



Thames Valley Probation

Annual Report and Accounts 2012–2013



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2012–2013

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1. Our Statement of Purpose, Our Mission, Our Values

Our Statement of Purpose

Thames Valley Probation is a Non Departmental Public Body of the Ministry of Justice. Our role is to deliver offender management services in the community and ensure best value for money from public resources. We work to protect the public and reduce re-offending by delivering the punishment and orders of the courts and supporting rehabilitation by helping offenders to reform their lives.

Our Vision

We will work to develop, provide and ensure the maintenance of high standards in the delivery of offender services that are effective in protecting the public and reducing re-offending.

Our Values

In delivering offender management services we will:

- Respect and value people;
- Act with integrity;
- Work co-operatively and in partnership;
- Positively change attitudes, thinking and behaviour;
- Ensure quality and strive for excellence; and
- Be a local public service that provides value for money.

2. Foreword

This is the third annual report following the creation of Thames Valley Probation as a probation trust providing a public service under contract to the National Offender Management Service (an executive agency of the Ministry of Justice).

Thames Valley Probation delivers services in a challenging, demanding and complex operating environment. Thames Valley Probation staff work to protect the public, reduce re-offending and to provide a service for victims of crime.

Thames Valley Probation has delivered on-going budget savings and efficiency improvements during the year. All parts of the organisation contributed to meeting savings targets and operating within a reduced level of funding, while maintaining the quality of services.

Our performance continues to improve. Output targets as required by the contract with the National Offender Management Service were achieved and for the most part exceeded.

For the coming year, we have plans to further improve our work with offenders, to engage with local partners and deliver effective local and responsive services that benefit the communities within the Thames Valley area.

The Ministry of Justice has recently announced the outcome of a consultation paper called Transforming Rehabilitation. The Ministry of Justice will now work towards the fragmentation and privatisation of the majority of community based probation services. The Ministry of Justice aim to complete their changes to probation services by 31 March 2015. During this interim period, Thames Valley Probation will continue to deliver probation services of the highest possible standard until such time as responsibilities transfer to successor entities and other providers.

Thames Valley Probation has a committed and experienced professional workforce that works to the benefit of public protection and offender rehabilitation in conjunction with local partners and communities. I wish to take this opportunity to express my appreciation for the ongoing dedication and commitment of our staff and partners.

Paul Gillbard
Chief Executive
Thames Valley Probation

3. Operational & Performance Review 2012–13

Thames Valley Probation has operational priorities that cover delivering the punishments and orders of the courts, public protection and reducing reoffending. Thames Valley Probation again demonstrated strong operational performance in 2012–13 against key performance measures, as set out in the table below.

Thames Valley Probation Performance Outcomes

Performance Indicator	Description	2012/13 Result	2012/13 Target
OM7 Victim contact	The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence.	100%	90%
OM40 (incl RIC) Court report timeliness	The percentage of Pre-Sentence Reports (PSRs) completed within the timescales set by the Court.	98%	95%
OM5 Enforcement	The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply.	94%	90%
OM27 Indeterminate Sentence Prisoners PAROM1 timeliness	% of IPP (Lifer) assessment reports completed and returned to prison within 8 weeks of Parole Review Commencement Date	96%	90%
OM021 Reduce Reoffending	Reduce the rate of proven reoffending whilst under the management of provider of probation services. (Predicted Rate of Reoffending 9.46%).	8.83%	9.28%
OM39 OASys Tier 2, 3, 4 & PPO final reviews	At least 90% of all final reviews (terminations) to be completed within the appropriate timescales for all Tier 2 (where appropriate), 3, 4 and Prolific Persistent Offenders.	89%	90%
OMO29 Offender Feedback	The percentage of offenders with overall positive experiences of engagement.	73%	67%
IPPF4 OMI Risk of Harm	Assessed score following an Offender Management Inspection.	71%	66%
IPPF5 OMI Assessment and Sentence Planning	Assessed score following an Offender Management Inspection.	74%	72%
IPPF6 OMI Interventions	Assessed score following an Offender Management Inspection.	75%	72%
IPPF019 OMI Enforcement & Compliance	Assessed score following an Offender Management Inspection.	78%	70%
IPPF020 OMI Likelihood of Reoffending	Assessed score following an Offender Management Inspection.	69%	70%
INT 9 Employment at termination	The percentage of offenders in employment at termination of their order or licence.	59%	47%
INT 8 Sustained employment	The number of offenders under supervision who find and sustain employment.	409	350
INT 020 Educational Referrals to Awards Conversion Rate	Proportion of referrals to education providers in the community that result in a qualification	48%	20%

Performance Indicator	Description	2012/13 Result	2012/13 Target
OM019 Education Provider Referrals	The number of referrals to Educational Provision (in the community).	1,227	1,200
IPPF8 Sickness absence	Reduce sickness absence in the National Probation Service to an average of 9 days per member of staff per year.	9 days	9 days
IPPF14 Staff Diversity	The percentage of staff from ethnic minority backgrounds	13%	10%
OM17 Accommodation at termination	The percentage of offenders in settled and suitable accommodation at the end of their order or licence.	86%	77 %
OM3 End to end enforcement	To achieve an average of 35 working days from the relevant unacceptable failure to comply to resolution of the case; and to resolve 60% of breaches of Community Orders within 25 working days of relevant failure to comply.	71%	60%
OM4 Licence recall requests	Licence recall requests to reach NOMS Post Release Section within 24 hours of the decision by the Offender Manager.	95%	90%
OM 20 Order or license successfully completed	The percentage of Orders & Licences successfully completed.	76%	70%
INT 01 Sex offender programme completions	The number of accredited sex offender programme completions.	70	66
INT 02 Domestic violence programme completions	The number of accredited domestic violence programme completions.	120	120
INT 03 Accredited OBP completions (excl. SOTP and DV)	The number of accredited offending behaviour programme completions (excluding sex offender and domestic violence).	95	100
INT 16 ATR performance	The number of Alcohol Treatment Requirements (ATR) completions.	167	50
TV003 Specified Activity Completions	The number of Specified Activity Requirement completions.	763	600
INT 06 DRR Completions	The number of Drug Rehabilitation Requirements (DRR) Completions.	211	200
INT005 Community Payback Completions	The number of Community Payback Completions.	1,710	1,600
INT 18 Community payback completion rate	The percentage of unpaid work requirements that are successfully completed.	73.3%	73.0%

Workload and Activity Statistics

Commencements by Order Type 2012–13

Order Type	Total
Adult Statutory Through Care	280
Community order	3,189
Detention & Training Order	7
Discretionary Conditional Release (post Oct 92)	1
Extended Determinate Sentence	8
Extended Public Protection	14
Indeterminate Public Protection	7
Life imprisonment	14
S105. Post Release Licence	5
Standard Determinate Custody (CJA)	664
Suspended sentence order	1,209
Young Offender Institution	159
Young Offender Statutory Through Care	105
Youth Rehabilitation Order	74
Total	5,736

Commencements (including those released on licence and not those ordered to custody)	2012–13	2011–12	2010–11
Orders	4,398	4,906	5,305
Licences	1,283	1,278	1,266
Total	5,681	6,184	6,571

Reports written by Court & Report Type 2012–13

Report Type	Crown Court	Magistrates' Court	Other Court	Total
Addendum/Deferred Report	41	59	1	101
Deferred Sentence Report	3	5	-	8
Fast Delivery	732	1,354	5	2,091
Further Assessment	-	2	-	2
NIL Report Custody No Access	4	2	-	6
NIL Report External Resources	11	19	-	30
NIL Report Offender Fails	73	358	4	435
NIL Report Resource Issue	2	11	-	13
No Contact Report	-	2	-	2
Oral	203	3,376	36	3,615
Report on Appeal	2	-	-	2
Standard Delivery	751	967	8	1,726
Total	1,822	6,155	54	8,031

Unpaid Work Hours

Unpaid Work Hours Ordered and Worked	2012–13	2011–12
Ordered	318,436	354,197
Worked	235,316	278,162

Caseload

Order Type	2012–13	2011–12
Adult Statutory Through Care	927	882
Children & Young Persons supervision order	1	0
Community Punishment & Rehabilitation (Punishment)	3	3
Community Punishment & Rehabilitation (Rehabilitation)	2	2
Community Order	2,329	2,286
Community Punishment Order	21	23
Community Rehabilitation Order	2	2
Community Punishment Order for Breach	0	2
Deferred Sentences	0	0
Detention & Training Order	6	3
Discretionary Conditional Release (post Oct 92)	91	117
Extended Determinate Sentence	0	0
Extended Public Protection	85	73
Extended Supervision for Sex Offender	13	11
Extended Supervision for Violent Offender	3	3
Indeterminate Public Protection	220	216
Life Imprisonment	300	296
Psychiatric Order	0	1
S105. Post Release Licence	4	4
Standard Determinate Custody (CJA)	1,133	1,094
Suspended Sentence Order	1,031	1,073
Young Lifer	2	2
Young Offender Institution	75	78
Young Offender Statutory Through Care	294	287
Youth Rehabilitation Order	73	62
Total	6,615	6,520

The National Offender Management Service (NOMS) is responsible for agreeing and publishing annual performance ratings for each probation trust. The publication of probation trust ratings is designed to ensure transparency of the final performance assessments, with ratification from the NOMS Agency Board and independent assurance provided by the NOMS Non-Executive Directors.

NOMS produces data driven assessments of performance for probation trusts using an assessment framework – the Probation Trust Rating System (PTRS) – which has been agreed by the NOMS Agency Board, including its Non-Executive Directors. The PTRS assesses the 35 probation trusts in England and Wales by looking at performance in 12 indicators. Performance is shown in the three domains that best describe the work of probation: public protection; reducing re-offending; and sentence delivery. By comparing the performance in each metric against target and, where appropriate, against the national average, performance is graded into one of four bands. These bands are 4: Exceptional Performance, 3: Good Performance, 2: Requiring Development and 1: Serious Concerns. Thames Valley Probation has been rated as Band 3 Good Performance under this process, overall with one domain, Reducing Reoffending, being rated as Band 4.

4. Demand for Services and Managing Capacity

Thames Valley Probation is contracted by NOMS to provide community sentences and report writing for those whom the courts judge. Thames Valley Probation operates a service that is responsive to demand, but also works with the courts to ensure an appropriate match between requirements and services.

Improving Efficiency and Reducing Costs

During 2012–13 Thames Valley Probation continued to make cost reductions to achieve savings on budgets. These savings were delivered while overall performance was maintained.

Thames Valley Probation improved efficiency and cost reduction through:

- A sustained focus on understanding the unit costs of service delivery and taking action to reduce costs in priority areas, such as community payback;
- Increasing the proportion of oral court reports compared to written reports to 45%;
- Reducing the level of stand downs within community payback to a minimal level;
- Reducing headquarters posts;
- Undertaking four advertised tenders for services that led to a reduction in the cost of those services.
- Employer contributions for those employees that are members of the Local Government Pension Scheme remained at 12.3% of gross pay.

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.

5. 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 Thames Valley Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 48, by the Secretary of State under the OM Act.

Principal activities

Thames Valley Probation covers the same geographic area as Thames Valley Police, serving a population of about 2,300,000. During the year, the Trust employed 550 full time equivalent staff who worked from 12 office sites, five approved premises and six prisons across the area.

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

The discharge of policies as established by the National Offender Management Service (NOMS), is designed to ensure:

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

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 22. The Statement of Changes in Taxpayers' Equity is shown on page 25.

Operating costs

The net operating cost after taxation for 2012–13 of £1,784,000 (2011–12 – £1,107,000) has gone up compared to the previous year. This is principally due to annual adjustments to reflect the requirements of IAS19 rather than material variations in operating costs.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 23 and 24 respectively.

The net liabilities position has changed from £33,114,000 at 31 March 2012 to £32,354,000 at 31 March 2013. The largest item in the Statement of Financial Position is the pension liability of £33,412,000.

Payment of creditors

In the year to 31 March 2013, the Trust paid 2,994 trade invoices with a net value of £2,662,615. The percentage of undisputed invoices paid within 30 days by the Trust was 84% compared to 76% 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 nine days across the Trust (2011–12: nine days).

Personal data related incidents

No protected personal data related incidents were reported to the Information Commissioner's Office in 2012–13.

Events after the reporting period

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

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

The results of the "Transforming Rehabilitation" consultation paper were published on 9 May 2013, by 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.

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 50 to 54.

Future developments

The Thames Valley Probation corporate delivery plan has five strategic aims which are to:

- Continuously improve the quality of the services that we deliver;
- Achieve high levels of performance in reducing re-offending and protecting the public;
- Increase capability in the development and delivery of probation services;
- Develop and maintain powerful partnerships that are effective in tackling re-offending, protecting the public and victims of crime; and
- Champion the importance of rehabilitation and social inclusion to partners and the communities of Thames Valley.

The corporate delivery plan was compiled at a time when Thames Valley Probation is beginning to engage with and respond to the political decisions relating to the future organisation and delivery of probation services. This comprises a programme of wide ranging changes to the role of probation along with a challenging timescale for implementation. Whilst it is important to acknowledge the risks that this will create in terms of the focus on delivery performance and to staff motivation and morale, this Plan is about continuing to perform to the highest standards possible and maintaining the focus on continuous improvement.

Thames Valley Probation aims to deliver excellence in Probation services and for 2013–14 this is reflected through the following core delivery commitments:

- Implementation of the Thames Valley Probation Quality Framework. This comprises a wide range of measures and activities to enable a whole organisational focus on professionalism and continuous improvement.
- Implementation of the SEEDS (Skills for Effective Engagement Development and Supervision) organisational and practice model to support the consistent application of evidence based practice and theory in day-to-day work with offenders. SEEDS is at the core of the Quality Framework.
- Continuing to embed Integrated Offender Management (IOM) as mainstream practice and develop improved means of demonstrating the contribution of Integrated Offender Management to reducing re-offending outcomes.
- Improving the focus on, and reliability of, evaluation of the impact and effectiveness of offender supervision, including the contribution of interventions to achieving successful outcomes.
- Delivering high standards of professional practice and defensible professional judgements in relation to offender assessment, advice to courts and management of the risk of serious harm.
- Continuing to improve the external focus of the organisation in relation to working collaboratively with other agencies and providers and connecting with communities.
- Building the focus and capacity of Thames Valley Probation as a learning organisation, reflected through a high level of investment in continuous professional development and improvement.

Communications and employee involvement

Thames Valley Probation continues to attach great importance to engaging and communicating effectively with its staff.

Our approach is to embed staff engagement into our normal ways of working. We ensure visible leadership to all parts of Thames Valley Probation through a variety of channels. These include regular team briefings, senior leadership briefings at all levels, a staff survey, development forums for the different functional areas, intranet and other information provision.

Regular sentencer forums take place between Thames Valley Probation staff and local sentencers. In 2012–13 there were two such meetings attended by representatives of courts as well as regular liaison and training events for sentencers organised at LDU level.

Staff diversity

Thames Valley Probation has a commitment to diversity. The Two Tick accreditation status was renewed for a further year during 2012–13, and TVP also benefits from membership of Stonewall. Information on progress towards equality objectives is published on the Thames Valley Probation website.

12.8 per cent of staff employed by Thames Valley Probation are of black or minority ethnic backgrounds (2011–2012: 12.7 per cent).

14.6 per cent of staff employed by Thames Valley Probation consider that they have a disability (2011–2012: 14.2 per cent).

Audit

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 external auditor was driven by a Department for Communities and Local Government 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 20.

Total audit fees reported in the Accounts are £28,269. The audit fees for 2011–12 relate to the previous external auditor.

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

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

The Thames Valley Probation Trust Board

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

- Board meetings every two months to focus on Trust strategic priorities including change, performance and risk;
- Two sub-committees reporting to the Board – Audit Committee and Joint negotiating and Consultative Committee;
- Weekly meetings between Board Chair and Trust Chief executive;
- Regular senior management meetings including ongoing assessment of performance, risk, finance, workforce planning and business planning.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 13 to 15.

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chair	Malcolm Fearn	
Board member	Hirak Chakravarty	
Board member	Michael Day	
Board member	Michael Nolan	
Board member	Phillip Perlin	
Board member	Sue Seager	
Ex-officio members		
Chief Executive	Paul Gillbard	From 1 May 2012
Chief Executive	Gerry Marshall	Until 30 April 2012

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.

Paul Gillbard
Accounting Officer
26 June 2013

6. Remuneration Report

Appointments

The Chair and other Board Members were appointed by the Secretary of State following open competition. The Chief Executive was appointed by the Board following open competition.

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

A) REMUNERATION – AUDITED

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

	2012–13			2011–12		
	Salary (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) £
Paul Gillbard Chief Executive (from 1 May 2012) [note 1]	65–70	-	-	-	-	-
Malcolm Fearn Board Chair	15–20	-	-	15–20	-	-
Gerald Marshall Chief Executive (until 30 April 2012)	10–15	-	-	90–95	-	-
Hirak Chakravarty Board Member	0–5	-	-	0–5	-	-
Michael Day Board Member	0–5	-	-	0–5	-	-
Michael Nolan Board Member	0–5	-	-	0–5	-	-
Phillip Perlin Board Member	0–5	-	-	0–5	-	-
Sue Seager Board Member	0–5	-	-	0–5	-	-

Note 1 – During financial year 2012/13, Paul Gillbard was Director of Operations for the period 1 April 2012 to 30 April 2012.

All Ministry of Justice appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour, 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
Band of Highest paid Director (£000s)	£65–£70	£90–£95
Median for other staff, £	£25,542	£26,052
Pay multiple ratio	2.6	3.5

The median remuneration is the total remuneration of the staff member 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. The ratio has changed as a result of the remuneration of the highest paid director being lower in 2012–13 than in 2011–12.

Salary

'Salary' is gross salary. There are no other additional payments applicable, such as an element of performance related pay.

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Paul Gillbard Chief Executive (from 1 May 2012) [note 1]	30–35 Plus lump sum of 70–75	5–10 Plus lump sum of 10–15	692	547	145

[Note 1 – During financial year 2012/13, Paul Gillbard was Director of Operations for the period 1 April 2012 to 30 April 2012].

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.

Paul Gillbard
Accounting Officer

26 June 2013

7. Statement of Accounting Officer's Responsibilities

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

In preparing the accounts, the 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 judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Secretary of State has appointed the Chief Executive as the 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.

8. Governance Statement

Governance Framework

The Trust Board has seven members comprising the Chairman and five members, appointed by the Secretary of State following open competition, and the Chief Executive. Two Magistrate Advisers have been appointed to work with the Board, both of whom are serving magistrates and former board members. The Board is also advised by a Crown Court Judge who was nominated by the Lord Chancellor's Department. These three advisers do not have voting rights. During 2012–13 the Trust Board met in public on six occasions at various locations around the Thames Valley and the attendance rate of board members was over 90% (38 out of a maximum 42 attendances). Between public meetings the Board met privately on four occasions to focus on specific topics, as well as to receive updates on financial and performance issues.

Each board member takes responsibility for one or more specified operational areas and is a member of one or more committees or working groups. The Board Chairman conducts an annual appraisal of board members' contributions and is himself subject to appraisal by NOMS. All appraisals have been assessed as satisfactory.

The Trust Board has formally established two Committees. The Audit Committee meets quarterly and comprises two board members, one of whom serves as Chair. They are advised by two of the Magistrate Advisers who have specialist finance experience. The Chief Executive and Treasurer attend meetings of the Audit Committee but are not committee members; the Trust Board Chairman does not attend. The external and internal auditors are represented at all meetings, each of which concludes with a closed session confined to committee members, advisers and auditors at which concerns can be raised about executive actions or performance. The Audit Committee undertakes an annual self-appraisal using a format recommended by the National Audit Office, who are also the external auditors. The Joint Negotiating and Consultative Committee (JNCC) is a joint committee of the Trust Board and the recognised trade unions. Its membership and proceedings are governed by an agreed written constitution. It meets quarterly.

In addition, Thames Valley Probation has a Health and Safety Committee, which is an internal management body chaired by the Director of Human Resources. To ensure good governance and joined-up communication in this important field a nominated board member attends the Committee's meetings and all its minutes are brought to the Board. The same goes for Thames Valley Probation's Diversity Monitoring Group, which two nominated board members attend.

The Board's governance arrangements have been established in accordance with recommended standing orders and guidance issued by the Ministry of Justice, to ensure compliance with government standards for non-departmental public bodies. Accountability to the general public is addressed by making available the agendas and minutes of all the Board's public meetings on the Thames Valley Probation website. Copies of all non-confidential papers that go to the Board, including notes of the Board's workshops and minutes of the Audit, JNCC and Health and Safety Committees, and the Diversity Monitoring Group, are available to the public on request.

Oversight and Assurance Arrangements

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors, the executive manager with responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. The Chief Executive has been advised of the implications of the result of his review of the effectiveness of the system of internal control by the Board and Audit Committee and where weaknesses have been identified, actions have been planned to ensure continuous improvement of the system is in place.

Some of the key processes which have been in place for 2012–13 are as follows:

- Board and Audit Committee regular review of risks and progress against identified weaknesses;
- Management control through reporting, review, processes, procedures, training, supervision and appraisal;
- Quarterly Business Planning and Review process which is embedded throughout the organisation which includes organisational risk;
- Internal Audit independent assessment based on a plan agreed nationally and locally and reports to the Audit Committee;
- National monitoring of performance and expenditure by NOMS and reported to the Chief Executive and Board Chair; and
- Her Majesty's Inspectorate of Probation (HMIP) reviews reported to the Chief Executive and Board Chair.

The Ministry of Justice (MoJ) provides an internal audit service to Thames Valley Probation. A total of 45 audit days focused on audit areas of business capacity development, balanced scorecard, operational quality review. Equality of access to offender services, and key financial controls. Minor recommendations were made for some of the audit areas, but there were no areas in which internal audit could only provide limited assurance. The MoJ internal audit department concluded that for 2012–13 that they were able to provide a reasonable assurance that Thames Valley Probation's overall risk, control and governance framework is generally adequate to enable the achievement of its objectives and that key risks are being effectively managed.

The Business Process Improvement function undertakes projects across the organisation to identify efficiency savings with a link to business process re-engineering.

The use of organisational risk software, which ensures that current timely reports on risk are available to assist the management of the organisation and for the Audit Committee and Board.

A risk evaluation of all business items takes place at all corporate management team and senior management group meetings.

The most recent internal audit on risk management arrangements took place in January 2010 and concluded that there is a sound system of risk management, and that controls are operating as intended and are proportionate to risk.

The Board has reviewed the Corporate Governance Code and considers that it is compliant with key principles. There are not considered to be any areas of non-compliance.

Risk Management

Risk has been integrated into the quarterly Business Planning and Review process so that those risks assessed as most significant to the organisation are regularly reviewed at corporate and senior operational management level. The Chief Executive has overall responsibility for the Thames Valley Probation risk register, to which senior managers have logged risks alongside mitigating actions and have kept this updated throughout the year. The risk register is an electronic system that enables appropriate access, updating and reporting.

Each risk is allocated to a senior manager and progress is monitored against agreed actions. The risk register is reviewed by the Audit Committee and agreed by the Board at which point the appetite for the risks identified is assessed and agreed. Risk management is supported by a Risk Policy and is designed to ensure that risk management is embedded in the whole organisation.

The highest priority risks in 2012–13 were around the ability to recruit and retain sufficient professional staff to fulfil operational obligations, and also the destabilising potential of the Government privatisation plans for probation services. Thames Valley Probation mitigates the workforce risk by having suitable

plans in place for appropriate allocation of resources, a workforce planning strategy and also training staff to become qualified probation officers. The risk of an adverse service delivery impact that the privatisation and fragmentation of probation services may cause has been identified by Thames Valley Probation as a significant issue for 2013–14.

Information Security

Responsibility for information security management rests with the Information Manager, who reports to the chief executive. All staff are responsible for the information that they handle, and been given training on information security and data protection. During 2012–13 there were no personal data related incidents at Thames Valley Probation either on a minor scale or that were reportable to the Information Commissioner.

Risk and Control Framework

As Accounting Officer, the Chief Executive has responsibility for maintaining a sound system of internal control that supports the achievement of Thames Valley Probation policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible, in accordance with the responsibilities assigned to him. An internal audit function is provided by the Ministry of Justice.

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 Thames Valley Probation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Thames Valley Probation for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The Board takes responsibility for risk and determines the risk appetite of the organisation. Board members and senior managers have undergone risk training to ensure that members fully understand the processes and responsibilities in relation to risk and to ensure that a relevant risk control framework was incorporated into Thames Valley Probation.

A Scheme of Delegation outlines responsibility for matters to be exercised in accordance with relevant instructions. There is a devolved budget structure in place that defined the allocation of budget management responsibilities to named individual staff. Standing Financial Instructions define the standards and processes to which budget holders within Thames Valley Probation must adhere.

Paul Gillbard
Accounting Officer

26 June 2013

9. 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 Thames Valley Probation 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 Thames Valley Probation'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.

10. 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)	19,397	19,196
Other administration costs	6(a)	6,448	6,591
Income	7(a)	(25,191)	(25,347)
Net administration costs		654	440
Programme costs			
Staff costs	3(a)	0	0
Other programme costs	6(b)	0	0
Income	7(b)	0	0
Net programme costs		0	0
Net operating costs		654	440
Expected return on pension assets	4(d)	(2,713)	(2,915)
Interest on pension scheme liabilities	4(d)	3,795	3,595
Net operating costs before taxation		1,736	1,120
Taxation	5	48	(13)
Net operating costs after taxation		1,784	1,107

Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net gain on revaluation of property, plant and equipment	8	(8)	(1)
Pension actuarial (gain)/loss	23	(2,536)	16,020
Total comprehensive expenditure for the year ended 31 March 2013		(760)	17,126

The notes on pages 26 to 47 form part of these accounts.

All activities are derived from continuing activities.

11. Statement of Financial Position

As at 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Non-current assets			
Property plant and equipment	8	144	168
Total non-current assets		144	168
Current assets			
Trade and other receivables	12(a)	248	2,548
Cash and cash equivalents	13	3,139	1,158
Total current assets		3,387	3,706
Total assets		3,531	3,874
Current liabilities			
Trade and other payables	14(a)	(1,621)	(1,883)
Provisions	15	(130)	(463)
Taxation payables	14(a)	(722)	(1,113)
Total current liabilities		(2,473)	(3,459)
Non-current assets plus/less net current assets/(liabilities)		1,058	415
Non-current liabilities			
Pension liability	4(c)	(33,412)	(33,529)
Total non-current liabilities		(33,412)	(33,529)
Assets less liabilities		(32,354)	(33,114)
Taxpayers' equity			
General fund	23	(32,378)	(33,130)
Revaluation reserve – property, plant and equipment	24(a)	24	16
		(32,354)	(33,114)

The financial statements on pages 22 to 25 were approved by the Board on 18 June 2013 and were signed on its behalf by

Accounting Officer

26 June 2013

The notes on pages 26 to 47 form part of these accounts.

12. 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	(1,784)	(1,107)
Adjustments for non-cash transactions	6(a)	(144)	124
Adjustments for pension cost – total operating charge	4(d)	3,332	2,582
Adjustments for pension cost – net interest cost	4(d)	1,082	680
Adjustments for pension cost – contributions by the employer	4(g)	(1,995)	(2,049)
Decrease in receivables	12(a)	2,300	41
(Decrease)/Increase in payables	14(a)	(653)	522
Utilisation of provisions	15	(157)	(175)
Net cash outflow from operating activities		1,981	618
Cash flows from investing activities			
Purchase of property, plant and equipment	8	0	(58)
Net cash outflow from investing activities		0	(58)
Cash flows from financing activities			
Net financing		0	0
Net increase in cash and cash equivalents in the period		1,981	560
Cash and cash equivalents at the beginning of the period	13	1,158	598
Cash and cash equivalents at the end of the period	13	3,139	1,158
Increase in cash		1,981	560

The notes on pages 26 to 47 form part of these accounts.

13. 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		(16,003)	15	(15,988)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(1,107)		(1,107)
Net gain on revaluation of property, plant and equipment	24(a)	0	1	1
Pension actuarial (loss)/gain	23	(16,020)	0	(16,020)
Balance as at 31 March 2012		(33,130)	16	(33,114)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(1,784)	0	(1,784)
Net gain on revaluation of property, plant and equipment	24(a)	0	8	8
Pension actuarial gain	23	2,536	0	2,536
Balance as at 31 March 2013		(32,378)	24	(32,354)

The notes on pages 26 to 47 form part of these accounts.

14. Notes to the accounts

1. Statement of accounting policies

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

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

The Trust has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial 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 Net Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been an additional charge of £454,000.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of non-current assets, where material, at their value to the business. The functional and presentational currency of the Trust's financial statements is the British pound sterling (to the nearest £1,000 unless otherwise stated).

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be

divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

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

1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £10,000, inclusive of any irrecoverable VAT element, where appropriate.

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under “accommodation, maintenance &

utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation of non-current assets

The revaluation reserve reflects the unrealised element of the cumulative balance of 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:

Vehicles	5 to 7 years depending on individual asset type
Office equipment and IT equipment	3 to 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

Thames Valley Probation has no Intangible non-current assets.

1.8 Non-current assets held for sale

Thames Valley Probation has no Non-current assets held for sale.

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 FR&M 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

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

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

1.15 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of

non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.16 Corporation Tax

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

1.17 Cash and Cash Equivalents

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

1.18 Financial instruments

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

1.19 Segmental analysis of spend as reported to the Trust Board

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

1.20 Third party assets

Thames Valley Probation does not hold, either as custodian or trustee, any assets belonging to third parties.

2. Statement of Operating Costs by Operating Segment

Operational Unit	2012–13	2011–12
	Net Expenditure £000	Net Expenditure £000
Local Delivery Units	11,531	12,435
Community Payback Programmes	1,742	1,972
Approved Premises	1,380	1,365
Finance & Estates	2,512	2,508
Non allocated costs (including pension adjustment)	2,719	2,572
Other Support Services	2,597	1,509
	3,591	3,291
Total Net Expenditure	26,072	25,652
Contract Income	(24,288)	(24,545)
Net Expenditure	1,784	1,107

As Thames Valley Probation is funded by central government there is no requirement to raise funds and maintain shareholder value. Therefore, the organisation does not manage assets in the same way as the private sector and does not rely on different segments to contribute towards profits by optimising use of assets. Net assets are not reported by segment to the Chief Executive.

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	16,584	15,941	643	17,179
Social security costs	1,226	1,226	0	1,244
Other pension costs	3,286	3,286	0	2,499
Sub-total	21,096	20,453	643	20,922
Less recoveries in respect of outward secondments	(1,699)	(1,699)	0	(1,726)
Total staff costs	19,397	18,754	643	19,196
Administration-related staff costs	19,397	18,754	643	19,196
Programme-related staff costs	0	0	0	0
	19,397	18,754	643	19,196

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**.

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

3b. Average number of persons employed

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

	2012-13		2011-12
	Total	Permanently- employed staff	Total
	550	526	559
	550	526	559

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	7	7	0	8	8
£10,000-£25,000	0	2	2	0	0	0
£25,000-£50,000	0	1	1	0	3	3
£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	11	11	0	11	11
Total resource cost £000	0	157	157	0	125	125

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. Exit costs are accounted for in full in the year of departure. 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.

Staff savings as a result of departures contributed towards required staff changes as a result of reduced funding levels.

4. Pensions costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory fully funded scheme which provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits accrue at the rate of either 1/80th or 1/60th of pensionable salary for each year of service, in addition to a lump sum which is payable on retirement. Members have paid contributions of between 5.5% and 7.5% of pensionable earnings for the year to the 31 March 2013. Pensions payments are increased in line with the Consumer Prices Index. On death, pensions are payable to the surviving nominated dependant. On death in service the scheme pays a lump sum benefit and also provides a service enhancement on the nominated dependant’s pension. Ill health retirement can result in early and enhanced payments of benefit dependant upon future reasonable prospect of alternative and gainful employment. In this case, pensions are brought into payment immediately. Scheme administration is by the Royal Borough of Windsor and Maidenhead. Actuaries Barnett Waddingham used in the IAS19 calculations, an estimate of the number of employees, deferred pensioners, pensioners and new contributions and actual fund assets and fund returns as at 31 March 2013.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Barnett Waddingham. For 2012–13, employers’ contributions of £1,995,000 were payable to the LGPS (2011–12 £2,049,000) at a rate of 12.3% of pensionable pay. 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.

Employer pension contributions are as follows:

- Employer’s contributions for 2012–13 were 12.3% of salaries; and
- Employer’s contributions for 2013–14 will be 12.3% of salaries; and
- Employer’s contributions for 2014–15 will be 12.3% of salaries.

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

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

Mortality Assumptions:

The post retirement mortality tables adopted were the Self-administered Pension Scheme (SAPS) tables allowing for long cohort projection with a minimum 2.25%p.a. improvement for members who had retired by 31 March 2010 and a minimum of 1% p.a. for those that had not.

34 4c. The assets in the scheme and the expected rate of return were:

	2012-13			2011-12		
	Expected return as at 1 April 2013 for the year to 1 April 2014	Value as a percentage of total scheme assets	Value	Expected return as at 1 April 2012 for the year to 1 April 2013	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	6.4%	41%	22,722	6.7%	35%	17,388
Government bonds	3.0%	1%	554	0.0%	0%	0
Other bonds	4.1%	21%	11,638	4.6%	25%	12,420
Property	4.5%	10%	5,542	4.8%	10%	4,968
Other	4.8%	27%	14,963	5.0%	30%	14,905
Total	5.3%	100%	55,419		100%	49,681
Present value of scheme liabilities			(88,831)			(83,210)
Deficit of the scheme			(33,412)			(33,529)
Net pension liability			(33,412)			(33,529)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	3,256	2,512
Effect of curtailment	76	70
Total operating charge	3,332	2,582
	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(2,713)	(2,915)
Interest on pension scheme liabilities	3,795	3,595
Net interest costs	1,082	680

4e. Analysis of amounts recognised in Statement of Changes in Taxpayers' Equity

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	2,536	(16,020)
Total shown in Statement of Changes in Taxpayers' Equity	2,536	(16,020)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	83,210	64,107
Current service cost	3,256	2,512
Interest cost	3,795	3,595
Contributions by members	890	913
Actuarial (gains)/losses on liabilities*	23	12,978
Benefits paid	(2,366)	(911)
Unfunded benefits paid	(53)	(54)
Curtailments	76	70
Closing present value of liabilities	88,831	83,210

* 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	49,681	47,811
Expected return on assets	2,713	2,915
Actuarial gains/(losses) on assets	2,559	(3,042)
Contributions by the employer	1,995	2,049
Contributions by members	890	913
Benefits paid	(2,366)	(965)
Unfunded benefits paid	(53)	0
Closing fair value of assets	55,419	49,681

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	55,419	49,681	47,811	43,394	31,012
Present value of liabilities	(88,831)	(83,210)	(64,107)	(77,775)	(45,072)
Deficit	(33,412)	(33,529)	(16,296)	(34,381)	(14,060)
Experience gains/(losses) on scheme assets	2,559	(3,042)	231	8,502	(16,004)
Experience gains/(losses) on scheme liabilities	3	11	2,380	0	0
Percentage experience gains/(losses) on scheme assets	5%	(6%)	0%	20%	(52%)
Percentage experience gains/(losses) on scheme liabilities	0%	0%	4%	0%	0%

4i. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	86,447	88,831	91,295
Projected service cost	3,131	3,259	3,390
	+1yr	none	-1yr
	£000	£000	£000
Adjustment to mortality age rate assumption			
Present value of total obligation	85,767	88,831	91,930
Projected service cost	3,118	3,259	3,402

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	48	(13)
Total	48	(13)

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

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Accommodation, maintenance and utilities	2,613		2,454	
Travel, subsistence and hospitality	661		696	
Professional services	176		287	
IT services	1,025		976	
Communications, office supplies and services	530		702	
Other staff related costs	259		216	
Offender costs	295		1,045	
Other expenditure	987		43	
External Auditors' remuneration – statutory accounts	28		30	
Internal Auditors' remuneration and expenses	18		18	
		6,592		6,467
Non-cash items				
Depreciation of tangible non-cash assets	32		28	
Other provisions provided for in year / (provisions written back)	(176)		96	
		(144)		124
Total		6,448		6,591

6b. Programme costs

Current expenditure	0	0
Total	0	0
Total other administration and programme costs	6,448	6,591

7. Income

7a. Administration income

Income receivable from the sponsoring department – NOMS

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

Total interest received

Total administration income

7b. Programme income

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

Total programme income

Total income

2012-13		2011-12	
£000	£000	£000	£000
24,288		24,545	
	24,288		24,545
	10		26
	66		0
	38		166
	443		319
	338		291
	25,183		25,347
8		0	
	8		0
	25,191		25,347

0		0	
0		0	
0		0	
0		0	
	0		0
	25,191		25,347

8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Vehicles	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	0	0	227	0	0	227
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	14	0	0	14
As at 31 March 2013	0	0	241	0	0	241
Depreciation						
As at 1 April 2012	0	0	59	0	0	59
Charge in year	0	0	32	0	0	32
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	6	0	0	6
As at 31 March 2013	0	0	97	0	0	97
Carrying value as at 31 March 2013	0	0	144	0	0	144
Carrying value as at 31 March 2012	0	0	168	0	0	168
Asset financing						
Owned	0	0	144	0	0	144
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	0	0	144	0	0	144

8. (Continued)

	2011-12					
	Information technology	Plant and machinery	Vehicles	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	0	168	0	0	168
Additions	0	0	58	0	0	58
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	1	0	0	1
As at 31 March 2012	0	0	227	0	0	227
Depreciation						
As at 1 April 2011	0	0	31	0	0	31
Charge in year	0	0	28	0	0	28
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
As at 31 March 2012	0	0	59	0	0	59
Carrying value as at 31 March 2012	0	0	168	0	0	168
Carrying value as at 31 March 2011	0	0	137	0	0	137
Asset financing						
Owned	0	0	168	0	0	168
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	0	0	168	0	0	168

9. Intangible assets

No Intangible assets were held at the reporting date.

10. Impairments

There were no Impairments at the reporting date.

11. Assets held for sale

There were no assets held for sale at the reporting date.

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	31	26
Receivables due from Probation Trusts	10	10
Receivables due from NOMS agency	10	2,300
Receivables due from all other Government departments	53	62
Other receivables	16	9
Prepayments	97	119
Accrued income	31	22
Total	248	2,548

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)	44	2,315	0	0
Balances with local authorities	59	56	0	0
Balances with NHS bodies	1	1	0	0
Balances with public corporations and trading funds	0	0	0	0
	104	2,372	0	0
Balances with bodies external to Government	144	176	0	0
Total	248	2,548	0	0

13. Cash and cash equivalents

	2012–13 £000	2011–12 £000
Balance at 1 April	1,158	598
Net change in cash and cash equivalents	1,981	560
Balance at 31 March	3,139	1,158
The following balances at 31 March are held at:		
Government Banking Service	2,500	0
Commercial banks and cash in hand	639	1,158
Balance at 31 March	3,139	1,158

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	55	58
Other payables	49	57
Accruals	1,123	919
Deferred income	113	50
Staff payables	14	550
Bank overdraft	0	0
Payables due to Probation Trusts	1	10
Payables due to NOMS Agency	0	0
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	49	1
Unpaid pensions contributions due to the pensions scheme	217	238
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	0	0
	1,621	1,883
Tax falling due within one year		
VAT	315	731
Corporation tax	48	1
Other taxation and social security	359	381
	722	1,113
Total amounts falling due within one year	2,343	2,996

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)	987	1,123	0	0
Balances with local authorities	36	1	0	0
Balances with NHS bodies	88	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,111	1,124	0	0
Balances with bodies external to Government	1,232	1,872		0
Total	2,343	2,996	0	0

15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	463	542
Provided in year	130	96
Provisions not required written back	(306)	0
Provision utilised in the year	(157)	(175)
Balance as at 31 March	130	463

Analysis of expected timing of discount flows

Not later than one year

Current liability

Later than one year and not later than five years

Later than five years

Non-current liability

Balance as at 31 March

	2012–13	2011–12
	£000	£000
Not later than one year	130	463
Current liability	130	463
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	130	463

The provision relates to an interpretation of a professional subscription Dispensation from HMRC, and is calculated for the period 1 April 2001 to 31 March 2013. The expenditure is likely to be incurred within one year.

16. Capital commitments

There were no commitments for capital expenditure or major maintenance works at the balance sheet date (2011–12 – nil).

17. Commitments under lease

17a. Operating leases

No operating leases are held (2011–12 – nil).

17b. Finance leases

No finance leases are held (2011–12 – nil).

18. Other financial commitments

There were no other financial commitments as at the reporting date (2011–12 – nil).

19. Deferred tax asset

No deferred tax assets are held (2011–12 – nil).

20. Financial instruments

As the cash requirements of the Trust are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Trust's expected purchase and usage requirements as well as cash, receivables and payables. Therefore it is felt that the Trust is exposed to little credit, liquidity or market risk. The fair values of the Trust's financial assets and liabilities for both the current and proceeding year do not differ materially from their carrying values.

There were no financial commitments as at the reporting date.

21. Contingent liabilities

The Board has not entered into any contingent liabilities by offering guarantees, indemnities or letters of comfort (2011–12 – nil).

22. Losses and special payments

22a. Losses statement

There were no losses during the financial year (2011–12 – nil).

22b. Special payments schedule

There were no special payments during the financial year (2011–12 – nil).

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(33,130)	(16,003)
Balance restated at 1 April	(33,130)	(16,003)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,784)	(1,107)
Actuarial gains and losses	2,536	(16,020)
Balance at 31 March	(32,378)	(33,130)

24. Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	16	15
Balance restated at 1 April	16	15
Arising on revaluations of PPE during the year (net)	8	1
Balance at 31 March	24	16

24b. Intangibles

There were no Intangible Assets.

25. Related party transactions

NOMS and the Ministry of Justice are regarded as a related party. During the year, the Trust had various material transactions with the Ministry of Justice, including Administration income disclosed in **Note 7a**. The Trust had transactions with other Probation Trusts, other government bodies and third party organisations. Outstanding balances with the Ministry of Justice, other Probation Trusts and other government bodies are disclosed in **Note 12** and **Note 14**.

During the course of the year Thames Valley Probation incurred £32,062 of partnership development expenditure with Thames Valley Partnership. The former Chief Executive Gerry Marshall was a trustee until his retirement on 23 April 2012. Thames Valley Partnership paid a part-time employee for some work during the year. These payments amounted to £14,440 and were separate arm's length transactions in which Thames Valley Probation was not involved.

26. Third-party assets

There were no third party assets at the reporting date (2011–12 – nil).

27. Events occurring after the reporting period

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 on 9 May 2013 by the Secretary of State for Justice.

Although the detail of the new structure has not been confirmed, the recommendations will change the way in which probation services are commissioned and delivered. As a result it is expected that the future structure of the probation service and of this Trust will need to change and adapt to meet the new requirements.

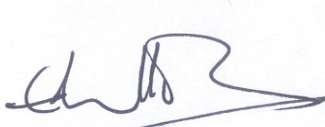
28. Prior period adjustments

There were no prior period adjustments in the year.

15. 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

16. Sustainability report (not subject to audit)

Introduction

This is the second sustainability report for Thames Valley Probation, 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 14 buildings.

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

Waste cost data is not available at this stage.

Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate is managed by facilities contractors, acting on behalf of the MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are 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 Adaptation and Mitigation

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

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

Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is managed by the MoJ and associated carbon allowances are accrued by MoJ Corporate Estates.

Carbon Management Plan (CMP)

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

The vision of the MoJ is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

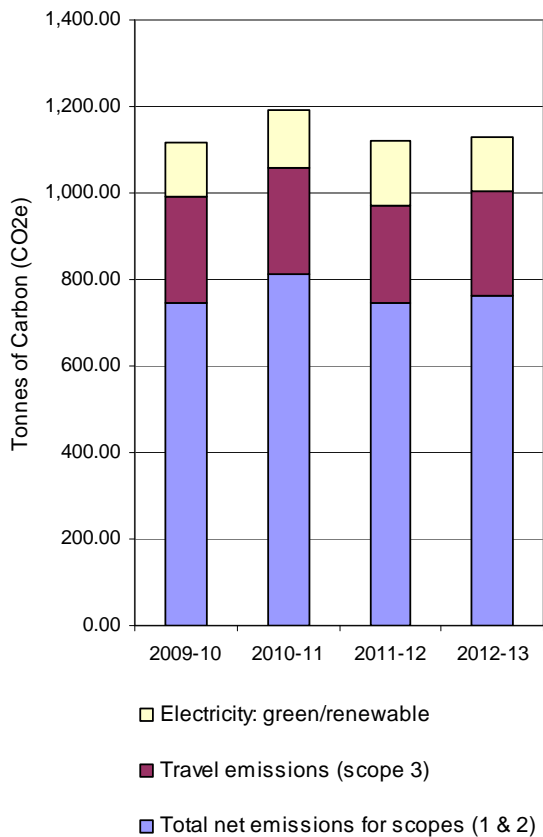
Thames Valley Probation has access to purchasing agreements for commodities from suppliers that make available recycled and low carbon products where appropriate.

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	873	946	892	888
	Electricity: green/renewable	125	131	147	126
	Total net emissions for scopes 1 & 2	748	815	745	762
	Travel emissions scope 3	243	245	227	240
	Total gross GHG emissions (all scopes)	1,116	1,191	1,119	1,128
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	725,285	758,956	852,655	728,700
	Electricity: renewable	241761.5	252985.25	284218.25	242900
	Gas	1,765,252	2,032,954	1,368,423	1,759,681
	Other energy sources	0	0	0	0
	Total energy	2,732,298	3,044,895	2,505,296	2,731,281
Financial indicators	Expenditure on energy	£143,599	£142,264	£179,456	£172,690
	Expenditure on official business travel	£531,135	£507,970	£459,236	£490,271

GHG Emissions by scope



Performance commentary (including targets)

Ministry of Justice targets are led by the Government’s GGC which require a 25% reduction in GHG Emissions (CO2e) by 2014–15 based on 2009–10. Buildings that are used by Thames Valley Probation are owned by the Ministry of Justice and managed under a range of outsourced facilities management contracts. Thames Valley Probation has no control or influence with regard to the performance of these contracts and the arrangements agreed between the Ministry of Justice and the facilities management providers. The Ministry of Justice concedes that there are limitations to the accuracy of their sustainability data but that they are committed to continue to improve data quality.

Controllable impacts commentary

There has been no significant change to the operations performed by Thames Valley Probation that would have a material impact upon Greenhouse Gas Emissions.

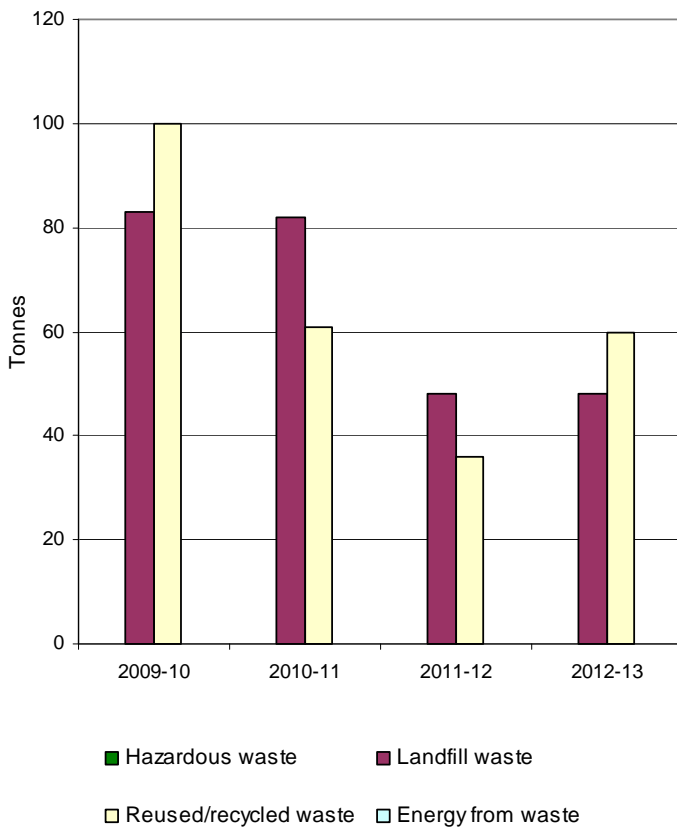
Overview of influenced impacts

When undertaking business travel, Thames Valley Probation employees are required to consider the necessity of the journey and also the most cost effective mode of travel.

Waste

			2009-10	2010-11	2011-12	2012-13
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	Landfill waste	83	82	48	48
		Reused/recycled waste	100	61	36	60
		Energy from waste	0	0	0	0
		Total waste arising	183	143	84	108
Financial indicators	Hazardous waste	Hazardous waste	0	0	0	0
	Non-hazardous waste	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



Performance commentary (including targets)

Waste data is gathered by outsourced facilities management companies, and then supplied to Thames Valley Probation by the Ministry of Justice. The Ministry of Justice concedes that there are limitations to the accuracy of their sustainability data but that they are committed to continue to improve data quality.

Controllable impacts commentary

There has been no significant change to the operations performed by Thames Valley Probation that would have a material impact upon Waste.

Overview of influenced impacts

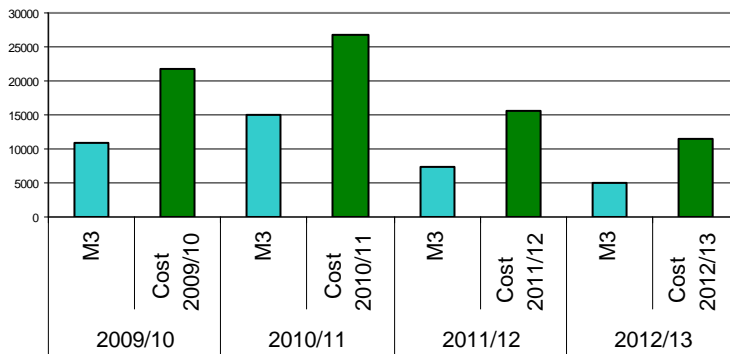
Thames Valley Probation sites have facilities to enable recycling to take place.

Water

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

2009–10	2010–11	2011–12	2012–13
10,837	14,858	7,447	5,122
£21,623	£26,897	£15,639	£11,475

Water. Total consumption and costs.



Performance commentary (including targets)

Water data is gathered by outsourced facilities management companies, and then supplied to Thames Valley Probation by the Ministry of Justice. The Ministry of Justice concedes that there are limitations to the accuracy of their sustainability data but that they are committed to continue to improve data quality.

Controllable impacts commentary

There has been no significant change to the operations performed by Thames Valley Probation that would have a material impact upon Water.

Paper

Indicative cost (excluding VAT)

2009–10	2010–11	2011–12	2012–13
£25,000	£25,000	£25,000	£25,000



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