

**Lincolnshire
Probation Trust**



Reducing crime by changing lives

Lincolnshire Probation Trust

Annual Report and Accounts 2012–2013

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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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Contents

Vision, Mission & Values	2
Foreword	3
1. Operational & Performance Review 2012–13	4
2. Accounts	8
3. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	21
4. Sustainability report	58

Vision, Mission & Values

Our:

Vision

We will work collaboratively with providers and partners to make Lincolnshire safer, prevent further victims and cut crime.

Mission

To reduce reoffending and improve desistance from crime in Lincolnshire.

Values

In delivering offender management services, we will:

- Be objective and take full account of public protection when assessing risk;
- Be open, honest and transparent;
- Incorporate equality and diversity in all we do;
- Value, empower and support staff, and work collaboratively with others;
- Treat offenders with decency and respect;
- Embrace change, innovation and local empowerment; and
- Use our resources in the most effective way, focusing on outcomes and delivering value for money for the taxpayer.

Foreword

This has been another strong year for Lincolnshire Probation Trust, in which we have continued to embed Professional Judgement and designed new more accountable performance reporting structures, while finding greater efficiency.

The Trust has achieved a 'fully met' standard in its contractual measures with the Probation Trust Rating System (PTRS) recording green throughout. The results and caseload are reported on page 4 below. This has been complemented by the Trusts Internal Audit results which have found no significant issues.

The performance of the Trust continues to impress, demonstrating Lincolnshire Probation Trust's business focus, even under the backdrop of uncertainty created by the Transforming Rehabilitation consultation.

Commissioning has also been at the heart of Lincolnshire's year of success. A range of activities have been and are continuing to be commissioned, particularly with regards to the development of the Integrated Offender Management (IOM) scheme and Personality Disorder, which will both significantly alter the way we work with offenders in a multi partnership manner.

Martin Davies
Chief Executive Officer

Chris Cook
Chair

1. Operational & Performance Review 2012–13

This part of the report sets out the area's performance in respect of Performance Targets and Performance Measures set by NOMS commissioners during the commissioning round negotiations for 2012–13.

Metric Number	Description	Trust Target for 2012–13	Lincolnshire Probation Trust Performance for 2012–13
OM020	x% of orders of the Court and Releases from Custody on Licence are successfully completed	75%	76.3% Target Achieved
OM040	x% of Pre-Sentence Reports (PSRs) are completed within timescales set by the court (inc Remands In Custody)	92%	99.5% Target Achieved
OM005	x% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	95.7% Target Achieved
OM004	x% of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	92%	98.4% Target Achieved
OM041	To achieve a rating of level 3 or better for creating appropriate records on ViSOR (OM046) and attendance at both SMB (OM041A) meetings and MAPPA meetings for Level 2 and 3 cases (OM041B)	90% 75% 90%	100% 100% 95.7% All Targets Achieved
OM029	x% of offenders surveyed who have engaged positively with the offender management process	67%	81.2% Target Achieved
OM039	At least x% of OASys final reviews (terminations) are completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and Prolific and Priority Offenders	90%	88.5% Target Not Achieved Following data cleansing LPT actual performance is around 95% so this is down to data error.
OM026	x% of OASys assessments are assessed as either "Satisfactory" or "Good" on the OASys Quality Assurance	90%	90.9% Target Achieved
OM027	x% of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports are completed by target deadline of date set	80%	85.1% Target Achieved
INT008	The number of offenders on an order or licence who find and sustain employment to be at least X	130	136 Target Achieved
INT009	Percentage of offenders in employment at termination of their order or licence to be at least x%	46%	51.5% Target Achieved
OM017	Percentage of offenders in settled and suitable accommodation at the end of their order or licence to be at least x%	83%	88.1% Target Achieved
INT003	The number of Accredited Offending Behaviour Programme completions (excluding Sex Offender programmes and Domestic Violence programmes) to be at least x	110	67 Target Not Achieved due to GOBP programmes not being met. Action plan in place to improve for 2013/14
INT001	The number of Sex Offender Programme completions to be at least x	10	20 Target Achieved

Metric Number	Description	Trust Target for 2012–13	Lincolnshire Probation Trust Performance for 2012–13
INT002	The number of Domestic Violence Programme completions to be at least x	60	60 Target Achieved
INT005	The number of Community Payback completions to be at least x	450	460 Target Achieved
OM032	90% of victims responding to NOMS Victim Survey are satisfied or very satisfied with service received	90%	100% Target Achieved

Activity and Workload Statistics

Number of Standard Delivery Reports prepared for the Courts

Type of Court	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009	2007–2008
Magistrates'	481	423	431	501	484	705
Crown	443	494	548	564	562	469
Total	924	917	979	1,065	1,046	1,174

Number of Fast Delivery Reports prepared for the Courts

Type of Court	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009	2007–2008
Magistrates'	886	661	595	702	923	760
Crown	96	31	24	16	5	7
Total	982	692	619	718	928	767

Unpaid Work

	2012–2013	2011–2012	2010–2011	2009–2010	2008–2009	2007–2008
Hours ordered	88,355	10,5252	112,915	114,456	104,017	98,405
Hours worked	67,614	81,891.25	83,164	84,223	64,628.4	62,007.25

Caseload

COUNTY	Ord.Type	Mar	Apr 12	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec	Jan 13	Feb	Mar
Community Rehabilitation Order	1 CRHB	1	1	1	2	2	1	1	1	1	0	0	0	0
Suspended Sentence Sup'n Order	2 SSSO	0	0	0	0	0	0	0	0	0	0	0	0	0
C&YP Act 1969 Supervision Order	5 C&YP	1	1	1	1	1	1	0	0	0	0	0	1	1
CJA Community Order	16 GCS	965	954	959	974	961	954	940	942	933	947	943	978	1019
CJA Deferred Sentence	17 CDS	0	1	1	0	0	0	0	0	0	0	1	0	0
CJA Suspended Sentence	18 CSS	347	343	353	355	349	356	358	364	372	379	383	386	396
Youth Rehabilitation Order	19 YRO	23	27	25	28	25	23	21	22	25	24	24	22	22
Add Hours – Brch CP/Att Centre	49 CPBR	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Punishment Order	50 CPUN	0	0	0	0	0	0	0	0	0	0	0	0	0
Comm Pun/Rehab Order – Punish	51 CPRP	0	0	0	0	0	0	0	0	0	0	0	0	0
Comm Pun/Rehab Order – Rehab	52 CPRR	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total (Section 1)		1337	1327	1340	1360	1338	1335	1320	1329	1331	1350	1351	1387	1438
Post Release Cases														
Life Imprisonment	20 LIFE	27	28	29	30	31	32	32	32	32	34	34	34	34
CJA Transitional Custody - YOI	25 DC	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Extended Sent <= 10 yrs	26 EXD	9	8	8	8	7	7	7	8	8	7	7	6	6
CJA Ind Public Prot > 10 yrs	27 EXI	4	5	5	5	5	6	7	7	7	8	8	8	8
Psychiatric Hospital Order	28 PSYC	2	2	2	2	2	1	1	1	1	1	1	1	1
Young Offender Institution	29 YOI	10	15	18	14	10	5	5	7	10	8	12	9	10
Imprisonment	30 UAR	5	6	5	1	3	3	4	2	2	2	1	1	2
Imprisonment	31 ACR	13	14	15	13	13	12	11	11	12	11	9	8	8
Young Offender Institution	32 YOIX	45	51	58	49	45	48	48	46	46	43	37	42	39
Imprisonment Extended Sup'n	33 EXSV	1	0	0	0	0	0	0	0	0	0	0	0	0
Cus Extended Supervision Sex	34 EXSS	2	2	2	2	2	2	2	2	2	2	2	2	2
Cus Ext Supervision Violence	35 EXSV	2	2	1	1	1	1	0	0	0	0	0	0	0
Section 40 Licence	37 S40	3	2	0	0	0	0	0	0	0	0	0	0	0
CJA Adult Custody – Std Det	40 ADC	277	283	294	287	276	272	271	262	260	261	242	237	250
Imprisonment	41 DCR	9	7	6	6	5	6	6	6	7	7	7	7	8
Sub-Total (Section 2)		409	425	443	418	400	395	394	384	387	384	360	355	368
TOTAL (Section 1 + Section 2)		1746	1752	1783	1778	1738	1730	1714	1713	1718	1734	1711	1742	1806

COUNTY	Ord.Type	Mar	Apr 12	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec	Jan 13	Feb	Mar
Pre-Release Cases														
Life Imprisonment	20 LIFE	68	67	67	66	64	65	65	65	66	65	66	66	66
Detained S53/2 S91	21 S532	0	0	0	0	0	0	0	0	2	2	2	2	2
CJA Transitional Custody – YOI	25 DC	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Extended Sent <= 10 yrs	26 EXD	11	11	11	12	14	13	12	11	11	10	12	12	13
CJA Ind Public Prot > 10 yrs	27 EXI	62	62	61	61	60	60	60	61	61	61	59	59	59
Psychiatric Hospital Order	28 PSYC	0	0	0	0	0	0	0	0	0	0	0	0	0
Young Offender Institution	29 YOI	9	9	6	8	6	7	3	5	9	13	10	9	10
Imprisonment	30 UAR	9	10	11	13	10	10	10	10	8	9	9	9	11
Imprisonment	31 ACR	16	16	14	14	15	14	14	15	14	14	14	14	13
Young Offender Institution	32 YOIX	55	54	48	47	50	42	44	47	43	46	43	37	42
Imprisonment Extended Sup'n	33 EXSV	0	0	0	0	0	0	0	0	0	0	0	0	0
Cus Extended Supervision Sex	34 EXSS	3	3	3	3	3	3	3	3	3	3	3	3	3
Cus Ext Supervision Violence	35 EXSV	0	0	1	1	1	1	1	1	1	1	1	1	1
Section 40 Licence	37 S40	0	0	0	0	0	0	0	0	0	0	0	0	0
CJA Adult Custody-Std Det	40 ADC	343	336	327	321	330	326	334	342	353	348	353	355	349
Imprisonment	41 DCR	0	0	0	0	0	0	0	0	0	0	0	0	0
Imprisonment – No Supv (Pre or Post)	70 CUST	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total (Section 3)		576	568	549	546	553	541	546	560	571	572	572	567	569
TOTAL (Section 1+2+3)		2322	2320	2332	2324	2291	2271	2260	2273	2289	2306	2283	2309	2375
Number of Females included in totals		234	230	240	237	236	244	236	236	237	249	243	236	240
Number of Males included in totals		2088	2090	2092	2087	2055	2027	2026	2041	2057	2063	2046	2078	2139
Total (Gender)		2322	2320	2332	2324	2291	2271	2262	2277	2294	2312	2289	2314	2379
Migrant Nationality		152	144	145	148	158	151	154	149	149	160	158	166	177

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 Lincolnshire 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 56, by the Secretary of State under the OM Act.

Principal activities

As per the Trust's arrangements/activities. This may include reference to the following (only where these are not intended to be covered elsewhere within the annual report):

- the inclusion of the Trust's objectives and strategies together with how they intend to achieve these;
- the risks and uncertainties associated with the business and its achievement of the objectives; and
- the Trust's KPIs and its performance against these.

Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 7.

Results for the year

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

Operating costs

The net operating cost before tax for 2012–13 stands at £207k compared to £224k for 2011–12. The change is due to pension costs adjustments through the revenue account and a decrease in other admin and programme costs.

Statement of Financial Position and Statement of Cash Flows

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

The net liability position has increased from £10,871k at 31 March 2012 to £13,762k at 31 March 2013 being an unfavourable movement of £2,871k. The largest single movement in net liabilities is £2,894k due to the increase in the pension cost liability.

Payment of creditors

The percentage of undisputed invoices paid within 30 days by the Trust was 77.13% compared to 75.93% in 2011–12.

Treatment of Pension Liabilities

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

Sickness absence data

The average levels of absence due to staff sickness were 11.4 days across the Trust (2011–12 11.90 days).

Personal data related incidents

There were no significant personal data related incidents in 2012–13, which if occurred, would have formally been reported to the Information Commissioner's Office (ICO).

Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue (see page 54). This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

See comment as at going concern.

Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 58 to 61.

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.

Communications and employee involvement

In March 2013, Lincolnshire Probation Trust ran its third annual staff engagement survey, modelled largely on the topics and questions of the Ministry of Justice staff survey.

This produced many marked improvements, with results shifting to the more positive end of the scale. Some examples of notably high scores were:

98% of staff had read the 'Transforming Rehabilitation' documentation and 91% of staff were familiar with the 2013 /14 Business Plan.
98.5% are interested in their work, 96% feel they have the skills to do their job effectively and 99% had received training on handling sensitive information.
92% feel that they are treated fairly at work and 87% say that their line manager is open to their ideas.
89% said that the newly-launched intranet was fit-for-purpose. This new 'intelligent' and interactive tool will be used extensively to both communicate information to staff and encourage feedback and collaborative working.

Staff diversity

LPT set 3 diversity objectives, relating to offenders and staff. LPT has made significant improvements in relation to data collection and improved services, as evidenced by the staff survey, offender survey and manager effectiveness. These are due to be reported at a Human Resources Committee meeting as part of our annual Equality & Diversity report for 2012/13.

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 DCLG decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 21.

Total audit fees reported in the Accounts are £20k. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 are made up of external provision with National Audit Office. An additional £2k fee was for the annual National Fraud Initiative (NFI) exercise to give further assurance to LPT Board.

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 Lincolnshire Probation Trust Management Board

The governance arrangements within the Trust for the period April 2012 to March 2013 are set out in the governance statement on page 15.

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 12 to 13.

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

Position	Name	Date appointment commenced
Chief Executive	Martin Davies	9 Jan 2012
Chair	Chris Cook	1 April 2004
Member	Peter Clay	20 February 2006
Member	Sue Burris	1 April 2007
Member	Alan Phillips	1 April 2007
Member	Fred Mann	1 April 2007
Member	Paula Noble	1 April 2007
Member	Richard Barker	1 April 2010
Member	Jane Coleman	1 April 2010

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.

Martin Davies
Accountable Officer
19th 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.

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

A) REMUNERATION – AUDITED

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

	2012/13			2011/12		
	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £
Chief Executive Officer (Current Chief started 9 January 2012)	65–70	0–5	0	0–15	0	0
Previous Chief Officer left 21 January 2012	0	0	0	60–65	0–5	0
Chair	15–20	0	0	15–20	0	0
Directors	55–60	0	0	55–60	0	0
Board members	0–5	0	0	0–5	0	0

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2002, 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 (Band B)	£69,964	£75,045
Median for other staff	£25,636	£26,306
Pay multiple ratio	2.7:1	2.9:1

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

Salary

'Salary' includes the gross salary; overtime; 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

	Total accrued pension at pension age as at 31 March 2013 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2013 £000s	CETV at 31 March 2012 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Chief Executive	45 + 19 lump sum	0	118	108	8

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.

Martin Davies
Accountable Officer

19th 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 Lincolnshire 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.

Governance Statement

Scope and Responsibility

I have been the Accountable Officer and Chief Executive Officer for Lincolnshire Probation Trust since 9th January 2012. As such, it falls to me to provide this governance statement to accompany the statement of accounts for the year 2012–13.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Lincolnshire 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.

In undertaking this role, I support the achievement of the overall policies, aims and objectives set by Ministers through the Chief Executive of the National Offender Management Service (NOMS) and operate within an overall framework of risk control management pertaining to these policies, aims and objectives.

In particular, the Lincolnshire Probation Trust operated in 2012–13 within the terms of a contract with the National Offender Management Service (NOMS).

The purpose of the system of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than 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 Probation Trust, NOMS and Ministry of Justice policies, aims and objectives
- to evaluate the likelihood of those risks being realised and the impact, should they be realised
- to report the risks to the Trust Board and to manage them efficiently, effectively and economically

The system of internal control has been in place for the year ended 31 March 2013 and up to the date of approval of the annual report and the accounts. It accords with Treasury guidance.

Compliance with Corporate Governance Code 2011

The Board complies with the key aspects of the Corporate Governance Code of Good Practice 2011. The focus of this code is on ministerial departments but others are encouraged to adopt the practices set out in this. This refers to four aspects of good governance covering leadership (articulating a clear vision), effectiveness (bringing a wide range of relevant experience to bear), accountability (promoting transparency through clear and fair reporting) and sustainability (taking a sensible, long term view about what the organisation is trying to achieve. These define the work and role of the Lincolnshire Trust Board.

The Code highlights five areas that all Boards should advise and supervise on covering strategic clarity, commercial sense regarding clear responsibilities, the requirement for the appropriate skills of people, focus on results and the provision of management information. In addition it highlights that there should be committees responsible for Audit, Risk and Governance. The Board is supported by an Internal Audit Service operating to nationally recognised standards. The Trust is able to demonstrate compliance with all of these requirements with the Board itself taking overall responsibility for governance.

The Code refers to Board members upholding the seven Nolan principles of public life; these are incorporated into the Governance Framework for Lincolnshire Probation Trust "They will exercise their role through influence and advice, supporting as well as challenging the executive" **Corporate Governance in central government department; Code of Good Practice 2011 (page 7).**

The Trust's Board has a range of experience and diversity amongst its Non Executives covering both the private and public sectors and including a mix of men and women.

The Code refers to the role of ministers and departmental accounting officers. The Trust's Accountable Officer is the Chief Executive and is responsible for similar areas to those of Departmental Accounting Officer. These cover;

- Propriety and regularity
- Prudent and economical administration
- Avoidance of waste and extravagance
- Ensuring value for money
- Efficient and effective use of resources
- Organisation, staffing and management of the Trust

The Trust Board's relationship with its Committees is set out in the Governance Handbook including terms of reference and feedback.

The Board has begun a programme of periodic review of the skills and qualities of Non Executive members to evaluate and improve on its effectiveness. These are carried out annually by the Chair in accordance with the Code of Good Practice.

The Board has a Board Secretary who is responsible for developing and agreeing Board and Committee agendas, developing and agreeing Committee Terms of Reference, ensuring the good flow of information between the Board and its Committees based on the quality and timeliness of Board papers, and providing advice on due process including compliance with governance requirements.

The Board and its Committees recorded any declarations of interest in the minutes as a standing item.

The Board meets bi monthly and consists of a Chair, 7 Non Executive Directors (excluding the Chair) and 1 Executive Director (the Chief Executive). The Trust Board Secretary and other Senior Managers are also in attendance.

During the year the Board has held 4 main meetings and three scrutiny meetings, with 85% attendance from Executive and Non Executive Directors.

Attendance record of Board members at Board meetings are as follows:

Board Member	Board meeting (Max 4)	Scrutiny meeting (Max 3)
Chris Cook (Chair)	4	3
Martin Davies (CEO)	3	3
Richard Barker	4	3
Sue Burris	4	3
Peter Clay	4	3
Jane Coleman	1	3
Fred Mann	4	3
Paula Noble	4	3
Alan Phillips	4	3

The Board and its Committees recorded any declarations of interest in the minutes as a standing item.

Capacity to handle Risk

Organisational risk assessment and the management and implementation of risk plans continue to be the highest priority for all managers. The practice of risk assessment and management is central to all the activities of the Lincolnshire Probation Trust and is familiar to all staff.

Training in risk assessment and risk management forms part of the area's 'mandatory' training plan for all staff from the point of induction, as well as for Board members. An area reference manual, available electronically to all staff, provides further guidance, assistance and direction to staff in relation to managing and reducing organisational and operational risks. National advice, guidance and instructions, e.g. probation instructions, and reports of Her Majesty's Inspectorate of Probation (HMIP), are assimilated into area policy and procedures.

The Board, Chief Executive Officer and Senior Management Team have championed risk management throughout the organisation, ensuring that risk analysis informs all decisions concerning the management of resources and that all staff members are accountable for their contribution to the management of key risks through annual, individual performance appraisal objectives. A fully revised organisational risk policy and procedure was introduced in June 2010, which extended the analysis and management of organisational risk to operational unit level. This has remained in place throughout 2012–13.

The Risk and Control Framework

The Board of Lincolnshire Probation Trust meets six times each year to consider the Trust's plans and strategic direction within the financial parameters made available through the national funding formula. The Board approves an annual business development plan and monitors its performance throughout the year. It also receives routine financial monitoring reports from the Treasurer/Head of Finance.

To ensure the Board monitors its own performance effectively the following measures and standards are in place:

- Board Self assessment questionnaires which are reviewed for training needs and gap analyses
- National Governance training and conference events
- Board Appraisals
- Chair Appraisals
- Staff survey questions regarding the effect and commitment of the Board
- Board performance score card.

The Trust Board has approved a suite of policies to promote sound governance and sets the standards of operation and ethics against which the area operates, examples being:

- Statements of vision, mission and values
- Codes of conduct for staff and Board members
- Management statement and financial memorandum
- Standing financial instructions
- Standing orders
- Risk management policy
- Register of interests

All of the above have either been revised during 2011–12 and/or up-dated in 2012–13, and the new 'Trust Financial Services Handbook' to be adopted and implemented.

The Trust has an Audit and Performance Committee and the Board receives periodic reports from that Committee concerning internal control, risks and performance. The Chair of the Audit and Performance Committee is also a member of the Trust Board.

To enable the Board to have confidence in the Quality of the Board papers in the performance of the Trust, the scrutiny Board meets a minimum of twice each year at which all Board members can discuss

with senior managers and others, by invitation, aspects of the Trust's work on which they seek further clarity or assurance. During 2012–13 the Board scrutinised Sickness and on two occasions the Probation review 'Transforming Rehabilitation'. On each occasion the Board was satisfied by the outcome. Further mechanisms of quality assurance and control come from the CEO's update at each of the Trust Board meetings of which Board members can challenge both the CEO and Directors for performance or budgetary information.

The Audit and Performance Committee receives regular reports from Internal Audit (Ministry of Justice (MOJ) and External Audit (Audit Commission – up until 31 March 2012 and then National Audit Office (NAO)). These provide an independent opinion on the adequacy and effectiveness of the Board's system of internal control, together with recommendations for improvement. The Trust Board receives, periodically, further independent assurance on its operations from HM Inspectorate of Probation (HMIP).

The Trust produces a Strategic Plan and an annual business development plan, approved by the Board, that sets out the actions the Trust intends to take to achieve the objectives set out in the Strategic Plan. The business development plan sets out the Trust's objectives for the year in furtherance of the performance targets and to enhance its underlying capabilities. Managers are consulted in the production of the business development plan and are expected to ensure that all staff are aware of its contents and their role in achieving its objectives. This is reinforced by performance objectives for individual staff members, set in their annual appraisal, which derive from the business development plan. The plan is available electronically to all staff at all times, as are quarterly reports on progress against its objectives. This year, as in previous years, over 90% of achievable objectives in the plan are expected to have been fully or substantially met. Those that are not met but still relevant will be carried forward into the business development plan for 2013–14.

Financial management and control systems are in place to ensure that the Trust is able to manage its financial resources effectively and efficiently. This is supported by the mandatory financial framework Audit which Internal Audit has concluded as a Green rating.

A risk management framework is in place. Risks are identified from the business development plan as well as a broader scanning of the external and internal operating environments. Senior managers review, both individually and in collaboration with the wider management team, all aspects of the business development plan on a quarterly basis.

All managers use the Trust's risk assessment process to undertake organisational risk analysis and management at the levels of operational unit, Directorate and Trust, based on a broad assessment of both the internal and external operating environments presently and predictably in the near and further future. This risk framework categorises business risks as very high, high, medium, low or very low, both in relation to likelihood and impact. Those that are assessed as high or very high on both criteria require the risk owner to produce an action plan to reduce the risk. The Trust level risk register and the plans are reported to the Board, via the Audit and Performance Committee, which provides a commentary and recommendations. Each senior manager provides a letter of assurance to the Chief Executive Officer at the end of the financial year, confirming their actions during the year in compliance with the Trust's organisational risk management processes.

The Trust's Audit and Performance Committee receives regular reports for scrutiny, outlining current performance against national targets, business plan objectives and objectives under the Trust's single equality scheme. The Audit and Performance Committee also considers risk management and, in particular, progress in areas of high or very high business risk. The organisational risk register is considered by the Audit and Performance Committee at each of its meetings. The Committee makes recommendations for further more detailed reporting to the Board on risks that it believes warrant a broader discussion. The Chair of the Committee prepares an annual report of the work of the Committee to the Accountable Officer.

Within this framework, in 2012–13, no grave business risks, were identified.

The Work Load Management Tool introduced in 2011/12 continues to be used effectively, monitoring and moving resource to meet need for over 40% of staff. This is coupled with a much more comprehensive performance management framework. The Trust has also introduced a new intranet, making the access of policies and procedures, along with internal communication much stronger.

Policies and procedures are in place to ensure the security of all information, particularly that held electronically, and 100% of staff at work have completed and passed the on-line security assessment. The area has implemented all aspects of the national information security policies and has undertaken a self-assessment of its work on implementation. An information security group is in place, which meets to review information security issues. The Chair of the Audit and Performance Committee attends this meeting.

External stakeholders are consulted on key risk areas, both specifically and through the range of continuing multi-agency arrangements in which the Lincolnshire Probation Area participates, e.g. Multi Agency Public Protection Arrangements (MAPPA), Supporting People, Drug and Alcohol Action Team, Safeguarding Boards for children and vulnerable adults, Community Partnership Board, Lincolnshire Criminal Justice Board and Reducing Re-offending Board. Staff and Board members occupy key roles in these Boards.

Performance against the contract agreed with NOMS is monitored by way of quarterly reviews and changes are agreed, as required, through a formal notice of change procedure. In 2012–13, area progress on the contract requirements has been deemed satisfactory by NOMS throughout the year, although the Trust has missed one Target that of Accredited Programmes (see page 4 INT003).

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of internal audit and executive managers within Lincolnshire Probation Trust who have responsibility for the development and maintenance of the internal control framework. Comments are also made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Trust Board and the Audit and Performance Committee and a system to address weaknesses and ensure continuous improvement is in place.

Risk is treated dynamically, evidenced by (the change, from quarter to quarter, in risk profile within the risk register. All risks have reduced over the year as evidenced within the Trust risk register with all risks treated or tolerated to a respective rating overall at the yearend signed off by Audit and Performance Committee.

The Audit and Performance Committee reviews the findings of internal audit, and the steps taken by management to implement any recommendations, organisational performance, progress on business development plan objectives and the analysis of business risk. The Audit and Performance Committee's findings are the subject of highlight reports to the full Trust Board by the Chief Executive Officer. Both Audit and Performance Committee and Trust Board provide effective critical oversight to the work of the Chief Executive Officer and Senior Management Team.

The final report from Audit Manager confirms:

“we can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.”

They have given findings that The Chair of the Committee has produced an annual report of the Committee's work in 2012–13. *Inter alia*, it states:

‘Arrangements for managing risk have been reviewed at every meeting’

The Chair of the Committee concludes:

The Audit and Performance Committee considers that, during the period of this report, it fully discharged its responsibilities in accordance with its terms of reference. The Committee is also satisfied that it is able to provide the Accountable Officer with assurance:

- *on the accounts it has reviewed subject to the satisfactory conclusion of the matters raised by the Audit Commission*
- *that issues pertinent to the 2012/13 Statement of Internal Control and any longer term significant control issues that the Committee considers the Accountable Officer should give attention to are managed appropriately*
- *on the quality of both Internal and External Audit, their approach to the discharge of their effective responsibilities, and the reliance that can be placed on their work.*

Internal audit, through the Ministry of Justice Internal Audit and Assurance, has produced the following reports:

Review	Grading
Estates	Green
Preview	Green
IOM	Amber/Green
WLMT	Green/Amber
Finance	Green

During 2012–13, internal audit reviewed progress against the recommendations in their reports in 2011–12 and was satisfied that there had been no high risk recommendations to act on and that recommendations had been implemented by due dates.

Performance against the Trust’s contract requirements and the national Probation Trust Rating System (PTRS) has continued to be a high priority, with a strong performance outcome.

Martin Davies
 Chief Executive Officer
 Lincolnshire Probation Trust

19th June 2013

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

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

Emphasis of Matter – Material uncertainty in respect of going concern

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

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

5th July 2013

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

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Administration costs			
Staff costs	3(a)	6,853	7,053
Other administration costs	6(a)	2,021	2,107
Income	7(a)	(8,996)	(9,098)
Net administration costs		(122)	62
Programme costs			
Staff costs	3(a)	123	122
Other programme costs	6(b)	44	56
Income	7(b)	(171)	(181)
Net programme costs		(4)	(3)
Net operating costs		(126)	59
Expected return on pension assets	4(d)	(1,281)	(1,508)
Interest on pension scheme liabilities	4(d)	1,614	1,673
Net operating costs before taxation		207	224
Taxation	5	0	5
Net operating costs after taxation		207	229

Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net (gain)/loss on revaluation of property, plant and equipment	8	(5)	4
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	2,689	2,456
Total comprehensive expenditure for the year ended 31 March 2013		2,891	2,689

The notes on pages 27 to 55 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Non-current assets			
Property plant and equipment	8	59	100
Intangible assets	9	1	3
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		60	103
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	1,119	927
Cash and cash equivalents	13	364	1,008
Total current assets		1,483	1,935
Total assets		1,543	2,038
Current liabilities			
Trade and other payables	14(a)	(496)	(953)
Provisions	15	(124)	0
Taxation payables	14(a)	(566)	(731)
Total current liabilities		(1,186)	(1,684)
Non-current assets plus/less net current assets/(liabilities)		357	354
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(14,119)	(11,225)
Total non-current liabilities		(14,119)	(11,225)
Assets less liabilities		(13,762)	(10,871)
Taxpayers' equity			
General fund	23	(13,781)	(10,885)
Revaluation reserve – property, plant and equipment	24(a)	17	12
Revaluation reserve – intangible assets	24(b)	2	2
		(13,762)	(10,871)

The financial statements on pages 23 to 26 were approved by the Board on 19 June 2013 and were signed on its behalf by

..... Accounting Officer

19th June 2013

The notes on pages 27 to 55 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(207)	(229)
Adjustments for non-cash transactions	6(a)	172	37
Adjustments for pension cost	4(d)	205	261
(Increase)/decrease in receivables	12(a)	(192)	(629)
Increase/(decrease) in payables	14(a)	(622)	296
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	0
Net cash outflow from operating activities		(644)	(264)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	(47)
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	0
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		0	(47)
Cash flows from financing activities			
Net financing received in year	23	0	0
Payments of amounts due to the Consolidated Fund to NOMS		0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period			
		(644)	(311)
Cash and cash equivalents at the beginning of the period	13	1,008	1,319
Cash and cash equivalents at the end of the period	13	364	1,008
Increase/(decrease) in cash		(644)	(311)

The notes on pages 27 to 55 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2011		(8,200)	18	(8,182)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2011		(8,200)	18	(8,182)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(229)		(229)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		(4)	(4)
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Pension actuarial (loss)/gain	23	(2,456)	0	(2,456)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2012		(10,885)	14	(10,871)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(207)		(207)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		5	5
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Pension actuarial (loss)/gain	23	(2,689)	0	(2,689)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(13,781)	19	(13,762)

The notes on pages 27 to 55 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 £202k, resulting in an overall increase to the liability from £14,119k to £14,321k.

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 as 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 on their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under “accommodation, maintenance & utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Impairment

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

1.7 Intangible non-current assets

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

The minimum level for capitalisation of a tangible 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.

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

1.8 Non-current assets held for sale

Non-current assets held for sale are identified as assets whose carrying amount will be recovered through sale rather than through continuing use. Depreciation on non-current assets held for sale ceases upon reclassification. Depreciation is re-instated and retrospectively applied to any assets which are subsequently not sold and re-classified as in-use.

1.9 Inventories

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

1.10 Operating income

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

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

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

1.11 Administration and programme expenditure

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

1.12 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate

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

1.13 Leases

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

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental to ownership of leased non-current assets are transferred from the lessor to the lessee when assessed against the qualitative and quantitative criteria in IAS 17. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before

the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

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

1.15 Value Added Tax

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

1.16 Deferred Tax

There is no deferred tax included in this set of accounts.

1.17 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS and the Ministry of Justice, and as a result, HMRC has confirmed that it is subject to corporation tax. 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.

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

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

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

Operational Unit	2012–13	2011–12
	Net Expenditure	Net Expenditure
	£m	£m
Corporate Services	£1.99	£1.95
LDU East	£3.74	£3.91
LDU West	£2.96	£2.93
Total Net Expenditure	£8.69	£8.79
Contract Income	(£8.69)	(£8.79)
Overspend/(Underspend)	£0	£0

Lincolnshire Probation Trust is split into Corporate Services and two local delivery units for reporting purposes and all information is reported at Audit and Board meetings.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012-13			2011-12
	Total £000	Permanently- employed staff £000	Others £000	Total £000
Wages and salaries	5,968	5,884	84	6,059
Social security costs	431	431	0	454
Other pension costs	972	972	0	1,080
Sub-total	7,371	7,287	84	7,593
Less recoveries in respect of outward secondments	(395)	(395)	0	(418)
Total staff costs	6,976	6,892	84	7,175
Administration-related staff costs	6,853	6,782	71	7,053
Programme-related staff costs	123	110	13	122
	6,976	6,892	84	7,175

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**.

2 persons (2011-12: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2011-12: £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 £000	Permanently- employed staff £000	Total £000
	190	188	201
	190	188	201

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	0	0	0	1	1
£10,000–£25,000	0	0	0	0	0	0
£25,000–£50,000	0	0	0	0	0	0
£50,000–£100,000	0	1	1	0	0	0
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	1	1	0	1	1
Total resource cost £000	0	65	65	0	9	9

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.

4. Pensions costs

These calculations relate principally to Lincolnshire Probation Trust's (LPT) participation in the Lincolnshire County Council Pension Fund which is part of the Local Government pension scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with LGPS (Benefits, Membership and Contributions) Regulations 2007, the LGPS (administration) regulations 2008 and the LGPS (Transitional Provisions) Regulations 2008. It is contracted out of the State Pension Scheme. LPT pay an employers rate of 18.3% of pay whilst employees pay at a variable rate dependant on salary bandings. The pension results contained within these accounts are provided solely for LPT as the employer for the purpose of complying with International Accounting Standard 19 "Employee benefits" for the period ending 31 March 2013. The figures contained are the actual results and valuation for 31 March 2013 and was produced by Hymans Robertson (Actuary) on 30 April 2013.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hymans Robertson. For 2012–13, employers' contributions of £1,077,000 were payable to the LGPS (2011–12 £1,002,000) in a range from 18.3% to 18.3%. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under IAS19. The approximate employer's pension contributions for the three years from:

- Employer's contributions for 2012–13 were 18.3% of salaries; and
- Employer's contributions for 2013–14 will be 18.3% of salaries; and
- Employer's contributions for 2014–15 will be 18.3% of salaries.

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	4.5%	5.7%
Discount rate	4.5%	4.8%

Mortality Assumptions:

Life expectancy is based on the Fund's Vitacurves with improvements from 2007 in line with the medium cohort and a 1% pa underpin. Based on these assumptions, the average future life expectancies at age 65 are as follows: Current pensioners males – 21.2 years, females 23.4 years, future pensioners males 23.7 years, females 25.7 years. Life expectancies for the prior year end are based on the Fund's Vitacurves.

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%	77%	19,774	6.2%	74%	16,490
Government bonds	0.0%	0%	0	0.0%	0%	0
Other bonds	4.5%	13%	3,339	4.4%	13%	2,897
Property	4.5%	10%	2,568	4.4%	12%	2,674
Other	4.5%	0%	0	3.5%	1%	223
Total	0.0%	100%	25,681	0.0%	100%	22,284
(Present value of scheme liabilities)			(39,800)			(33,509)
Surplus/(deficit) of the scheme			(14,119)			(11,225)
Net pension asset/(liability)			(14,119)			(11,225)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	979	968
Past service cost	0	0
Effect of curtailment	6	84
Effect of settlement	0	0
Total operating charge	985	1,052

	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(1,281)	(1,508)
Interest on pension scheme liabilities	1,614	1,673
Net interest costs	333	165

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(2,689)	(2,462)
Irrecoverable surplus (if applicable)	0	0
Total shown in other comprehensive expenditure	(2,689)	(2,462)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	33,509	30,259
Current service cost	979	968
Interest cost	1,614	1,673
Contributions by members	336	351
Actuarial (gains)/losses on liabilities*	4,438	1,272
Benefits paid	(1,046)	(1,092)
Past service cost	0	0
Unfunded benefits paid	(36)	(34)
Curtailments	6	112
Settlements	0	0
Closing present value of liabilities	39,800	33,509

* Includes changes to actuarial assumptions

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

	2012-13	2011-12
	£000	£000
Opening fair value of assets	22,284	21,751
Expected return on assets	1,281	1,508
Actuarial gains/(losses) on assets	1,749	(1,190)
Contributions by the employer	1,113	956
Contributions by members	336	351
Benefits paid	(1,046)	(1,092)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	(36)	0
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	25,681	22,284

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	25,681	22,284	21,751	21,009	15,396
Present value of liabilities	39,800	33,509	30,259	38,115	22,435
Surplus/(deficit)	(14,119)	(11,225)	(8,508)	(17,106)	(7,039)
Experience gains/(losses) on scheme assets	1,749	(1,190)	(1,443)	3,636	(4,857)
Experience gains/(losses) on scheme liabilities	30	(408)	2,860	(31)	(10)
Percentage experience gains/(losses) on scheme assets	7%	-5%	-7%	17%	-32%
Percentage experience gains/(losses) on scheme liabilities	0%	-1%	9%	0%	0%

4i. Sensitivity analysis

IAS 1 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 % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	4,158
1 year increase in member life expectancy	3%	1,194
0.5% increase in the Salary Increase Rate	4%	1,431
0.5% increase in the Pension Increase Rate	7%	2,651

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	0	5
	0	0
Total	0	5

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

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	7		7	
Interest charges	0		0	
Accommodation, maintenance and utilities	586		673	
Travel, subsistence and hospitality	208		259	
Professional services	82		72	
IT services	329		343	
Communications, office supplies and services	243		214	
Other staff related	154		212	
Offender costs	152		141	
Other expenditure	55		113	
External Auditors' remuneration – statutory accounts	19		22	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration and expenses	14		14	
		1,849		2,070
Non-cash items				
Depreciation of tangible non-cash assets	34		33	
Amortisation of intangible non-cash assets	2		4	
Impairment of non-current assets	12		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 in year	124		0	
Early retirement provisions not required	0		0	
		172		37
Total		2,021		2,107

6b. Programme costs

Current expenditure	44		56	
Total		44		56
Total other administration and programme costs		2,065		2,163

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

	2012-13		2011-12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	8,695		8,828	
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	
		8,695		8,828
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		1		7
Other income from NOMS		29		0
Other income from rest of MoJ Group		0		2
Other income from other Government departments		205		138
Miscellaneous income		66		123
		8,996		9,098
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		0		0
Total administration income		8,996		9,098

7b. Programme income

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

Total income

EU income from NOMS	0		0	
EU income from other Government departments	0		0	
Other EU income	0		0	
Other programme income	171		181	
Total programme income		171		181
Total income		9,167		9,279

8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	63	150	53	12	0	278
Additions	0	0	0	0	0	0
Disposals	(8)	(43)	(16)	0	0	(67)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	7	4	2	0	0	13
As at 31 March 2013	62	111	39	12	0	224
Depreciation						
As at 1 April 2012	15	112	51	0	0	178
Charge in year	16	14	2	2	0	34
Disposals	(8)	(31)	(16)	0	0	(55)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	3	3	2	0	0	8
As at 31 March 2013	26	98	39	2	0	165
Carrying value as at 31 March 2013	36	13	0	10	0	59
Carrying value as at 31 March 2012	48	38	2	12	0	100
Asset financing						
Owned	36	13	0	10	0	59
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	36	13	0	10	0	59

8. (Continued)

	2011-12					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	0	161	53	0	0	214
Additions	35	0	0	12	0	47
Disposals	0	0	0	0	0	0
Transfers	28	0	0	0	0	28
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	(11)	0	0	0	(11)
As at 31 March 2012	63	150	53	12	0	278
Depreciation						
As at 1 April 2011	0	97	44	0	0	141
Charge in year	4	22	7	0	0	33
Disposals	0	0	0	0	0	0
Transfers	11	0	0	0	0	11
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	(7)	0	0	0	(7)
As at 31 March 2012	15	112	51	0	0	178
Carrying value as at 31 March 2012	48	38	2	12	0	100
Carrying value as at 31 March 2011	0	64	9	0	0	73
Asset financing						
Owned	48	38	2	12	0	100
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	48	38	2	12	0	100

9. Intangible assets

	2012-13					
	Development	Software	Licences	IT Software	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	0	19	0	0	0	19
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2013	0	19	0	0	0	19
Amortisation						
As at 1 April 2012	0	16	0	0	0	16
Charge in year	0	2	0	0	0	2
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2013	0	18	0	0	0	18
Carrying value as at 31 March 2013	0	1	0	0	0	1
Carrying value as at 31 March 2012	0	3	0	0	0	3
Asset financing						
Owned	0	1	0	0	0	1
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	0	1	0	0	0	1

9. (Continued)

	2011-12					
	Development	Software	Licences	IT Software	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	0	0	0	47	0	47
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	19	0	(47)	0	(28)
Impairments	0	0	0	0	0	0
As at 31 March 2012	0	19	0	0	0	19
Amortisation						
As at 1 April 2011	0	0	0	23	0	23
Charge in year	0	4	0	0	0	4
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	12	0	(23)	0	(11)
Impairments	0	0	0	0	0	0
As at 31 March 2012	0	16	0	0	0	16
Carrying value as at 31 March 2012	0	3	0	0	0	3
Carrying value as at 31 March 2011	0	0	0	24	0	24
Asset financing						
Owned	0	3	0	0	0	3
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	0	3	0	0	0	3

10. Impairments

There were impairments of £12k during 2012/13 for the Lincoln security doors.

11. Assets held for sale

There were no assets held for sale in the year.

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	5	4
VAT	0	0
Deposits and advances	7	0
Receivables due from NOMS agency	932	712
Receivables due from Ministry of Justice – core	17	48
Receivables due from Ministry of Justice – NDPBs	0	0
Receivables due from HM Courts & Tribunals Service (HMCTS)	0	0
Receivables due from Office of the Public Guardian (OPG)	0	0
Receivables due from all other Government departments	117	130
Other receivables	0	0
Prepayments	22	33
Accrued income	19	0
	1,119	927
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	1,119	927

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	956	761	0	0
Balances with local authorities	46	59	0	0
Balances with NHS bodies	58	57	0	0
Balances with public corporations and trading funds	13	14	0	0
	1,073	891	0	0
Balances with bodies external to Government	46	36		0
Total	1,119	927	0	0

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	1,008	1,319
Net change in cash and cash equivalents	(644)	(311)
Balance at 31 March	364	1,008
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	364	1,008
Balance at 31 March	364	1,008

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	101	194
Other payables	0	0
Accruals	202	341
Deferred income	16	44
Staff payables	25	92
Bank overdraft	0	0
Payables due to Probation Trusts	21	4
Payables due to NOMS Agency	129	165
Payables due to Ministry of Justice – core	0	0
Payables due to Ministry of Justice – NDPBs	0	0
Payables due to HM Courts & Tribunals Service (HMCTS)	0	0
Payables due to Office of the Public Guardian (OPG)	0	0
Payables due to all other Government departments	2	10
Unpaid pensions contributions due to the pensions scheme	0	103
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	0	0
	496	953
Tax falling due within one year		
VAT	566	587
Corporation tax	0	5
Other taxation and social security	0	139
	566	731
Total amounts falling due within one year	1,062	1,684
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	1,062	1,684

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	716	900	0	0
Balances with local authorities	2	0	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	10	0	0
	718	910	0	0
Balances with bodies external to Government	344	774	0	0
Total	1,062	1,684	0	0

15. Provisions for liabilities and charges

	2012-13	2011-12
	£000	£000
Balance at 1 April	0	0
Provided in year	124	0
Provisions not required written back	0	0
Provision utilised in the year	0	0
Unwinding of discount	0	0
Balance as at 31 March	124	0

	2012-13	2011-12
	£000	£000
Analysis of expected timing of discount flows		
Not later than one year	124	0
Current liability	124	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Non-current liability	0	0
Balance as at 31 March	124	0

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	0	0
Total	0	0

There are no capital commitments at 31 March 2013 for which no provision has been made.

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
Other		
Not later than one year	8	7
Later than one year and not later than five years	4	10
Later than five years	0	0
Total	12	17

The operating leases are for photocopiers and a fax machine.

17b. Finance leases

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

Obligations under finance leases for the following periods comprise:

	2012–13	2011–12
	£000	£000
Other		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Less interest element	0	0
Present value of obligations	0	0

Present value of obligations under finance leases for the following periods comprise:

	2012–13	2011–12
	£000	£000
Other		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Total present value of obligations	0	0

There are no finance leases.

18. Other financial commitments

There were no other financial commitments.

	2012–13	2011–12
	£000	£000
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Total	0	0

19. Deferred tax asset

	2012–13	2011–12
	£000	£000
Non-current asset	0	0
Current asset	0	0
Total	0	0

There are no deferred tax assets held.

20. Financial instruments

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

21. Contingent liabilities

The Trust does not have any contingent liabilities.

22. Losses and special payments

22a. Losses statement

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	0	0	1	0
Claims abandoned	0	0	0	0
Administrative write-offs	3	1	0	0
Fruitless payments	3	0	0	0
Store losses	0	0	0	0
Total	6	1	1	0
Details of cases over £250,000				
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
Total	0	0	0	0

There are no losses over £250k.

22b. Special payments schedule

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	0	0	0	0
Total	0	0	0	0
Details of cases over £250,000				
Special payments	0	0	0	0
Total	0	0	0	0

There are no special payments over £250k.

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(10,885)	(8,200)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	(10,885)	(8,200)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(207)	(229)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Actuarial gains and losses	(2,689)	(2,456)
Balance at 31 March	(13,781)	(10,885)

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	12	16
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	12	16
Arising on revaluations of PPE during the year (net)	5	(4)
Transferred to General Fund	0	0
Balance at 31 March	17	12

24b. Intangibles

	2012–13	2011–12
	£000	£000
Balance at 1 April	2	2
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	2	2
Arising on revaluations of intangibles during the year (net)	0	0
Transferred to General Fund	0	0
Balance at 31 March	2	2

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. The Management Board give signed statements stating there were no third party related interests between the bodies.

26. Third-party assets

These are not Trust's assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, trust funds, amenity funds. They are set out in the table immediately below.

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2012
	£000	£000	£000	£000
Hilary Sternfield account	2	0	0	2
Please identify asset or delete if none	0	0	0	0
Please identify asset or delete if none	0	0	0	0
Please identify asset or delete if none	0	0	0	0
Please identify asset or delete if none	0	0	0	0
	2	0	0	2

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

There are no PPAs.

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

4. Sustainability report not subject to audit

Introduction

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

This report covers 9 buildings. Buildings occupied by Lincolnshire Probation Trust are:

- 8 Corporation Street, Lincoln
- Union Street, Grantham
- Approved Premises, Yarborough Road, Lincoln (18 beds)
- The Annex, Boston,
- Carlton Road, Boston
- North Parade, Skegness
- The Police Station, Eastfield Road, Louth
- The Police Station, Morton Road, Gainsborough
- Broadgate House, Westload Street, Spalding

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

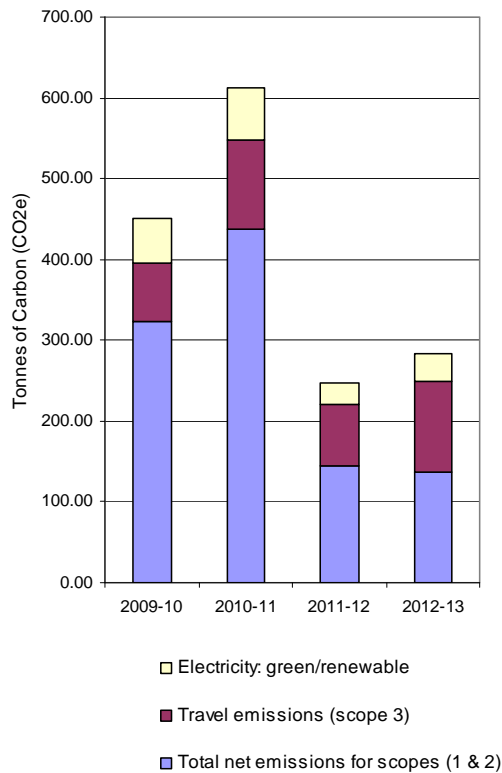
Lincolnshire Probation Trust has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	377.4	502.6	172.0	169.8
	Electricity: green/renewable	53.5	65.7	27.9	33.0
	Total net emissions for scopes 1 & 2	323.9	436.9	144.1	136.7
	Travel emissions scope 3	72.5	110.5	75.6	112.8
	Total gross GHG emissions (all scopes)	449.9	613.1	247.6	282.6
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	308,177	378,560	160,813	190,499
	Electricity: renewable	102,725.8	126,186.8	53,604.3	63,499.8
	Gas	728,887	1,157,315	193,046	59,054
	Other energy sources	0	0	0	0
	Total energy	1,139,790	1,662,062	407,463	313,053
Financial indicators	Expenditure on energy	£80,877	£90,999	£32,483	£24,579
	Expenditure on official business travel	£400,000	£400,000	£367,959	£322,184

GHG Emissions by scope

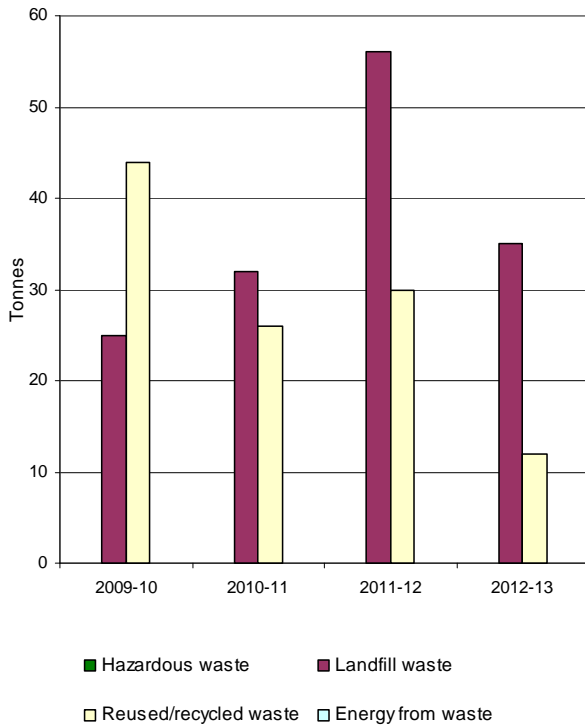


Waste

Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste
	Non-hazardous waste	Landfill waste
		Reused/recycled waste
		Energy from waste
	Total waste arising	
Financial indicators	Hazardous waste	Hazardous waste
	Non-hazardous waste	Landfill waste
		Reused/recycled waste
		Energy from waste
	Total waste costs (£)	

	2009-10	2010-11	2011-12	2012-13
Hazardous waste	0	0	0	0
Landfill waste	25	32	56	35
Reused/recycled waste	44	26	30	12
Energy from waste	0	0	0	0
Total waste arising	69	58	86	47
Hazardous waste	0	0	0	0
Landfill waste	0	0	0	0
Reused/recycled waste	0	0	0	0
Energy from waste	0	0	0	0
Total waste costs (£)	0	0	0	0

Waste by final disposal

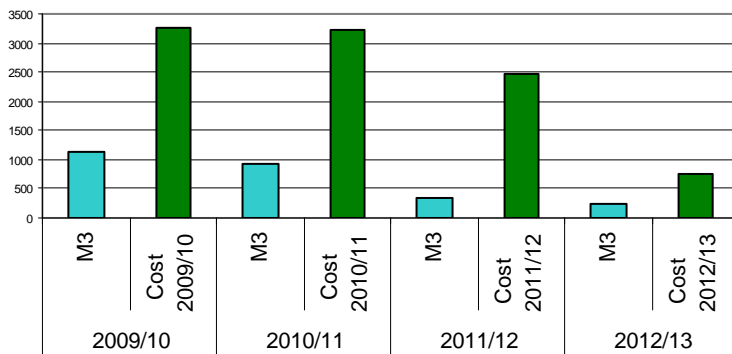


Water

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

2009-10	2010-11	2011-12	2012-13
1,144	940	357	236
£3,244	£3,222	£2,473	£768

Water. Total consumption and costs.



Paper

Cost (excluding VAT)

2009-10	2010-11	2011-12	2012-13
5,609.15	6,559.64	7,993.08	4,199.89



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