               |
| From other sources   | 0       |               | 0       |               |
| <b>Total interest received</b>                                     |         | <b>6</b>      |         | <b>4</b>      |
| <b>Total administration income</b>                                 |         | <b>11,105</b> |         | <b>11,174</b> |

|   |     |               |     |               |
|---|-----|---------------|-----|---------------|
| EU income from NOMS                         | 0   |               | 0   |               |
| EU income from other Government departments | 0   |               | 0   |               |
| Other EU income                             | 184 |               | 146 |               |
| Other programme income                      | 0   |               | 0   |               |
| <b>Total programme income</b>               |     | <b>184</b>    |     | <b>146</b>    |
| <b>Total income</b>                         |     | <b>11,289</b> |     | <b>11,320</b> |

## 8. Property, plant and equipment

|   | 2012–13                |                     |                     |            |
|---|------------------------|---------------------|---------------------|------------|
|   | Information technology | Plant and machinery | Transport equipment | Total      |
|   | £000                   | £000                | £000                | £000       |
| <b>Cost or valuation</b>                  |                        |                     |                     |            |
| <b>As at 1 April 2012</b>                 | <b>8</b>               | <b>174</b>          | <b>213</b>          | <b>395</b> |
| Additions                                 | 0                      | 0                   | 0                   | 0          |
| Disposals                                 | 0                      | 0                   | 0                   | 0          |
| Transfers                                 | 0                      | 0                   | 0                   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0          |
| Indexation/revaluation                    | 1                      | 7                   | 12                  | 20         |
| <b>As at 31 March 2013</b>                | <b>9</b>               | <b>181</b>          | <b>225</b>          | <b>415</b> |
| <b>Depreciation</b>                       |                        |                     |                     |            |
| <b>As at 1 April 2012</b>                 | <b>3</b>               | <b>135</b>          | <b>133</b>          | <b>271</b> |
| Charge in year                            | 2                      | 20                  | 16                  | 38         |
| Disposals                                 | 0                      | 0                   | 0                   | 0          |
| Transfers                                 | 0                      | 0                   | 0                   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0          |
| Indexation/revaluation                    | 1                      | 5                   | 8                   | 14         |
| <b>As at 31 March 2013</b>                | <b>6</b>               | <b>160</b>          | <b>157</b>          | <b>323</b> |
| <b>Carrying value as at 31 March 2013</b> | <b>3</b>               | <b>21</b>           | <b>68</b>           | <b>92</b>  |
| <b>Carrying value as at 31 March 2012</b> | <b>5</b>               | <b>39</b>           | <b>80</b>           | <b>124</b> |
| <b>Asset financing</b>                    |                        |                     |                     |            |
| Owned                                     | 3                      | 21                  | 68                  | 92         |
| Finance leased                            | 0                      | 0                   | 0                   | 0          |
| <b>Carrying value as at 31 March 2013</b> | <b>3</b>               | <b>21</b>           | <b>68</b>           | <b>92</b>  |

## 8. (Continued)

|   | 2011–12                |                     |                     |            |
|---|------------------------|---------------------|---------------------|------------|
|   | Information technology | Plant and machinery | Transport equipment | Total      |
|   | £000                   | £000                | £000                | £000       |
| <b>Cost or valuation</b>                  |                        |                     |                     |            |
| <b>As at 1 April 2011</b>                 | <b>8</b>               | <b>172</b>          | <b>188</b>          | <b>368</b> |
| Additions                                 | 0                      | 0                   | 24                  | 24         |
| Disposals                                 | 0                      | 0                   | 0                   | 0          |
| Transfers                                 | 0                      | 0                   | 0                   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0          |
| Indexation/revaluation                    | 0                      | 2                   | 1                   | 3          |
| <b>As at 31 March 2012</b>                | <b>8</b>               | <b>174</b>          | <b>213</b>          | <b>395</b> |
| <b>Depreciation</b>                       |                        |                     |                     |            |
| <b>As at 1 April 2011</b>                 | <b>1</b>               | <b>104</b>          | <b>117</b>          | <b>222</b> |
| Charge in year                            | 2                      | 29                  | 16                  | 47         |
| Disposals                                 | 0                      | 0                   | 0                   | 0          |
| Transfers                                 | 0                      | 0                   | 0                   | 0          |
| Reclassifications                         | 0                      | 0                   | 0                   | 0          |
| Impairments                               | 0                      | 0                   | 0                   | 0          |
| Indexation/revaluation                    | 0                      | 2                   | 0                   | 2          |
| <b>As at 31 March 2012</b>                | <b>3</b>               | <b>135</b>          | <b>133</b>          | <b>271</b> |
| <b>Carrying value as at 31 March 2012</b> | <b>5</b>               | <b>39</b>           | <b>80</b>           | <b>124</b> |
| <b>Carrying value as at 31 March 2011</b> | <b>7</b>               | <b>68</b>           | <b>71</b>           | <b>146</b> |
| <b>Asset financing</b>                    |                        |                     |                     |            |
| Owned                                     | 5                      | 39                  | 80                  | 124        |
| Finance leased                            | 0                      | 0                   | 0                   | 0          |
| <b>Carrying value as at 31 March 2012</b> | <b>5</b>               | <b>39</b>           | <b>80</b>           | <b>124</b> |

## 9. Intangible assets

|   | 2012–13   |  |           |
|---|-----------|--|-----------|
|   | Software  | Payments on<br>account and<br>assets under<br>construction | Total     |
|   | £000      | £000   | £000      |
| <b>Cost or valuation</b>                  |           |  |           |
| <b>As at 1 April 2012</b>                 | <b>10</b> | <b>0</b>   | <b>10</b> |
| Additions                                 | 0         | 49   | 49        |
| Disposals                                 | 0         | 0  | 0         |
| Reclassifications                         | 0         | 0  | 0         |
| Indexation/revaluation                    | 0         | 0  | 0         |
| Transfers                                 | 0         | 0  | 0         |
| Impairments                               | 0         | 0  | 0         |
| <b>As at 31 March 2013</b>                | <b>10</b> | <b>49</b>  | <b>59</b> |
| <b>Amortisation</b>                       |           |  |           |
| <b>As at 1 April 2012</b>                 | <b>10</b> | <b>0</b>   | <b>10</b> |
| Charge in year                            | 0         | 0  | 0         |
| Disposals                                 | 0         | 0  | 0         |
| Reclassifications                         | 0         | 0  | 0         |
| Indexation/revaluation                    | 0         | 0  | 0         |
| Transfers                                 | 0         | 0  | 0         |
| Impairments                               | 0         | 0  | 0         |
| <b>As at 31 March 2013</b>                | <b>10</b> | <b>0</b>   | <b>10</b> |
| <b>Carrying value as at 31 March 2013</b> | <b>0</b>  | <b>49</b>  | <b>49</b> |
| <b>Carrying value as at 31 March 2012</b> | <b>0</b>  | <b>0</b>   | <b>0</b>  |
| <b>Asset financing</b>                    |           |  |           |
| Owned                                     | 0         | 49   | 49        |
| Finance leased                            | 0         | 0  | 0         |
| <b>Carrying value as at 31 March 2013</b> | <b>0</b>  | <b>49</b>  | <b>49</b> |

## 9. (Continued)

|   | 2011–12   |  |           |
|---|-----------|--|-----------|
|   | Software  | Payments on<br>account and<br>assets under<br>construction | Total     |
|   | £000      | £000   | £000      |
| <b>Cost or valuation</b>                  |           |  |           |
| <b>As at 1 April 2011</b>                 | <b>10</b> | <b>0</b>   | <b>10</b> |
| Additions                                 | 0         | 0  | 0         |
| Disposals                                 | 0         | 0  | 0         |
| Reclassifications                         | 0         | 0  | 0         |
| Indexation/revaluation                    | 0         | 0  | 0         |
| Transfers                                 | 0         | 0  | 0         |
| Impairments                               | 0         | 0  | 0         |
| <b>As at 31 March 2012</b>                | <b>10</b> | <b>0</b>   | <b>10</b> |
| <b>Amortisation</b>                       |           |  |           |
| <b>As at 1 April 2011</b>                 | <b>10</b> | <b>0</b>   | <b>10</b> |
| Charge in year                            | 0         | 0  | 0         |
| Disposals                                 | 0         | 0  | 0         |
| Reclassifications                         | 0         | 0  | 0         |
| Indexation/revaluation                    | 0         | 0  | 0         |
| Transfers                                 | 0         | 0  | 0         |
| Impairments                               | 0         | 0  | 0         |
| <b>As at 31 March 2012</b>                | <b>10</b> | <b>0</b>   | <b>10</b> |
| <b>Carrying value as at 31 March 2012</b> | <b>0</b>  | <b>0</b>   | <b>0</b>  |
| <b>Carrying value as at 31 March 2011</b> | <b>0</b>  | <b>0</b>   | <b>0</b>  |
| <b>Asset financing</b>                    |           |  |           |
| Owned                                     | 0         | 0  | 0         |
| Finance leased                            | 0         | 0  | 0         |
| <b>Carrying value as at 31 March 2012</b> | <b>0</b>  | <b>0</b>   | <b>0</b>  |

## 10. Impairments

There have been no impairments of Non-Current Assets during 2012/13.

## 11. Assets held for sale

There were no assets held for sale as at 31 March 2013.

## 12. Trade receivables and other current assets

### 12a. Analysis by type

|  | 2012–13<br>£000 | 2011–12<br>£000 |
|--|-----------------|-----------------|
| <b>Amounts falling due within one year</b>                   |                 |                 |
| Trade receivables  | 54              | 23              |
| VAT  | 0               | 0               |
| Deposits and advances  | 0               | 5               |
| Receivables due from Probation Trusts                        | 80              | 6               |
| Receivables due from NOMS agency                             | 0               | 1,160           |
| Receivables due from Ministry of Justice – core              | 0               | 0               |
| Receivables due from Ministry of Justice – NDPBs             | 0               | 0               |
| Receivables due from HM Courts and Tribunals Service (HMCTS) | 0               | 0               |
| Receivables due from Office of the Public Guardian (OPG)     | 0               | 0               |
| Receivables due from all other Government departments        | 12              | 51              |
| Other receivables  | 0               | 1               |
| Prepayments  | 0               | 43              |
| Accrued income   | 0               | 107             |
|  | <b>146</b>      | <b>1,396</b>    |
| <b>Amounts falling due after more than one year</b>          |                 |                 |
| Trade receivables  |                 |                 |
| Deposits and advances  | 0               | 0               |
| Receivables due from Probation Trusts                        | 0               | 0               |
| Other receivables  | 0               | 0               |
| Prepayments and accrued income                               | 0               | 0               |
|  | <b>0</b>        | <b>0</b>        |
| <b>Total</b>   | <b>146</b>      | <b>1,396</b>    |

### 12b. Intra-Government receivables

|  | Amounts falling due within<br>one year |                 | Amounts falling due after more<br>than one year |                 |
|--|--|-----------------|---|-----------------|
|  | 2012–13<br>£000                        | 2011–12<br>£000 | 2012–13<br>£000                                 | 2011–12<br>£000 |
| Balances with other central Government bodies (inc. parent department) | 80                                     | 1,166           | 0   | 0               |
| Balances with local authorities  | 12                                     | 51              | 0   | 0               |
| Balances with NHS bodies   | 0                                      | 0               | 0   | 0               |
| Balances with public corporations and trading funds                    | 0                                      | 0               | 0   | 0               |
|  | <b>92</b>                              | <b>1,217</b>    | <b>0</b>  | <b>0</b>        |
| Balances with bodies external to Government                            | 54                                     | 179             |   | 0               |
| <b>Total</b>   | <b>146</b>                             | <b>1,396</b>    | <b>0</b>  | <b>0</b>        |

## 13. Cash and cash equivalents

|   | 2012–13      | 2011–12    |
|---|--------------|------------|
|   | £000         | £000       |
| Balance at 1 April                              | 593          | 761        |
| Net change in cash and cash equivalents         | 1,023        | (168)      |
| <b>Balance at 31 March</b>                      | <b>1,616</b> | <b>593</b> |
| The following balances at 31 March are held at: |              |            |
| Government Banking Service                      | 0            | 0          |
| Commercial banks and cash in hand               | 1,616        | 593        |
| <b>Balance at 31 March</b>                      | <b>1,616</b> | <b>593</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  | 90           | 44           |
| Other payables  | 3            | 3            |
| Accruals  | 77           | 33           |
| Deferred income   | 14           | 0            |
| Staff payables  | 137          | 146          |
| Bank overdraft  | 0            | 0            |
| Payables due to Probation Trusts                                | 6            | 6            |
| Payables due to NOMS Agency                                     | 40           | 262          |
| Payables due to Ministry of Justice – core                      | 0            | 0            |
| Payables due to Ministry of Justice – NDPBs                     | 0            | 0            |
| Payables due to HM Courts and Tribunals Service (HMCTS)         | 0            | 0            |
| Payables due to Office of the Public Guardian (OPG)             | 0            | 0            |
| Payables due to all other Government departments                | 9            | 33           |
| Unpaid pensions contributions due to the pensions scheme        | 94           | 97           |
| Long-term liabilities due within one year                       | 0            | 0            |
| Operating income to be surrendered (interest received)          | 0            | 0            |
| Non-current asset accruals                                      | 49           | 0            |
|   | <b>519</b>   | <b>624</b>   |
| <b>Tax falling due within one year</b>                          |              |              |
| VAT   | 591          | 761          |
| Corporation tax   | 39           | 30           |
| Other taxation and social security                              | 150          | 181          |
|   | <b>780</b>   | <b>972</b>   |
| <b>Total amounts falling due within one year</b>                | <b>1,299</b> | <b>1,596</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>1,299</b> | <b>1,596</b> |

### 14b. Intra-Government payables

|  | Amounts falling due within<br>one year |              | Amounts falling due after more<br>than one year |          |
|--|--|--------------|---|----------|
|  | 2012–13                                | 2011–12      | 2012–13   | 2011–12  |
|  | £000                                   | £000         | £000  | £000     |
| Balances with other central Government bodies (inc. parent department) | 826                                    | 1,240        | 0   | 0        |
| Balances with local authorities  | 9                                      | 124          | 0   | 0        |
| Balances with NHS bodies   | 0                                      | 0            | 0   | 0        |
| Balances with public corporations and trading funds                    | 0                                      | 6            | 0   | 0        |
|  | <b>835</b>                             | <b>1,370</b> | <b>0</b>  | <b>0</b> |
| Balances with bodies external to Government                            | 464                                    | 226          | 0   | 0        |
| <b>Total</b>   | <b>1,299</b>                           | <b>1,596</b> | <b>0</b>  | <b>0</b> |

## 15. Provisions for liabilities and charges

|                                      | 2012–13  | 2011–12   |
|--------------------------------------|----------|-----------|
|                                      | £000     | £000      |
| Balance at 1 April                   | 13       | 15        |
| Provided in year                     | 0        | 8         |
| Provisions not required written back | (5)      | (10)      |
| Provision utilised in the year       | 0        | 0         |
| Unwinding of discount                | 0        | 0         |
| <b>Balance as at 31 March</b>        | <b>8</b> | <b>13</b> |

### Analysis of expected timing of discount flows

|   | 2012–13  | 2011–12   |
|---|----------|-----------|
|   | £000     | £000      |
| Not later than one year                           | 8        | 13        |
| <b>Current liability</b>                          | <b>8</b> | <b>13</b> |
| Later than one year and not later than five years | 0        | 0         |
| Later than five years                             | 0        | 0         |
| <b>Non-current liability</b>                      | <b>0</b> | <b>0</b>  |
| <b>Balance as at 31 March</b>                     | <b>8</b> | <b>13</b> |

The balance on the Provisions account relates to an outstanding personal injury claim which is currently in the hands of the Trust's insurers and legal advisors.

## 16. Capital commitments

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

|                               | 2012–13   | 2011–12  |
|-------------------------------|-----------|----------|
|                               | £000      | £000     |
| Property, plant and equipment | 0         | 0        |
| Intangibles                   | 25        | 0        |
| <b>Total</b>                  | <b>25</b> | <b>0</b> |

The capital commitment at 31 March 2013 relates to the unspent portion of a bespoke Document Management System.

## 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                           | 1        | 1        |
| Later than one year and not later than five years | 0        | 0        |
| Later than five years                             | 0        | 0        |
| <b>Total</b>                                      | <b>1</b> | <b>1</b> |

The Trust holds operating leases for the provision of water coolers and water boilers. All these leases can be cancelled within three months.

### 17b. Finance leases

The Trust does not hold any finance leases.

## 18. Other financial commitments

The Trust has not entered into any non-cancellable contracts which are not leases.

## 19. Deferred tax asset

No deferred tax assets were held as at 31 March 2013.

## 20. Financial instruments

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

## 21. Contingent liabilities

The Trust was not aware of any contingent liabilities as at 31 March 2013.

## 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                           | 0               | 0                | 0               | 0                |
| Claims abandoned                      | 0               | 0                | 0               | 0                |
| Administrative write-offs             | 0               | 0                | 1               | 1                |
| Fruitless payments                    | 1               | 0                | 2               | 0                |
| Store losses                          | 0               | 0                | 0               | 0                |
| <b>Total</b>                          | <b>1</b>        | <b>0</b>         | <b>3</b>        | <b>1</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>         |

The Trust made no payments for losses in excess of £250k in 2012/13.

### 22b. Special payments schedule

The Trust made no special payments in excess of £250k in 2012/13.

## 23. General Fund

|  | 2012–13<br>£000 | 2011–12<br>£000 |
|--|-----------------|-----------------|
| Balance at 1 April                         | (11,644)        | (8,351)         |
| Prior period adjustment (Note 28)          | 0               | 0               |
| <b>Balance restated at 1 April</b>         | <b>(11,644)</b> | <b>(8,351)</b>  |
| Financing                                  | 0               | 0               |
| Net transfers from Operating Activities:   |                 |                 |
| Statement of Comprehensive Net Expenditure | 262             | 280             |
| Movement in donated assets                 | 0               | 0               |
| Transferred from revaluation reserve       | 0               | 1               |
| Actuarial gains and losses                 | (2,269)         | (3,574)         |
| <b>Balance at 31 March</b>                 | <b>(13,651)</b> | <b>(11,644)</b> |

## 24. Revaluation reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

### 24a. Property, plant and equipment

|  | 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 PPE during the year (net) | 6        | 1        |
| Transferred to General Fund                          | 0        | (1)      |
| <b>Balance at 31 March</b>                           | <b>6</b> | <b>0</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

The Trust holds no third-party assets.

## 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.

## 28. Prior period adjustments

The Trust has no prior period adjustments as at 31 March 2013.

## Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 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

## Appendix 1

35 Probation Trusts:

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

## 4. Sustainability report – not subject to Audit

### Introduction

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

This report covers four buildings. Not all of the 2012/13 data was available at the time the accounts were prepared.

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.

### Governance, responsibilities and internal assurance

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

### Greening Government Commitments

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

### Climate change adaption and mitigation

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

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

### Carbon Reduction Commitment (CRC)

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

### Carbon Management Plan (CMP)

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

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

Our vision is to:

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

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

### Environmental Management System (EMS)

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

### Sustainable procurement

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

### Social and environmental awareness

Since 2011, Hertfordshire Probation Trust has adopted its own Environmental Strategy and Policy and this has been implemented across our four offices with the involvement of staff.

### Performance summary

#### Greenhouse gas (GHG) emissions

|                                  |   | 2009–10          | 2010–11          | 2011–12          | 2012–13 |
|----------------------------------|---|------------------|------------------|------------------|---------|
| Non-financial indicators (tCO2e) | Total gross emissions for scopes 1 & 2          | 460              | 486              | 477              |         |
|                                  | Electricity: green/renewable                    |                  |                  |                  |         |
|                                  | <b>Total net emissions for scopes 1 &amp; 2</b> |                  |                  |                  |         |
|                                  | Travel emissions scope 3                        |                  |                  |                  |         |
|                                  | <b>Total gross GHG emissions (all scopes)</b>   |                  |                  |                  |         |
| Non-financial (kWh)              | Electricity: Grid, CHP and non-renewable        | 192,966          | 519,845          | 536,471          |         |
|                                  | Electricity: renewable                          | 381,249          | 86,161           | 91,703           |         |
|                                  | Gas   | 792,707          | 913,445          | 801,468          |         |
|                                  | Other energy sources                            | -                | -                | -                |         |
|                                  | <b>Total energy</b>                             | <b>1,366,952</b> | <b>1,519,450</b> | <b>1,429,641</b> |         |
| Financial indicators             | Expenditure on energy                           | 102,503          | 89,253           | 217,367          |         |
|                                  | Expenditure on official business travel         |                  |                  |                  |         |

#### Performance commentary (including targets)

Buildings occupied by Hertfordshire Probation Trust are:

- Argyle House, Stevenage
- Bishops College, Cheshunt
- King Street, Watford
- Victoria Street, St Albans

## Waste

|                                   |                     |                              | 2009–10      | 2010–11      | 2011–12      | 2012–13 |
|-----------------------------------|---------------------|------------------------------|--------------|--------------|--------------|---------|
| Non-financial indicators (tonnes) | Hazardous waste     | Hazardous waste              | 41           | 27           | 17           |         |
|                                   | Non-hazardous waste | Landfill waste               | 17           | 10           | 7            |         |
|                                   |                     | Reused/recycled waste        | 24           | 17           | 11           |         |
|                                   |                     | Energy from waste            | -            | -            | -            |         |
|                                   |                     | <b>Total waste arising</b>   | <b>82</b>    | <b>54</b>    | <b>35</b>    |         |
| Financial indicators              | Hazardous waste     | Hazardous waste              |              |              |              |         |
|                                   | Non-hazardous waste | Landfill waste               | 1,326        | 825          | 536          |         |
|                                   |                     | Reused/recycled waste        | 3,703        | 2,519        | 1,641        |         |
|                                   |                     | Energy from waste            |              |              |              |         |
|                                   |                     | <b>Total waste costs (£)</b> | <b>5,029</b> | <b>3,344</b> | <b>2,177</b> |         |

## Water

|                          |   | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|--------------------------|---|---------|---------|---------|---------|
| Non-financial indicators | <b>Total water consumption (cubic metres)</b> | 3,515   | 2,917   | 3,550   |         |
| Financial indicators     | <b>Total water supply costs (£)</b>           | 7,383   | 8,277   | 11,790  |         |

## Paper

|  |                             | 2009–10 | 2010–11 | 2011–12 | 2012–13 |
|--|-----------------------------|---------|---------|---------|---------|
|  | <b>Cost (excluding VAT)</b> | 6,939   | 9,061   | 6,864   | 10,745  |

## Glossary

| Term   | Abbreviation |
|--|--------------|
| Activity Requirement   | AR           |
| Anger Replacement Training                                       | ART          |
| Alcohol Treatment Requirement                                    | ATR          |
| Bail Assessment and Support Service                              | BASS         |
| Choices and Consequences   | C2           |
| Children and Family Courts Advisory Service                      | CAFCASS      |
| Chief Executive Officer  | CEO          |
| Criminal Justice System  | CJS          |
| Community Order/Suspended Sentence Order                         | CO/SSO       |
| Community Payback  | CP           |
| Community Payback Officer  | CPO          |
| Case Recording And Management System                             | CRAMS        |
| Crown Court  | CRN          |
| Community Rehabilitation Order                                   | CRO          |
| Community Safety Partnerships                                    | CSPs         |
| Drug Testing and Treatment Order/Drug Rehabilitation Requirement | DTTO/DRR     |
| Domestic Violence  | DV           |
| European Foundation Quality Framework                            | EFQM         |
| Early Response to Domestic Abuse Programme                       | ERDAP        |
| European Social Fund   | ESF          |
| Employment Training and Education                                | ETE          |
| Fast Delivery Reports  | FDR          |
| Hertfordshire County Council                                     | HCC          |
| Hertfordshire Drug and Alcohol Service                           | HDARS        |
| Hertfordshire Probation Trust                                    | HPT          |
| Hertfordshire Safeguarding Adults Board                          | HSAB         |
| Hertfordshire Safeguarding Children's Board                      | HSCB         |
| Health and Well Being Board                                      | HWBB         |
| Intensive Alternative to Custody                                 | IAC          |
| Integrated Domestic Abuse Programme                              | IDAP         |
| Independent Domestic Violence Adviser                            | IDVA         |
| Integrated Offender Management                                   | IOM          |

| Term  | Abbreviation |
|---|--------------|
| Legal Aid Sentences and Punishment of Offenders Act         | LASPO        |
| Local Criminal Justice Board                                | LCJB         |
| Local Delivery Unit   | LDU          |
| Magistrates Court   | MAG          |
| Multi Agency Public Protection Arrangements                 | MAPPA        |
| Multi Agency Risk Assessment Conference                     | MARAC        |
| Ministry of Justice   | MoJ          |
| National Association for Care and Resettlement of Offenders | NACRO        |
| National Offender Management Service                        | NOMS         |
| Offender Assessment System                                  | OASys        |
| Offender Engagement Programme                               | OEP          |
| Offender Managers   | OMs          |
| Police and Crime Commissioner                               | PCC          |
| Probation Case Management System                            | PCMS         |
| Probation Trust Rating System                               | PTRS         |
| Personality Disorder  | PD           |
| Prolific and other Priority Offender                        | PPO          |
| Pre Sentence Report   | PSRs         |
| Recognised for Excellence                                   | R4E          |
| Restorative Justice   | RJ           |
| Reflective Supervision Model                                | RSM          |
| Specified Activity Requirement                              | SAR          |
| Skills for Engagement and Effective Delivery                | SEED         |
| Strategic Management Board                                  | SMB          |
| Strategic Management Team                                   | SMT          |
| Supporting Others through Volunteering Action               | SOVA         |
| Senior Responsible Officer                                  | SRO          |
| Service Users Reference Group                               | SURG         |
| Targeted Assessment and Support                             | TAS          |
| Voluntary Early Departures                                  | VED          |



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