

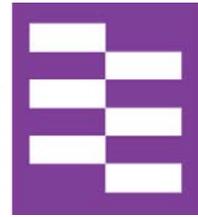
**London
Probation Trust**



London Probation Trust

Annual Report and Accounts 2012–2013

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Annual Report and Accounts
2012–2013

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Foreword

Joint Foreword by the Chair and Chief Executive of London Probation Trust

Following the challenges of the previous year, 2012/13, whilst not without its complexities, has been in many respects one of consolidation for LPT. For London it was a year to celebrate; the energy, passion and overall success of the Olympic Games was in stark contrast to the social unrest of 2011/12.

The leadership of LPT has been stable in this period; Caroline Corby was formally appointed as Chair in October following six months in an acting capacity and the Senior Management Team, appointed in 2011/12, has established its approach to taking the Trust forward. Working within the constraints of reduced budgets, the organisation has continued to prioritise the deployment of resources focused on direct work with offenders. An active and innovative approach to the recruitment of probation officers resulted in the highest proportion of overall staffing resources devoted to service delivery.

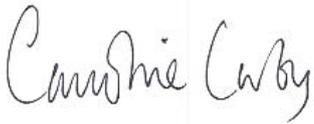
The organisation has maintained steady progress in terms of delivery against all performance targets and in respect of the quality of the work undertaken. Despite the notable progress made, significant areas for improvement remain. Each serious further offence is the cause of great distress and the evaluation of their management provides sobering evidence of the need to maintain the focus on the continued pursuit of excellence in services provided.

The outcome of the Community Payback (CP) competition in July put an end to the uncertainty that characterised the bidding process. The success of Serco in securing the contract to be the prime provider with LPT in a sub-contracting role, has provided the organisation with invaluable learning. As a result, LPT will benefit from the knowledge derived from competing for offender services and from working within the emerging challenge of the new commercial arrangements.

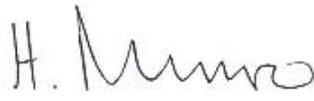
Going forward, LPT will continue to focus on improving the quality of its work, developing its workforce and investing in new initiatives. In 2013/14 we will pilot 'Exit', an intensive alternative to custody for young adult offenders with a specific focus on those engaged in gang-related crime. We will also establish a specialist 'Serious Group Offending' unit that will provide support, advice and guidance to offender managers. Building on two successful pilots LPT will extend provision on Restorative Justice across London and make provision in every Local Delivery Unit for psychology resources to work specifically with personality disordered offenders. In addition, acting on the outcome of a report from Her Majesty's Inspectorate of Probation, LPT will strive to continue to improve the quality of our engagement with victims of crime, ensuring that their voice is heard and that they are enabled to access the support and assistance they require. We will also continue to work in partnership to deploy and strengthen the 'Multi-Agency Safeguarding arrangements across all London Boroughs.

As we move forward into 2013\14 the Trust will be responsible for implementing the changes proposed in "Transforming Rehabilitation, A strategy for Reform", the Government's response to the earlier consultation. We will have a focus on ensuring the current improvement in performance is maintained while managing this complex change process.

As the largest Probation Trust in England and Wales, we have significant experience of providing services that are consistent organisation-wide whilst ensuring that the diverse needs of the communities in our twenty-three Local Delivery Units (LDUs) are met (details of planned activity and specific local priorities across London are captured within each Local Delivery Unit Business Plan). Therefore, in 2013/14 we are committed to continue to maintain a focus on improved performance, enhancing the quality of our leaders and staff.



Caroline Corby
Board Chair



Heather Munro
Chief Executive

Vision, Mission & Values

Vision

We will inspire public confidence in probation by reducing reoffending in London.

Our staff will be proud to work for London Probation Trust and London will be a safer place because of the work we do.

Mission

Changing lives for a safer London

London Probation Trust works with offenders to help them lead responsible and law abiding lives. Our over-riding aim is to reduce reoffending and protect the public.

We achieve this by:

- Assessing offenders and making skilled judgments about how to reduce the risk they pose.
- Influencing positive changes in offenders' behaviour.
- Working with other agencies to protect the public.
- Liaising with victims.

Values:

London Probation Trust has five core values which are at the heart of our responsibility to create a safer London.

Engaging with Communities – working together to improve public safety.

Listening – seeking and responding to public and user feedback makes our work more effective.

People – our staff are our greatest resource in our drive to achieve excellence.

Change – we believe in the capacity of offenders to change.

Diversity – recognising and celebrating the richness of difference.

1. Operational & Performance Review 2012–13

Results

Performance Targets and Measures 2012/13

London Probation Trust's performance targets were set by the National Offender Management (NOMS) Director for Probation and Contracted Services and are fully documented in the London Probation Trust Contract.

The table below outlines the targets that were set at the beginning of the financial year 2011/12 and shows whether London Probation Trust has successfully achieved those targets.

Probation Trust Rating System (PTRS) Measures

Offender management	Target	Performance
Reduce the rate of proven reoffending whilst under the management of a provider of probation services	8.7%	8.2%
% of orders of the Court and Releases from Custody on Licence that are successfully completed	75%	79.4%
To achieve a rating of level 3 or better for creating appropriate records on ViSOR and attendance at both SMB meetings and MAPPA meetings for Level 2 and 3 cases	90%	99%
% of offenders surveyed who have engaged positively with the offender management process	70%	71.2%
% of OASys assessments assessed as either "Satisfactory" or "Good" on the OASys Quality Assurance	90%	80.1%
Interventions & restrictions	Target	Performance
Percentage of offenders in employment at termination of their order or licence to be at least X %	51%	53.4%
Percentage of offenders in settled and suitable accommodation at the end of their order or licence to be at least X%	80%	84.6%
Bail, court & victim work	Target	Performance
X% of victims responding to NOMS Victim Survey satisfied or very satisfied with service received	90%	94.3%

* TSP 600, ART 130, WP 20

Contract Measures

Offender management	Target	Performance
% of Pre-Sentence Reports (PSRs) completed within timescales set by the court (inc Remands In Custody)	95%	97.6%
% of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	90.7%
% of licence recall requests to reach NOMS Post Release Section within 24 hrs of the decision of the Offender Manager	91%	93.8%

Offender management	Target	Performance
At least X% of OASys final reviews (terminations) are completed or updated within the appropriate timescales for all Tier 2 (where appropriate), Tier 3, Tier 4 offenders and PPOs	90%	87.9%
% of Indeterminate Sentence Prisoner (IPP and Lifer) assessment reports completed by target deadline of date set	80%	88.6%

Interventions & restrictions	Target	Performance
The number of offenders on an order or licence who find and sustain employment to be at least X	3150	
The number of Accredited Offending Behaviour Programme completions (excluding Sex Offender programmes and Domestic Violence programmes) to be at least X	750*	591
The number of Sex Offender Programme completions to be at least X	152	153
The number of Community Payback completions to be at least X	5833	5543

* TSP 600, ART 130, WP 20

Management information	Target	Performance
DRR Completions	1000	970
ATR Completions	600	814

Specified Activity Requirement Targets

Specified Activity Requirement	Completions Targets	Results
Structured Supervision Requirement	270	536
Structured Supervision for Women	150	255
Integrated Domestic Abuse Programme – Accelerated	630	566
Domestic Abuse Specified Activity Requirement	135	247
Sexual Offending Specified Activity Requirement	42	20
Internet Sexual Offending Specified Activity Requirement	50	42
Structured Supervision for Anger Management	70	196
Women's Attendance Centres	90	21

Our caseload figures are recorded in the annex section of this report.

Strategic Priorities 2012/13

At the start of the business year, three new Strategic Priorities aligned to the London Probation Trust mission Changing lives for a safer London were developed through a process of consultation with London Probation Trust's senior managers. These were;

Quality – London Probation Trust will build on the positive improvements identified in the Offender Management Inspection 2 report to deliver consistently high quality services. During 2012/13 we will prioritise:

- continued investment in staff development (through the delivery of the Continuous Professional Development project)
- increased emphasis on offender engagement
- a specific focus on improving compliance ensuring that the numbers of offenders successfully completing periods of supervision significantly grow and,
- improved stakeholder relationships, particularly with Sentencers and the Parole Board.

With a clear focus of qualitative improvements across the Trust it is our ambition that in 2012/13 we will be successful in obtaining a number of externally validated quality awards.

Efficiency – London Probation Trust recognises the challenges of budget pressures and competition faced by all public sector organisations. In response, we will deliver services as efficiently as possible ensuring that they are responsive to assessed offender need, and reflective of the unique and specific local community characteristics.

Growth – London Probation Trust will identify opportunities to develop and expand the services provided or delivered in partnership that meet the assessed needs of offenders and victims. We will achieve this through local commissioning generation of new income, increased alignment with existing and new partners. Our commissioning will focus on mentoring, Restorative Justice, and the priorities of the London Mayor and Police and Crime Commissioner.

Delivery against Strategic Objectives

Offender Assessment

London Probation Trust (LPT) will deliver offender assessments to courts and the Parole Board which are on time and of consistently high standards. The quality of our assessments informs sentencing outcomes and Parole Board decisions, as well as the sentence planning and management process, so it is imperative that every assessment is completed with a focus on excellence and the achievement of positive outcomes. London Probation Trust will also ensure that assessments completed comply with the legislative framework in particular amendments to sentencing proposed in the Legal Aid and Sentencing Bill.

The Trust is committed to ensure that the work planned and delivered is appropriate to address diverse offender needs, supporting them to make positive changes and so reducing the risk of re-offending.

Strategic Objective	Activity	Outcomes Achieved
<p>Enhance sentencer & Parole Board confidence</p>	<p>Courts: Review delivery of services to courts to ensure that LPT meets the needs of the new 'Super Courts' and support the administration of speedy justice</p> <p>Parole Board: Improve the quality of Parole Assessments and direct work with offenders pre-release</p>	<p>Magistrates' court restructure completed to match HMCS changes. Revised internal communication processes deployed to ensure effective engagement with LDUs where there is no court. This has ensured that the frequency and quality of communication with sentencers has been maintained</p> <p>All management positions in Courts have been reviewed and new managers appointed. In addition the staffing profile in Magistrates courts has been changed to ensure appropriately qualified staff are allocated to meet the demand for increased volume of Fast Delivery Reports (FDRs).</p> <p>The approach to the delivery of court assessments have been revised, this has resulted in a significant increase in the volume of reports delivered on the day (or within five days) – 75% of all assessments now completed in this format and within the time frame. The use of Fast Deliver Reports in Domestic Abuse cases has also been piloted. This development is currently subject to evaluation prior to further planned deployment.</p> <p>LDU Business Plan initiatives: A number of LDU based activities have been delivered, these include:</p> <ul style="list-style-type: none"> • Gate-keeping and other quality assurance processes reviewed, revised and deployed • Locally coordinated development and learning focused on the quality of assessments has been delivered by the Practice Development Officers <p>Parole audit completed in all LDUs. Outcomes of this audit are being taken forward locally as part of the LDU Business plans 2013/14.</p> <p>Offender engagement with specific reference to pre-release work has been a priority across LPT; service user feedback derived from survey outcomes and service user councils emphasized the value of contact and the link to compliance.</p> <p>LDUs have implemented local actions to ensure that contact is established and maintained throughout the sentence, these include post sentence contact (letter or email) in all cases, priority given to pre-release visits and post-release home visits where specific areas of concern are identified.</p> <p>A comprehensive programme of practitioner and line manager training supported by the provision of detailed briefing notes were delivered to support the implementation of the new legislative requirements contained with the Legal Aid and Sentencing and Punishment of Offenders Act 2012.</p>

Strategic Objective	Activity	Outcomes Achieved
Excellent assessments to deliver desired outcomes	Courts: Transform the approach to communication with sentencers	<p>A comprehensive Sentencer Communication Strategy and plan has been developed and deployed.</p> <p>The annual Sentencer event was held at the beginning of October. This ‘market place’ event combined information stalls with a range of professional seminars throughout the evening. We attracted over 120 magistrates, District Judges and Judges. Feedback from those attending has been very positive with 98% reporting that the event had improved their knowledge of the work of London Probation.</p> <p>The LPT Sentencer Induction Programme has been reviewed and significant changes made to the structure and content. The programme now better reflects the need to give new magistrates a clear picture of the role and function of Probation and the opportunity to start a constructive relationship with the trust.</p> <p>The annual Sentencer Survey was completed in October 2012, the key findings were as follows:</p> <ul style="list-style-type: none"> • 87 per cent of sentencers (Magistrates and District Judges) were satisfied with the work of LPT court staff and 86 per cent were happy with the work of LPT overall. This is an improvement from the two previous years. • Sentencers reported high levels of satisfaction with the usefulness of reports in sentencing decisions; <ul style="list-style-type: none"> • 86% were satisfied with SDRs • 88% were satisfied with FDRs • 91% were satisfied with oral reports • Sentencers reported high levels of satisfaction with the timeliness of reports following LPT’s move to submit written reports on the same day or within 5 days. <p>These findings suggest that overall satisfaction with the work that LPT court staff do is extremely high.</p>
	Parole Board: Work in collaboration with the Parole Board to meet their Stakeholder needs	<p>Direct engagement with the Parole Board has resulted in the development of a joint programme of research focused on the quality of services received by members of the board, and the experience of both service users and probation staff. The approach agreed includes a perception survey of services users. This has been developed in collaboration with User Voice and will be conducted in the first quarter of 2013/14.</p>

Administration of Offender Sentence

London Probation Trust will retain our responsibility for the delivery of sentences imposed by the courts. We will ensure that the work we do with offenders balances the requirement to administer a proper punishment with rehabilitation, is focused on public protection, contributes to reducing re-offending and is well planned and managed effectively in the community. As a result, we will ensure that offenders are committed, motivated and supported to change.

Every sentence plan will be grounded in evidence, and responsive to identified needs; risk management plans will be of the highest quality and delivered in a manner that ensures delivery of identified outcomes. In order to secure positive outcomes, the Trust will actively support offenders to comply with their sentence ensuring that every contact with an offender is meaningful and effective. If offenders do not comply with their court order or post-release licence, we will take prompt and effective enforcement action.

The service that we provide will reflect the diverse needs of all service users who will be fully engaged in achieving the agreed objectives. The Trust will invest in research and technological solutions to identify

new approaches that are proven to reduce reoffending. We will also build on learning gained from the recently Service User Council, developing a greater understanding of what makes a difference and has an impact from the recipients of our services themselves.

Strategic Objective	Activity	Outcomes Achieved
Enhance offender engagement	<p>Achieve new compliance measures by delivering the outcomes of the Offender Engagement pilots across LPT</p> <p>Develop an approach to engagement with young adults (18–25)</p>	<p>LPT has achieved a significant uplift in compliance against all measures, the performance achieved is as follows;</p> <ul style="list-style-type: none"> • Community orders with a single requirement – 81% (target 71%) • Community orders with multiple requirements – 69% (target 70%) • Licences (excluding recalls) – 79% (target 80%) <p>Whilst there is further work to be done the initiatives developed and implemented across the LDUs including the establishment of ‘compliance groups’ targeting those service users identified at high risk of breach or recall have had a positive impact.</p> <p>LPT has launched a new ‘Intensive Alternatives to Custody’ project (EXIT) which is being piloted in five LDUs (Greenwich, Croydon, Hackney and Lewisham).</p> <p>In addition in a number of LDUs the approach to delivery of services to young adult offenders has been reviewed and revised. As a consequence young adult specialists (teams or designated individuals) have been introduced. For example in the Lambeth LDU this has included the development of a partnership with a community organisation High Trees through which services to 18–25 year olds will be provided.</p>
Improve the quality and responsiveness of Sentence Plans	<p>Fully deploy new roles that will support improvements in quality and provide work-based training</p> <p>Deploy LEARN2 across LPT to identify and support action to address areas for improvement</p> <p>Test and evaluate new approaches to Sentence planning in order to enable the delivery of speedy justice</p>	<p>Practice Development Officers (PDOs) and Senior Case Administrator (SCAs) roles have been deployed throughout LPT. Both roles are assessed to have had a positive impact on the quality and efficiency of services provided. The impact of the PDO role will be the subject of a research project in 2013/14, the intention being to assess the benefits of this role since its deployment.</p> <p>LEARN 2 (London Enhanced Assessment Review Network) has been developed, tested and deployment commenced in January 2013. The redesigned tool builds on the existing model and is aligned with the HMIP revised inspection criteria. In 2013/14 the intention is that 10% of the LPT caseload will be subject to assessment using LEARN 2, this will be an integral part of the LPT Quality Assurance Framework.</p> <p>In 2012/13 1,872 (100% of the target figure) cases were subject to scrutiny using the existing LEARN tool, 76% of those cases reviewed were assessed as being satisfactory or better.</p> <p>The Web pilot (part of the national Sentence Planning Approaches (SPA) pilot) was completed in the spring of 2012. The approach is currently subject to evaluation by NOMS and Birkbeck College. An interim paper, found the Web to be the most popular of the new tools tested with offender managers.</p> <p>London Probation Trust is committed to the deployment of SEEDS (Skills for Effective Engagement, Development and Supervision) training of all operational managers has now commenced with full deployment to be achieved in 2013/14</p>

Strategic Objective	Activity	Outcomes Achieved
Deploy research and evidence based practice	In collaboration with academic partners, develop a research strategy and supporting processes that inform the management of offenders in the community	<p>Following an internal review of corporate services the LPT Research department has been established as part of the Business Intelligence unit directly accountable to the Service Director. A portfolio of research projects has now commenced and an external academic advisor appointed. Research commissioned into 2013/14 includes:</p> <ul style="list-style-type: none"> • Trust-wide approach to what works with Black Minority Ethnic (BME) offenders • New roles (Practice Development Officers and Senior Case Administrators) • New National Standards • Service User Councils • Biometric Reporting • Desistance and MAPPA • Analysis of reducing reoffending data <p>Throughout 2012/13 a programme of monthly academic seminars has been held with range of presentations from external speakers. All of these events have been well attended and received. This programme will continue in 2013/14.</p>
	Initiate a project to determine the effectiveness and impact of automated reporting systems and wireless solutions	<p>Biometrics research project commenced in a single Local Delivery Unit (LDU). The intention of this work is two-fold:</p> <ol style="list-style-type: none"> 1. Develop and test the viability/functionality of the operating system. 2. Assess the impact on compliance with a cohort of offenders. <p>This project is now operational with the LDU with the evaluation of effectiveness underway.</p>

Rehabilitation

London Probation Trust undertakes a broad range of rehabilitative work with offenders in the community; services are designed to meet assessed offending related needs, support rehabilitation, reduce re-offending and protect the public.

London Probation Trust will continue to work to improve the management of all offenders; working in partnership with other organisations we will target investment that will ensure that we are better placed to deliver services that achieve tangible reductions in the risk of reoffending and harm to the community. The Trust will develop the infrastructure that supports the delivery of the most effective approaches to the management of offenders including local commissioning of services, co-location, and a broad range of partnerships.

London Probation Trust will seek to secure complementary services which address specific and differing local needs via commissioning or co-commissioning routes. All services commissioned at local and London-wide level will address needs as specified in the 'Reducing Re-offending and Rehabilitation Pathways':

- Housing
- Drugs and Alcohol
- Education, Employment and Training
- Mental and Physical Health
- Attitudes and Thinking
- Finance and Debt Management
- Children and Families
- Women

All services provided will be evaluated for their effectiveness and the learning from this process will inform future commissioning decisions.

The Trust will actively engage with the London Mayor and the Police and Crime Commissioner to support the development and delivery of commissioning priorities, in particular local approaches to Integrated Offender Management.

Strategic Objective	Activity	Outcomes Achieved
Commission effective services	As members of the Mayor's Commissioning Group actively contribute to the development of the group's four priorities – Youth, Women, Alcohol and Drugs, Integrated Offender Management	<p>Following the new appointment to the position of Deputy Mayor for Policing and Crime a review of MOPAC (Mayor's Office for Policing and Crime) function and staffing was completed in 2012. LPT engaged with MOPAC throughout the transition period and has actively contributed their emerging strategic approach.</p> <p>The Policing and Crime Plan for London 2013/16 published in May 2013 set out the priorities for MOPAC over the next three years and identifies objectives against which LPT is a lead agency. Specifically these relate to:</p> <ul style="list-style-type: none"> • Improved compliance with community sentences • Improvements in the quality of services delivered to victims • Take action to reduce reoffending rates particularly with young offenders <p>In order to deliver to these objectives the London Crime Reduction Board have identified three strands upon which to focus, the lead agencies are as follows:</p> <ul style="list-style-type: none"> • Reducing Reoffending – LPT • Gangs – the Metropolitan Police • Anti Social Behaviour – Local Authorities <p>Integrated Offender Management has developed as the key delivery mechanism to meet the reducing reoffending agenda across London. LPT has continued to contribute to this work both London wide and within a number of local approaches that have been initiated.</p>
	Define the LPT commissioning approach to influence improvements in the provision of services for offenders	<p>As a part of the review of the corporate centre departments LPT has reviewed the role of function of the existing Resource Development Unit. The key outcome of this review was the creation of the Business Development Unit (BDU) in September 2012. The intention was for the BDU to develop and lead on implementation of the LPT Business Strategy, leading on the revised approach to commissioning, seeking new opportunities for growth either working in partnership with a range of other agencies or as a lead provider of services.</p> <p>The future form and function of the BDU will be reviewed in light of the outcome of the current MoJ consultation 'Transforming Rehabilitation A revolution in the way we manage offenders'.</p>
	Deliver Restorative Justice pilot in LPT	<p>Restorative Justice has been successfully piloted in ten LDUs. The number of referrals, commencement and completed requirements has exceeded targets, the outcomes achieved and impact of the approach deployed is subject to detailed evaluation which will be available in early summer 2013.</p> <p>On the basis of the assessed success of the pilot Restorative justice provision is to be rolled out across LPT in 2013/14.</p>

Strategic Objective	Activity	Outcomes Achieved
	Manage the transfer of Community Payback delivery to new provider	<p>The outcome of the Community Payback Competition was announced in July with SERCO in partnership with LPT securing the contract to provide the service.</p> <p>The LPT approach to transition to new delivery arrangements was developed and deployed ensuring that the new service was launched in November in accordance with the agreed timetable.</p>
	Commission a service to provide mentoring across LPT (with specific focus on young adult offenders)	<p>Catch 22 and St Giles Trust have been awarded a contract to deliver mentoring to LPT service users. The mentoring service will provide individuals who can act as positive role models and trusted advisors and facilitate positive change and development in the mentee. The mentors will work alongside offender managers to encourage motivation and support compliance.</p> <p>This one year contract will provide mentoring to the following groups:</p> <p>Peer mentoring for young male offenders aged 18–25: The primary focus will be to support those offenders subject to the Intensive Alternative to Custody order (Exit). Catch 22 and St Giles Trust will also provide a London-wide service to 18–25 year olds. It is expected that 100 offenders will be supported by a mentor over the next year.</p> <p>A mentoring service for women offenders based on the personalisation agenda: This London-wide project will introduce a new, self-directed, personalised way of working with women offenders, with the recognition of each offender's potential and value. The objective is to enhance the service offered to women offenders across London through:</p> <ul style="list-style-type: none"> • The allocation of a defined maximum budget for each woman participating • Offering support to assist in the identification and acceptance of need • Ensuring each woman has access to information and advice regarding a range of services within their personalised budget <p>It is expected that 50 women will be supported by a mentor.</p>
Develop partnerships to Grow service provision	Take action to deliver core services against the seven Pathways to Reducing Reoffending	<p>Senior Managers have been appointed as portfolio leads for all the rehabilitation Pathways. Each lead manager has developed and implemented a series of actions to improve provision or access to services.</p> <p>Significant activities include;</p> <ul style="list-style-type: none"> • The development of a revised Women Offenders Strategy • The Camden Credit Union have been approved by the Financial Services Authority (FSA) to work with the 12 Approved Premises in London. This service will provide service users with access to credit union accounts and rent deposit loans • LPT has produced the first housing information and advice pack for both service users and offender managers for Brent LDU. Local housing information and advice packs will be available to all LDUs in this format by the end of 2012/13 • LPT has established a strategic approach to working with vulnerable adults including the development of an Adult Safeguarding forum <p>Local engagement with the shadow Health and Well Being Boards (established by the Health and Social Care Act 2012) with a view to ensuring the service user health needs are taken into consideration</p>

Public Protection

London Probation Trust will ensure that consideration for public protection is of overriding importance in all the work that it does. We will develop an entire workforce that is well informed psychologically in order to improve the quality risk management, can work confidently and effectively with gangs and serious group offending, communicates consistently with colleagues and partners and understands service users in the context of family and community.

The protection of victims from re-victimisation is a priority in ongoing risk assessment and in the development and implementation of risk management plans. We are committed to improving the quality of the service we provide to victims and to continued close liaison with victim-focused agencies, participation in crime prevention initiatives and mediation and reparation work. We will continue to work in partnership with the Metropolitan Police, children's services and other agencies to manage and reduce the risk of harm presented by offenders. In addition, we will enhance our use of research and build on existing partnerships to explore opportunities for new arrangements that further improve the effectiveness of our joint public protection work. There are increasing numbers of older offenders assessed as presenting a high risk of harm, in addition periods of supervision in the community on post-release Licence are increasing. The Trust will take action to ensure that the services provided address the changing profile of these service users and establishes ways of working that support purposeful interventions over sustained periods of time.

Strategic Objective	Activity	Outcomes Achieved
Address complex need to reduce high harm	In collaboration with health partners, fully deploy the Personality Disordered offender initiative	LPT has successfully managed the transition from the existing mixed economy of psychologists and specially trained probation officers (piloted in 10 LDUs) to a bespoke commissioned service available pan-London. LPT in collaboration with NOMS and NHS commissioners completed a rigorous commissioning exercise which resulted in a consortia led by the Oxleas Trust being selected to deliver services across London with effect from April 2013. In addition LPT has participated in the development of a specialist wing in HMP Belmarsh which will provide a resettlement resource for prisoners diagnosed with personality disorder who are to be released into London.
	Support the London Crime Reduction Partnership to determine policy and deliver actions in relation to gangs and Serious Group Offending	In order to ensure that the London Crime Reduction Partnership approach to working with gangs and Serious Group Offending (SGO) LPT has established a specialist SGO unit. The unit will provide advice and support to offender managers working with SGO offenders as well being responsible for the management of some cases identified as being the most complex and challenging. All LDUs have appointed a SGO lead who will work with the central unit and act as a point of reference, dissemination of communication and advice locally.
	Safeguard children and vulnerable adults	Deliver world-class Multi Agency Public Protection Arrangements
	In collaboration with partners provide leadership in the implementation of Multi-Agency Safeguarding Hub (MASH) arrangements	The timetable for London-wide implementation of MASH arrangements in all Boroughs has been published; a significant number were operational by March 2013, with the remainder scheduled to be in place by March 2014 at the latest.

Strategic Objective	Activity	Outcomes Achieved
	LDU ACOs will review local Safeguarding arrangements (for Children and vulnerable Adults) and make improvements to reflect changing needs	<p>Safeguarding arrangements have been reviewed in all LDUs. As a consequence of these reviews the following actions (selection derived from the LDU Business plans 2012/13) have been taken;</p> <ul style="list-style-type: none"> • Revised referral processes deployed • Improved communication and information exchange processes introduced • Increased focus on home visits where children are known to be in the household • Joint home visits and case working with social services where safeguarding issues are identified • Targeted deployment of LEARN on safeguarding cases <p>Local practice improvement activity led by the Practice Development Officers</p>

Effective Organisation

London Probation Trust welcomes the prospect of competition and will take action to ensure that it is prepared to meet the challenges and opportunities that will emerge. By exploring opportunities and securing additional funding, we will be better placed to provide services which deliver tangible reductions in the risk of reoffending and harm to the community. We will establish our strategic commissioning intentions based on an approach which ensures that all commissioning activity is based on a thorough analysis of all available evidence. To reinforce this evidence based approach LPT is committed to establishing a Business Development Unit and to further investment in research and increased utilisation of business intelligence systems.

The Trust will develop an efficient infrastructure that supports the delivery of the most effective approaches to the management of offenders including; locally commissioned services, co-location with partners, use of electronic monitoring, bio-metrics and wireless solutions. We will also assess and plan for the impact of operational changes on the future demand for buildings and information technology.

The Trust will focus on qualitative improvements to the delivery of services and improvements to internal policy and procedures with the intention of gaining recognition by obtaining externally validated quality awards; R4E, ISO 9000 and recognition as a 'Top 100 Employer'.

Through our Continuous Professional Development Project we will undertake a 'root and branch' review of the development of all staff, taking into account professional awards and enhancement of skills.

2012 is a momentous year for London, the Olympic Games and Para-Olympic Games are cause for great celebration; London Probation Trust will embrace the events ensuring that staff and service users are able to participate and enjoy the experience whilst ensuring minimum disruption to the provision of services.

Strategic Objective	Activity	Outcomes Achieved
Transform the Operating Environment	Complete the second phase of the Corporate Services Review	<p>A comprehensive programme of organisational change has been delivered in 2012/13. The Transformational Change Programme has completed a review and restructure of the following corporate services;</p> <ul style="list-style-type: none"> • Human Resources • Information Technology • Resource Development/Business Development • The Service Delivery office • Marketing and Communications • Professional Development and Learning • Probation Prosecutors • Rehabilitation services • Estates, Health and Safety and Facilities Management
	Deliver Process Mapping project	<p>This programme has succeeded in delivering significant efficiencies and contributed to the development of a corporate departmental structure which is better able to support the provision of services within the trust.</p> <p>LPT has developed and implemented the ATLAS process mapping project. Initiated in late 2012 ATLAS was formally launched in March 2013. In summary ATLAS is the process management tool through which LPT will introduce process excellence across the organisation. ATLAS is an interactive system designed with the user in mind. It is a road map that enables staff to navigate their way through LPT processes and systems, enabling staff to enhance individual and team performance.</p>
	Implement first stage of the LPT Estates Strategy	<p>A significant programme of changes to the LPT estate was completed in 2012/13. In summary this included:</p> <ul style="list-style-type: none"> • CP exit management planning completed and development of 'Control Centre' completed • Redevelopments of Willesden office completed • Wembley High Rd closed • Kelley House development business case approved and funding agreed by MoJ • Plans to increase usage of BPR completed; changes including relocation of IT Service Desk commenced • Offender engagement project improvements progressed in selected sites
	Implement changes identified by the IT Transformation project	<p>New ICT structure was operational with effect from April 2012, with a new Head of Department being appointed in July.</p> <ul style="list-style-type: none"> • IT Helpdesk have relocated to BPR and the working hours have been extended • Wi-Fi access has been enabled in all LPT sites • SAP upgrades have been delivered
	Support the implementation of new HR policies and procedures	<p>Revised HR policies and procedures covering, Grievance, Harassment, Discipline, Absence and Capability have all been developed and launched across LPT.</p>
	Identify and support approaches to increase staff attendance	<p>The BeWell (staff health and well being) project was launched in February 2013. This project will deliver a comprehensive range of direct support, advice and guidance to all staff with a view to enabling them to access services that will directly contribute to improvements in their own health and well being.</p>

Strategic Objective	Activity	Outcomes Achieved
Develop excellent people	Implement Single Equality Scheme	<p>LPT has fully implemented its Single Equality Scheme, and its deployment is subject to regular review and evaluation. As part of this LPT has</p> <ul style="list-style-type: none"> Delivered an e-learning programme aimed at increasing staff awareness of the legislation in place to support and protect people with protected characteristics Initiated actions to address the issues of disproportionality within the Criminal Justice System as it operates in London <p>Developed practice guidance to support working with women offenders, offenders with learning disabilities, and migrant offenders</p>
	Robust and effective procurement and contract management practices to deliver optimum value for money	A review has been undertaken.
Develop excellent people	Deliver Continuous Professional Development Project	<p>The LPT Professional Development and Learning department has taken forward the following key activities:</p> <ul style="list-style-type: none"> Design and implementation of a revised staff appraisal process and procedure – 74% of all staff in LPT had a personal and performance development agreement completed Development and implementation of LEARN 2 (London Enhance Assessment Review Network) – LEARN2 has been specifically developed as an holistic assessment tool covering all aspect of offender management practice Skills for Effective Engagement and Supervision (SEEDS) has been developed – LPT wide implementation will be completed in 2013/14 Implementation of a management development programme incorporating mentoring, shadowing/placement opportunities and 360 degree appraisals
Increase profile and influence with Stakeholders	Develop proposals for using Social and Digital Media	LPT is actively using Twitter, LinkedIn and Facebook. Social Media Guidelines have been issued to staff. The Senior Management Team, Assistant Chief Officer's and frontline staff are being encouraged and supported to engage responsibly with social media.
	Continue to develop the LPT website	The LPT website is subject to a continuous process of development and review with new features and content.
	Develop and deliver refreshed stakeholder engagement plans	The LPT External Stakeholder Relations Strategy and Action Plan has been revised and launched under the governance of the External Relations Committee.
	Align Marketing and Communications resourcing to plans	As a part of the review of the corporate centre departments LPT has reviewed the role of function of the existing Marketing and Communication department. The key outcome of this review is a re-launch of the department which will be operational from May 2013.
	Celebrate and manage the impact of the London Olympics 2012	<p>In anticipation of experiencing significant levels of disruption through the period of both the Olympics and Paralympics LPT developed comprehensive contingency plans both at a corporate and local level.</p> <p>In the event the impact of both events was not significant, however the planning provided LPT with the assurance to maintain services and to enable staff throughout the trust to enjoy and celebrate the success of the games.</p>

Communications and employee involvement

London Probation Trust has developed a Staff Engagement Map which sets out the staff engagement activities under way in the Trust. The aim of staff engagement is to ensure employees align their energy, passion and commitment to the vision, mission and values of London Probation Trust.

High levels of staff engagement benefit both staff – who feel confident that they are making a difference and proud to work for London Probation Trust – and the organisation itself on our excellence journey.

Internal Communications Channels

There is a comprehensive range of internal communications channels which are outlined in London Probation Trust's Internal Communications Framework. These channels include:

- London i – our intranet. Content management is devolved to Local Delivery Units and Departments.
- All London Round Up – weekly round up of messages. Any staff member can submit a message for possible dissemination to colleagues.
- LP Trust Direct – weekly e-message from the Senior Management Team.
- LPToday – online staff magazine – news and features. The aim of the magazine is to share best practice and create a sense of unity and common purpose in a geographically disparate organisation. Staff are encouraged to submit articles and suggestions for features.
- Meetings – a regular series of meetings take place across the organisation to ensure communication flows are effective. These include, for example, a recently launched Middle Manager Briefing session.

Listening to Staff

The Senior Management Team is keen to involve staff and listen to their ideas and views via a range of feedback schemes including:

- Ask the Chief – online opportunity to ask the Chief Executive questions.
- Staff Forum – a bi-monthly meeting of staff from across the Trust to exchange views.
- Staff Survey – an opportunity for staff to feed in views which is benchmarked. In 2012, 63% of staff completed the survey compared to 51% in the previous survey. An action plan is drawn up in response to findings.
- Staff Suggestion Scheme – staff are encouraged to suggest small and major improvements to the way we work and new ideas. Responses are published to the whole organisation.
- Group Sessions with the Chief Executive and Board members – an informal briefing and opportunity to ask questions.
- Shadowing – the Senior Management Team invites staff to spend a day shadowing their role and, in turn, spend time with frontline staff.
- Staff Roadshows – regular interactive events for staff to meet the Senior Management Team to hear updates on latest developments and pose questions.
- Trade union liaison – there is structured involvement and consultation with representatives of recognised trade unions.

Staff Diversity Profile

The results of the latest available Diversity Profile are shown in the following tables.

Gender

	Female	Male
This year	68.26%	31.74%
Last year	67.9%	32.1%
% change	0.5%	-1.1%

Age

Band	Under 31	31–40	41–50	51–60	61+
This year	15.34%	24.95%	29.11%	23.92%	6.68%
Last year	18.5%	23.5%	28.7%	23.7%	5.6%
% change	-17.0%	6.3%	1.4%	1.0%	18.5%

Length of Service by Band

Band	Length of Service					Average
	<1	1–5	6–10	11–20	20+	
This year	1.98%	26.55%	35.79%	23.08%	12.59%	10.6
Last year	6.5%	35.6%	25.4%	19.2%	13.3%	
% change	-69.5%	-25.5%	41.0%	20.4%	-5.5%	

Sexual Orientation (Staff Survey 2012)

Sexual Orientation	2012
Bisexual	0.8%
Gay Man	2.2%
Lesbian	1.2%
Heterosexual	85.6%
Other	0.7%
Prefer Not to Say	5.2%
Total	95.6%

Ethnicity

Band	Grand Total
Headcount	2621
White British	36.5%
Black / Black British Caribbean	19.1%
Blank	9.3%
Black / Black British African	8.3%
Not stated	5.3%
Any other White background	4.1%
Any other Black background	3.6%
Asian / Asian British Indian	3.6%
White Irish	2.7%
Any other Mixed background	1.4%
Any other Asian background	1.3%
Mixed White and Black Caribbean	1.3%
Asian / Asian British Pakistan	1.1%
Any other ethnic group	0.6%
Asian / Asian British Bangladeshi	0.6%
Mixed White and Black African	0.5%
Mixed White and Asian	0.4%
Chinese	0.3%

Starters by Band, Gender, Age and Ethnicity

Band	Gender		Age				Ethnicity		
	Female	Male	Under 31	31–40	41–50	51–60	Not stated	Black / Black British African	White British
Percentage	73.2%	26.8%	63.4%	22.0%	9.8%	4.9%	95.1%	2.4%	2.4%

Leavers by Gender and Age

Band	Gender		Age				
	Female	Male	Under 31	31–40	41–50	51–60	61+
Percentage	63.4%	36.6%	22.0%	24.4%	17.1%	17.1%	19.5%

Leavers by Band and Ethnicity

Band	White British	Not stated	White Irish	Asian / Asian British Indian	Any other White background	Mixed White Black Caribbean	Black / Black British Caribbean	Mixed White Black African	Mixed White Asian
	Percentage	48.8%	19.5%	7.3%	7.3%	4.9%	4.9%	2.4%	2.4%

Length of Service by Band

Band	<1	1–5	6–10	11–20	20+
Percentage	2.4%	43.9%	17.1%	14.6%	22%

Human Resource Procedures

Type	April 12 – Sept 12
Capability	8
Disciplinary	39
Employment Tribunal	15
Grievance	14
Harassment	11
Other	2
Total	89

Disciplinary by Gender, Age and Ethnicity

Category	Number	Cases/1000 Staff
Gender		
Male	16	19.1
Female	23	12.9
Total	39	14.9
Age		
Under 31	7	16.9
31–40	10	15.5
41–50	9	11.8
51–60	9	14.3
61+	4	23.4
Ethnicity		
Asian	4	22.7
Black	11	13.5
Mixed	3	30.9
Other	0	0.0
White	14	12
Not Stated	7	19.9

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2012–13, which were formally reported to the Information Commissioner's Office (ICO).

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification of steps
April 2012	Data Protection breach/unauthorised disclosure.	Victim details	1	ICO and NOMS notified
November 2012	Information Theft	Abbreviated Offender details	1	ICO and NOMS notified

In all the above cases, a risk assessment was carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. An Information Assurance Enhancement Programme is currently in progress.

Future developments

Strategic Priorities 2013/14

Quality

London Probation Trust will build on the improvements made during 2012/13 to deliver consistently high quality services. Notable improvements recorded include:

- Compliance Community orders and Licences at 80% (target 75%)
- Court Report timeliness 98% (target 95%)
- Restorative Justice successfully piloted in 7 Local Delivery Units (LDUs)
- Victim satisfaction 93% (target 90%)
- Complaints timeliness 93% (target 90%)

During 2013/14 we will prioritise:

- Continued investment in staff development
- An intensive focus on delivering consistently excellent services
- Continued emphasis on offender engagement through the deployment of 'Skills for Effective Engagement, Development and Supervision' (SEEDS) across LPT
- A sustained focus on improved compliance
- Deliver sustained quality improvements by implementing improvement actions that emerge from the outcome of our Recognised for Excellence assessment
- Plan for Customer Service Excellence submission in 2014
- Improved stakeholder relationships, particularly with Sentencers and the Parole Board.

Efficiency

We will maintain our commitment to deliver services as efficiently as possible ensuring that they are appropriately targeted, evidence based, responsive to assessed offender need, and reflect unique and specific local community characteristics. London Probation Trust will continue to take actions designed to meet the challenges of on-going budget constraints faced by all public sector organisations. In addition we will take positive steps to prepare for the introduction of competition to the provision of rehabilitative services in the community.

There is also a drive to for improved OASys quality.

Growth

Based on our experience of working in partnership with Serco (success in securing the CP contract) and in response to the emerging government proposals for competition, London Probation Trust will, through a process of open dialogue, assess the viability of developing strategic arrangements with providers from the private and voluntary sector.

Based on our well established and integrated network of relationships with partners (across all sectors) we will continue to develop and expand the services directly provided, or delivered in partnership, that meet the assessed needs of offenders and victims. Our commissioning activity for 2013/14 will focus on the development of Intensive Alternatives to Custody (IAC), extending the provision for Restorative Justice (RJ) and mentoring across London, as well as working with the Deputy Mayor for Policing and Crime to achieve their strategic priorities.

Additionally, we will ensure that London Probation is prepared for any necessary changes arising from the Probation Review.

London Probation's full business plan for 2013/14 can be found on our intranet.

2. Accounts

Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from the London 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 73, by the Secretary of State under the OM Act.

Principal activities

In accordance with the provisions of Section 2 of the Offender Management Act 2007 it is the function of the Secretary of State to ensure that sufficient provision is made throughout England and Wales for “the probation purposes”. The Secretary of State must have regard to the following aims in the exercise of his functions as far as they may be exercised for any of the probation purposes:

- 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 crimes and the public; and the rehabilitation of offenders

In accordance with Section 1 of the Offender Management Act 2007, “the probation purposes” means the purposes of providing for:

- (a) courts to be given assistance in determining the appropriate sentences to pass, and making other decisions, in respect of persons charged with or convicted of offences;
- (b) [the giving of assistance to persons] determining whether conditional cautions should be given and which conditions to attach to conditional cautions;
- (c) the supervision and rehabilitation of persons charged with or convicted of offences including in particular —
 - giving effect to community orders and suspended sentence orders,
 - assisting in the rehabilitation of offenders who are being held in prison,
 - supervising persons released from prison on licence,
 - providing accommodation in approved premises;
- (d) the giving of assistance to persons remanded on bail;
- (e) the supervision and rehabilitation of persons to whom conditional cautions are given;
- (f) the giving of information to victims of persons charged with or convicted of offences.

These aims are therefore the basis on which the Secretary of State will contract with any provider for the provision of probation services. London Probation Trust has a contract with the Secretary of State for the provision of most probation services for Greater London.

For Community Payback services, another provider was awarded the contract with effect from 31st October 2012 though some elements of these were sub contracted back to London Probation from the same date. In providing the Services the Trust is required to work collaboratively with the Secretary of State having regard to the aims set out above.

The London Probation Trust covers the Metropolitan and City police areas, as defined in Schedule 1 of the Police Act 1996, serving a population of around 8.3 million. During the year the Trust employed an

average of 2,561 (2,647 in 2011/12) full time equivalent staff, including contractors and the net secondments who worked from around 100 buildings across the area.

The Chief Executive, as the Accountable Officer for London Probation Trust is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds and for the day to day operations and management of the organisation.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 42. The Statement of Changes in Taxpayers' Equity is shown on page 45.

Operating costs

The net operating gain after tax for 2012–13 stands at (£1,463k) compared to net costs of £1,544k for 2011–12. The reason for the change is due to reductions in staff costs and contract income. The latter is principally due to the transfer of responsibility for Community Payback in London to Serco on 31st October 2012.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 43 and 44.

The net asset position has increased from £20,336k at 31 March 2012 to £23,126k at 31 March 2013. The largest single movement in net assets is due to the timing of invoices raised to Trade Debtors.

Payment of creditors

The percentage of undisputed invoices paid within 30 days by the Trust was 99% (compared to 99% 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 for 2012–13 were 9.91 days across the Trust in comparison to 9.73 days in 2011–12.

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 and on what basis, 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. The Accountable Officer with the support of 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*.

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 75 to 78.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the Comptroller and Auditor General. This change of the external Auditors was driven by a DCLG decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 40.

Total audit fees reported in the Accounts are £245k. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 are made up of:

- External Audit £141k (2011/12 £144k) and
- MoJ Internal Audit £104k (2011/12 £107k)

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

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

The London Probation Trust Management Board

The governance arrangements within the Trust for the period April 2012 to March 2013, are shown below on pages 32 to 39.

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

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 28 to 30.

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

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive Chair	Heather Munro Caroline Corby	Interim Chair from 1 st April –Chair with effect from 1 st October 2012
Board Members	Carol Butler David Newman Dolores Currie Mark Johnson Josephine Channer Lara Fielden Alan Plunkett	
		With effect from June 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.



Heather Munro
Chief Executive Officer
Date: 10th June 2013

Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with the Commissioner for Public Appointments' "Guidance on Appointments to Public Bodies". The Chief Executive has an open ended contract with no stated end date.

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

A) REMUNERATION – AUDITED

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

	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) £
Heather Munro; Chief Executive	130–135	6–10	0	125–130	0–5	0
Caroline Corby; Chair (from 01.04.2012) Board Member (until 31.03.2012)	25–30	0	100	6–10	0	0
Julie Dent; Chair (until 31.03.2012)	0	0	0	25–30	0	4100
Carol Butler; Board Member	11–15	0	0	6–10	0	0
David Newman; Board Member	6–10	0	0	6–10	0	0
Emma Mandley; Board Member	0–5	0	0	0–5	0	0
Dolores Currie; Board Member	0–5	0	0	0–5	0	0
Lara Fielden; Board Member	0–5	0	0	0–5	0	0
Josephine Channer; Board Member	0–5	0	0	-	-	-
Alan Plunkett; Board Member	0–5	0	0	-	-	-
Boyega Ogundere; Board Member	-	-	-	0–5	0	0
Mark Johnson; Board Member	-	-	-	-	-	-

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

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

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band) (£000)	£130–£135	£125–£130
Median for other staff	£30,952	£30,952
Pay multiple ratio	4.3:1	4.1:1

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

Salary

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

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum £000s	Real increase/ (decrease) in pension and related lump sum at pension age £000s	CETV at 31 March 2013 £000s	CETV at 31 March 2012 £000s	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors £000s
Heather Munro	221	4	1361	1278	55

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.

A handwritten signature in black ink, appearing to read 'H. Munro', with a stylized, cursive script.

Accountable Officer
Date: 10th June 2013

Statement of Accountable Officer's Responsibilities

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

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

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

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

Governance Statement for 2012/13

Governance Management Framework

The Operational Management throughout the year was carried out by the Board, the membership of which is shown above.

During the year the Board met regularly. In 2012/13 there were also a number of sub Committees of the Board that operated. Details as set out below:

London Probation Trust Board

Under the standing orders, the following business requires the consideration of the Probation Trust Board or relevant sub-committee:

- approval of the LPT annual plan
- approval of the Trust's committee structure
- approval of amendments to standing orders and standing financial instructions
- approval of the annual report and accounts
- approval of the budget
- matters involving capital expenditure in excess of an amount set by the board
- major issues of policy (the decision whether a matter involves a major issue of policy in any case of doubt falling to the chair for determination) matters delegated to committees but on which, nevertheless, they decide it is appropriate to seek the confirmation of the Trust Board.
- notification of any incidents of serious further offending by offenders supervised by officers of the Trust
- notification of any reportable health and safety incidents
- Any other matter not delegated to a committee or the Chief Executive.

During 2012/13 there were seven meetings of the Trust Board. Key points discussed during the year included:

- Operational Performance
- Sickness Absence
- Financial Matters
- Community Payback Competition
- Serious Further Offences
- Staff Matters
- Diversity
- Governance
- Strategic Planning

The Board also adopted the Annual Report and Accounts for the year 31st March 2012 and the Budget for 2013/14.

Sub-Committees of the Board

In order to achieve good governance, the LPT Board has developed a committee structure which fulfils a scrutiny function and exercises delegated authority on behalf of the Board. The following structure was in place during 2012/13:

Corporate Business Committee

Purpose

The purpose of the Corporate Business Committee (“the Committee”) is to scrutinise, consider, advise, and make recommendations to the Executive and/or to the Trust on strategic and operational matters relating to the areas of responsibility of the Corporate Director, including: Finance and Accounting, Business Planning, Human Resources, Information Technology, Estates, Procurement and Tenders, and Business Development.

Other than in respect of powers specifically delegated to it by the Trust Board, the committee has no executive powers as these are held by the Corporate Director and his subordinates.

The Committee has delegated authority to approve contracts and income generating and resource development activity on behalf of the Trust in accordance with the delegated authorities herein.

Terms of Reference

The terms of reference for the Committee shall be to review the strategies, policies, resources, procedures and controls relating to the following functions of the Trust with a view to ensuring that they meet its current and future obligations and requirements:

- Business Planning including Sustainability
- Finance and Accounting
- Procurement , Commissioning and Contracting, including
- obligations to the Ministry of Justice and others
- Business Development
- Human Resources including Equality
- Information Technology
- Estates
- Health and Safety
- Risk including Business Continuity
- Information Security, including obligations to the Information
- Commissioner.

Delegated Powers

The Trust Board has delegated to the Committee:

- All the responsibilities and powers contained in the Standing Orders Relating to Contracts exceeding the limit delegated to the Chief Executive.
- Authority to approve the acceptance of contracts by the Trust for the delivery of services where projected income is likely to be in excess £250,000 per annum.
- Authority to approve major procurement activity i.e. where there is, in the opinion of the Executive, a likelihood of significant financial cost and/or risk to the organisation; or, where more than five members of Trust staff are likely to become subject to TUPE.
- Any exercise of delegated authority must take into account the advice of the Trust Treasurer and the Governance Director or other suitable persons nominated by them.

During 2012/13 there were 7 meetings of the Corporate Business Committee

Service Delivery Committee

Purpose

The main purpose of the Service Delivery Committee (“the Committee”) is to scrutinise, consider, advise, and make recommendations to the Executive and/or the Trust on strategic and operational matters relating to:

- a) the operational performance of the organisation, and
- b) the quality of the operational procedures of the organisation and their application; and to report thereon to the Trust as necessary and appropriate

Terms of Reference

The Group is a scrutiny body with no executive powers. The terms of reference for the Committee are as follows:

- Review and provide oversight of the Probation Trust Reporting System and other performance results.
- Identify and prioritise areas of performance that require attention, including requesting the preparation of ad hoc reports as required.
- Review any performance improvement plans, including audit reports and any other performance plans in place derived from business plans or performance improvement initiatives.
- To be appraised of reports and recommendations received from NOMS relating to the performance of the Trust.
- To receive reports from Her Majesty's Inspector of Probation.
- Agree quality objectives for the Trust, a mechanism for measurement and monitor the results.
- To scrutinise the effective deployment of resources within the LP Area including workload management.
- To keep under review the operations risk register.
- Receive the minutes of meetings of the Serious Further Offences Committee and ensure that the Trust Chair and Chief Executive are advised of any matter of significant reputational risk.
- Receive Ombudsman's reports on behalf of the Trust.
- Receive information and keep under review management information and actions in relation to external complaints.
- To consider any other matters where requested to do so by the Trust. The Committee has no delegated powers.

During 2012/13 there were 6 meetings of the Service Delivery Committee.

Serious Further Offences Committee

Purpose

The Serious Further Offences Committee was a sub-committee of the Service Delivery Committee. Its purpose being to:

- monitor compliance by London Probation Trust with guidance issued by NOMS for the notification and review of serious further offences; and
- to monitor steps taken by the Executive to implement action plans and learning points arising from reviews.

The above was to be carried out in accordance the requirements of PC41/2006 (Revised Notification and Review Procedures for Serious Further Offences) and any subsequent Probation Circular or other authority.

Terms of Reference

The Committee exercises responsibility on behalf of the Trust Chair and the Trust Board as follows:

- Receiving regular reports from the Head of Public Protection on the Initial Reviews, Full Reviews and Further Independent Reviews undertaken;
- Receiving a copy of each Full Review (these will be distributed amongst the individual members of the Committee);
- Receiving details of key learning points and areas for improvement that are forwarded by the Head of Inspection & Standards to the PPU
- Monitoring the implementation of all Action Plans and areas of improvement by way of receipt of the brief report on final completion of the Action Plan that is forwarded to the PPU.
- Approving the annual analysis of Initial Reviews, Full Reviews and Action Plans within the London Region prepared by the Head of Public Protection for the Trust and the PPU.

In reading a Full Review members of the Committee, whilst not duplicating the process carried out by the PPU will, in the context of the governance of London Probation, consider exploring with the Head of Public Protection, Service Delivery Director and ultimately the Chief Executive, whether:

- this is a “new” problem area, a persistent one or one that has reared its head again,
- this indicates a London management issue,
- the action to be taken raises strategic and resource issues requiring Trust discussion,
- the Review findings, taken alongside NSMART monitoring and OMI data, tells the Committee anything about LP’s improvement trajectory in risk of harm work; and,
- Whether there are impediments to effectively reviewing SFO’s that require attention by the Chief Executive and/or the Trust.
- The Committee has no delegated powers.

During 2012/13 there were six meetings of the SFO Committee.

External Relationships Committee

Purpose

The purpose of the External Relations Committee (“the Committee”) is to enhance the external reputation and influence of London Probation Trust.

Terms of Reference

To achieve its purpose, the Committee will:

- Develop a dynamic external narrative for London Probation Trust
- Define, and keep under review, the trust’s priority external stakeholders
- Create, and monitor the delivery of, an External Stakeholder Relations Strategy and Action Plan for priority stakeholders
- Support Assistant Chief Officers to develop action plans for Local Delivery Units and portfolios.
- Maintain a strategic overview to ensure effective communication with partners and stakeholders and receive feedback.

The Committee has no delegated powers.

The Committee met three times during the year.

Remuneration Committee

Purpose

The purpose of the Remuneration Committee is to:

- Make decisions on behalf of LPT on the remuneration and terms of service of the Chief Executive and other senior staff.
- Monitor and endorse the exercise of delegated powers on the part of the Chief Executive and delegates in respect of the payment of market supplements, honoraria and enhanced conditions of service to officers graded at the level of Assistant Chief Officer or above.

Terms of Reference and Delegated Authority

- To make decisions on behalf of LPT on all aspects of the remuneration, including performance related pay, and terms of service of the Chief Executive, Directors and Assistant Chief Officer graded staff (“senior staff”).
- Advise on and oversee appropriate contractual arrangements for all senior staff including the proper calculation and scrutiny of severance payments.
- Monitor and endorse the exercise of delegated powers on the part of the Chief Officer and delegates in respect of the payment of market supplements, honoraria and enhanced conditions of service to senior staff.

- Receive from the Chief Executive annual appraisal summaries in respect of members of the Senior Management Team and other senior staff as considered necessary.
- Consider any other matter where requested to do so by the Trust Board or Chief Executive concerning the pay and conditions of staff.

In making all decisions, the Committee will take account of:

- National guidance,
- the Trust's contract with the Secretary of State,
- Any other contractual obligation.

The Committee will ensure that fairness, equity, consistency and best practice are applied. The Committee is authorised by the Trust to review and approve any activity within its terms of reference.

During 2012/13 there were two meetings of the Remuneration Committee.

Other Committees and Partnership Groups

Some Committees and Groups have membership extending beyond members of the Trust. Their composition, terms of reference and procedures are jointly agreed with the membership. They are set out in the Governance Handbook.

- Probation and Courts Forum – met on three occasions.
- Health and Safety Committee (legal requirement) – met on four occasions.
- Joint Negotiation and Consultative Committee – met on three occasions.

There was also an Audit Committee in operation throughout the year. The work of the Audit committee is set out below and also indicated elsewhere in this document.

Audit Committee

The Trust must have an Audit Committee.

Purpose

To assist in the Trust's responsibilities for issues of risk management, financial control, governance and associated assurance. The Committee is responsible for reviewing the financial management and probity of LPT.

Responsibilities

The Committee advises the Accountable Officer and the Trust on:

- The strategic processes for risk, control and the annual Governance Statement. .
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
- The planned activity and results of both internal and external audit
- Adequacy of management response to issues identified by audit activity, including external audit's management letter
- Assurances relating to the corporate governance requirements for the organisation.
- Compliance with the Corporate Governance Code.

In addition to the above, the Committee will consider and undertake such other matters as the Trust may require.

During 2012/13 the Audit Committee met on five occasions.

Table below reflects Board Members attendance at the Committee meetings for 2012/13

Meeting Name	Board	Audit	CorpBus	Ext Rel	H&S	JNCC	RemCom	PCF	ServDel	SFO
Total number of meetings for 2012/13	8*	5*	6	2	4	3	2	3	6	6
Attendance										
Note										
Caroline Corby	8/8	1/1		2/2		2/2	2/2			2/2
Heather Munro	7/8	3/5		2/2		2/3	1/1	2/3		
Alan Plunkett	6/6	3/4	3/5	0/2						
Carol Butler	8/8	3/4	4/6					2/3	6/6	6/6
David Newman	6/8	5/5	6/6					3/3	5/6	1/1
Dolores Currie	4/8	4/5	4/6		4/4	1/3	2/2		1/1	
Josephine Channer	7/8		1/1	2/2	2/4	2/3			4/6	1/3
Lara Fielden	6/8				4/4		2/2	3/3	5/5	6/6
Mark Johnson	3/8		1/6	0/2		2/3				

Accountable Officers Responsibilities

Internal Control – Scope of responsibility

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

I am also required to comment on the inter-relationship of Probation Trusts and can confirm that London Probation, which covers the entire London Region, does not have significant relationships.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Probation Service, Probation Trust and departmental 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 for the year ended 31st March 2013 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to handle corporate risk

A comprehensive risk register has been approved by the Board. This identifies the key business risks and is reviewed by the Board Audit Committee, who, together with appropriate sub committees, receives regular reports from the Manager responsible for risk management and the internal risk owners. These reports follow a series of regular meetings which are held with the responsible Director (the risk owner). Such meetings occur at least quarterly, prior to Audit Committee, but often take place more frequently. The risk register for all Directorates is also collectively examined by the Senior Management Team; this leading to the identification and evaluation of the key risks for London Probation. The Board and its subgroups approve objectives, performance targets and policies for the key risks facing the organisation.

A risk aware and control conscious environment has been fostered throughout the organisation through training of managers. Aspects of planning and review are now based on business risk assessments. All major projects also have their own risk register. Similarly, operational units also have their own risk register.

Towards the end of the financial year the Secretary of State published a review of the Probation Services in England and Wales Transforming Rehabilitation. As a consequence a new risk relating to staff morale was introduced as a red risk. This risk was expanded into Transforming Rehabilitation services for the year 2013/14.

Risk and Control framework

The Trust has many policies and procedures in place designed to manage a wide range of operational, financial, information technology, human resources and health and safety risks. Policies and procedures are initiated and circulated in accordance with an established process and are also accessible on our intranet. Monitoring mechanisms are in place to ensure that they are adhered to and corrective action is taken where necessary. Mechanisms also exist to ensure that all data produced is of good quality.

Each operational unit has a Data Analyst in place to quality assure operational performance data and to investigate variances where these arise. Operational data is then monitored centrally. Similarly HR data is regularly produced and monitored by the Workforce Planning Project Board. Finance data is reviewed by the Finance team and is also subject to review by our Auditors. All types of data are also reported to the appropriate Board group.

Assessment and review of effectiveness of Corporate Governance and Internal Control

As Accountable Officer, I also have responsibility assessing Corporate Governance and for reviewing the effectiveness of the systems of internal control in place.

My review of the effectiveness is informed by the work of: the Board and its sub-Committees; the internal auditors and the executive managers within the London Probation Trust who have responsibility for the development and maintenance of the governance and internal control framework, and comments made by the external auditors in their annual letter and other reports. Additionally, HM Inspectorate of Probation (HMIP) is a source for my review of effectiveness. In addition, in 2012/13 I have used a report from the Information Commissioner to inform me regarding Information Assurance matters. I have also been advised on the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

- During 2012/13, there were two thematic inspections undertaken by HMIP which noted substantial improvement.
- Additionally, the Board has reviewed its effectiveness, including compliance with the Corporate Governance Code, and a revised Committee Structure will operate in 2013/14. I also considered the Board Structure to be effective.
- Our Internal Audit provider has advised me that they can provide, for 2012/13, an opinion that three areas: Financial Control Framework, Staff Engagement and Performance Management were well controlled.
- As Accountable Officer, I have also taken steps to ensure that risk management is embedded further into the culture of the organisation.
- I am also required to report on Information Assurance matters. This has been highlighted as a priority within London Probation and Information Security matters are regularly considered by SMT members together with the senior manager responsible. This ensures that appropriate actions are in place. During the year two incidents related to data loss were reported to the Information Commissioner. In 2012/13, London Probation Trust asked the Information Commissioner to undertake a voluntary audit. This was undertaken in September/ October and an Amber rating was given. As a response our enhancement programme increased activity. Subsequently, a further review of Information Assurance was undertaken by our Internal Audit provider who reported an amber green rating.

- Among other locally commissioned review work, undertaken by our Internal Audit provider, two areas were identified where improvement was required – Health and Safety and MAPPA. In both cases, an improvement action plan is in progress. There are no major weaknesses.
- All other locally commissioned work was given a green/amber rating.
- In overall terms, our Internal Audit provider has advised me that they can provide for 2012/13, an opinion that London Probation's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks to the Trust are being effectively managed.

The Audit Committee reports the issues discussed direct to the Board. The Committee agreed the Internal Audit Plan and the External Audit Plan for the year and has received reports on the work undertaken during the period. The Committee also monitors progress on recommendations made. During the course of the year 2012/13, 33 recommendations (32 in 2011/12) were made. Recommendations for improvement made by Internal Audit are implemented, virtually all of these being within the timescale agreed. Progress made on clearing recommendations is monitored by the Audit Committee.

The performance of Internal and External audit is also monitored by the Audit Committee. A major aspect of their work is to review the risk register in terms of achievements and progress on planned actions and to establish the effect of counter measures applied. They also ensure that the risk register has been reviewed, updated and scrutinised by the appropriate Board sub group.

Based on information available to me, my overall assessment is that London Probation Trust has adequate governance and internal control arrangements in place and key risks are effectively managed.



Heather Munro
Chief Executive and Accountable Officer for the Trust
10th June 2013

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

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

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

Emphasis of Matter – Material uncertainty in respect of going concern

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

01st July 2013

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

Financial Statements and Notes

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Administration costs			
Staff costs	3(a)	104,867	107,917
Other administration costs	6(a)	30,619	30,540
Pension liability transfer to Serco	6(a)	(8,022)	0
Income	7(a)	(135,127)	(140,256)
Net administration costs/(gain)		(7663)	(1,799)
Programme costs			
Staff costs	3(a)	2,245	3,110
Other programme costs	6(b)	1,636	3,999
Income	7(b)	(3,881)	(7,109)
Net programme costs/(gain)		0	0
Net operating costs		(7,663)	(1,799)
Expected return on pension assets	4(d)	(20,041)	(22,786)
Interest on pension scheme liabilities	4(d)	26,129	26,129
Net operating costs/(gain) before taxation		(1,575)	1,544
Taxation	5	112	0
Net operating costs/(gain) after taxation		(1,463)	1,544

Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net (gain)/loss on revaluation of property, plant and equipment	8	(33)	(1)
Net (gain)/loss on revaluation of intangibles	9	(5)	(5)
Net (gain)/loss on revaluation of available for sale financial assets		-	-
Pension actuarial (gain)/loss	23	(13,221)	99,764
Total comprehensive expenditure for the year		(14,722)	101,302

The notes on pages 46 to 72 form part of these accounts.

Statement of Financial Position

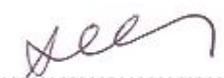
As at 31 March 2013

	Notes	2012-13 £000	2011-12 £000
Non-current assets			
Property plant and equipment	8	557	214
Intangible assets	9	971	1,386
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	5
Total non-current assets		1,528	1,605
Current assets			
Assets classified as held for sale	11	-	-
Deferred tax asset	19	-	-
Trade and other receivables	12(a)	9,802	5,707
Cash and cash equivalents	13	11,796	13,024
Total current assets		21,598	18,731
Total assets		23,126	20,336
Current liabilities			
Trade and other payables	14(a)	(10,897)	(11,788)
Provisions	15	(4)	(49)
Taxation payables	14(a)	(4,171)	(1,901)
Total current liabilities		(15,072)	(13,738)
Non-current assets plus/less net current assets/(liabilities)		8,054	6,598
Non-current liabilities			
Trade and other payables	14(a)	-	-
Provisions	15	-	-
Pension liability	4(c)	(226,368)	(239,634)
Total non-current liabilities		(226,368)	(239,634)
Assets less liabilities		(218,314)	(233,036)
Taxpayers' equity			
General fund	23	(218,456)	(233,140)
Revaluation reserve – property, plant and equipment	24(a)	95	62
Revaluation reserve – intangible assets	24(b)	47	42
		(218,314)	(233,036)

The financial statements on pages 42 to 45 were approved by the Board on 06th June 2013 and were signed on its behalf by

Heather Munro: 
Accountable Officer

Date: 10.6.13

Geoff Lee: 
Treasurer/Chief Accountant

Date: 10.6.13

The notes on pages 46 to 72 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs/(gain)	23	1,463	(1,544)
Adjustments for non-cash transactions	6(a)	(7,412)	689
Adjustments for pension cost	4(d)	7,977	1,416
(Increase)/decrease in receivables	12(a)	(4,090)	8,040
Increase/(decrease) in payables	14(a)	1,379	(6,555)
Utilisation of provisions	15	(45)	(3)
Less movements in property, plant and equipment payable	14(a)	-	-
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	-	84
Net cash outflow from operating activities		(728)	2,127
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(454)	-
Purchase of intangibles	9	(47)	-
Proceeds on disposal of property, plant and equipment	8	1	-
Proceeds on disposal of intangibles	9	-	-
Net cash outflow from investing activities		(500)	-
Cash flows from financing activities			
Net financing received in year	23	-	-
Payments of amounts due to the Consolidated Fund to NOMS		-	(84)
Net financing		-	(84)
Net increase/(decrease) in cash and cash equivalents in the period		(1,228)	2,043
Cash and cash equivalents at the beginning of the period	13	13,024	10,981
Cash and cash equivalents at the end of the period	13	11,796	13,024
Increase/(decrease) in cash		(1,228)	2,043

The notes on pages 46 to 72 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2011		(131,832)	98	(131,734)
Prior period adjustment	23/24	-	-	-
As restated at 1 April 2011		(131,832)	98	(131,734)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(1,544)		(1,544)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		1	1
Net gain/(loss) on revaluation of intangibles	24(b)		5	5
Movement in donated assets	23	-		-
Transferred from revaluation reserve	23	-	-	-
Pension actuarial (loss)/gain	23	(99,764)		(99,764)
Net NOMS financing received in year	23	-		-
Balance as at 31 March 2012		(233,140)	104	(233,036)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	1,463		1,463
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		33	33
Net gain/(loss) on revaluation of intangibles	24(b)	-	5	5
Movement in donated assets	23	-		-
Transferred from revaluation reserve	23	-		-
Pension actuarial (loss)/gain	23	13,221		13,221
Net NOMS financing received in year	23	-		-
Balance as at 31 March 2013		(218,456)	142	(218,314)

The notes on pages 46 to 72 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

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

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

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

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

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

Comprehensive Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been to increase the scheme assets by £559,000.

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 largely reflects the accumulated movement of the pension liability 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 and on what basis 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. Accountable Officer supported by Senior management has concluded therefore that, having reviewed the results of the consultations within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, Transforming Rehabilitation: A strategy for Reform.

1.4 Property, plant and equipment

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

All land and building assets used by the Probation Trust are managed and owned

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

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Impairment

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

depreciation, was previously recognised in the SoCNE. The remaining amount is recognised in the Revaluation Reserve. Under IAS 36, Intangible Assets under construction should be tested for impairment annually.

1.7 Intangible non-current assets

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

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

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

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

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

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

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

1.8 Non-current assets held for sale

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

1.9 Inventories

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

1.10 Operating income

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

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

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

1.11 Administration and programme expenditure

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

1.12 Pensions

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

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

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

1.15 Value Added Tax

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

1.16 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 and its core activities are supplying court work and offender management services to NOMS, the Ministry of Justice and others. These are not deemed as trading activities by HMRC and are, hence, not subject to corporation tax on them.

However London Probation is subject to Corporation Tax on income derived from Interest Receivable and its sub contracted Community Payback work with Serco. An estimation of the liability due for the financial years 10–11 to 12–13 is included in these accounts.

1.17 Cash and Cash Equivalents

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

1.18 Financial instruments

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

1.19 Segmental analysis of spend as reported to the Management Board

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

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

Operational Unit	2012-13	2011-12
	Net Expenditure	Net Expenditure
	£000	£000
Community Payback	10,160	18,409
Service Delivery Unit	17,666	21,471
Offender Management	73,603	73,407
Corporate Centre	28,507	26,321
CP Case Management	26	£0
Total Net Expenditure	129,962	139,608
Contract Income	(131,425)	(138,064)
Overspend/(Underspend)	(1,463)	1,544

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	87,586	77,335	10,251	93,676
Social security costs	6,572	6,572	0	6,986
Other pension costs	15,995	15,995	0	13,603
Sub-total	110,153	99,902	10,251	114,265
Less recoveries in respect of outward secondments	(3,041)	(3,041)	0	(3,238)
Total staff costs	107,112	96,861	10,251	111,027
Administration-related staff costs	104,867	95,023	9,844	107,917
Programme-related staff costs	2,245	1,838	407	3,110
	107,112	96,861	10,251	111,027

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs primarily relates to the estimation of the average pensionable payroll which for 12-13 is £65,729,000 (11-12, £68,278,000) in addition to the estimation of the employers' liabilities which has now been extended from 20 to 23 years.

4 persons (2011-12: 3 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2011-12: £0).

3b. Average number of persons employed

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

	2012-13			2011-12
	Total	Permanently- employed staff	Others	Total
	2,502	2,271	231	2,696
	2,502	2,271	231	2,696

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	-	38	38	10	20	30
£10,000–£25,000	-	40	40	3	17	20
£25,000–£50,000	-	23	23	0	22	22
£50,000–£100,000	-	1	1	1	11	12
£100,000–£150,000	-	-	-	-	2	2
£150,000–£200,000	-	-	-	-	1	1
£200,000+	-	-	-	-	-	-
Total number of exit packages by type	-	102	102	14	73	87
Total resource cost £000	-	1,755	1,755	192	2,280	2,472

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.

The net savings arising from Voluntary Early Departures is estimated to be in the region of £3,000,000.

4. Pensions costs

Pension benefits are provided through the London Pension Fund Authority (LPFA), a statutory body. It is intended to be a fully funded scheme which provides benefits on a final salary basis at a normal retirement age of 65. Members are eligible to retire earlier; either, they meet the 85 year rule or have employers consent to leave prior to that age. Pensions are paid in line with the CPI index which is currently 2.6% on benefits that have accrued at the rate of 1/60th of pensionable salary for each year of service.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Barnett Waddingham. An actuarial assessment was made on 31st October 2012 as the Trust entered into a new Partnership arrangement with Serco. Of the 352 TUPE employees 165 were in pensionable employment. This resulted in a pension liability reduction of £8,022,000. For 2012–13, employers' contributions of £13,470,407 were payable to the LGPS (2011–12 £14,561,972). Member's contributions range from 5.5% to 7.5%, depending on the salary banding. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under IAS19.

The approximate employers' pension contributions for the three years are:

- Employer's contributions for 2012–13 were 20.5 % of salaries; and
- Employer's contributions for 2013–14 will be 20.5 % of salaries; and
- Employer's contributions for 2014–15 are to be confirmed after the March 2013 triennial review

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

	2012–13	2011–12
	%	%
Inflation assumption	2.6%	2.5%
Rate of increase in salaries	4.3%	4.2%
Rate of increase for pensions in payment and deferred pensions	2.6%	2.5%
Discount rate	4.6%	4.6%

Mortality Assumptions; The post retirement mortality is based on Club Vita mortality analysis which has then been projected using the medium cohort projection and allowing for a minimum rate of improvement of 1%.

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

	2012–13			2011–12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	6.0%	73%	280,102	6.3%	73%	250,064
Government bonds	4.6%	10%	38,370	4.5%	12%	41,106
Other bonds	5.0%	15%	57,555	5.3%	14%	47,958
Property	0.5%	2%	7,674	3%	1%	3,426
Other	0%	0.0%	0	0.0%	0.0%	0
Total		100%	383,701		100%	342,554
(Present value of scheme liabilities)			(610,069)			(582,188)
Surplus/(deficit) of the scheme			(226,368)			(239,634)
Net pension asset/(liability)			(226,368)			(239,634)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	15,405	12,247
Past service cost	-	-
Effect of curtailment	590	1,356
Effect of settlement	(8,022)	-
Total operating charge	7,973	13,603
	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(20,041)	(22,786)
Interest on pension scheme liabilities	26,129	26,129
Net interest costs	6,088	3,343

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	13,221	(99,764)
Irrecoverable surplus (if applicable)	-	-
Total shown in other comprehensive expenditure	13,221	(99,764)

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

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	582,188	475,241
Current service cost	15,405	12,247
Interest cost	26,129	26,129
Contributions by members	4,429	4,735
Actuarial (gains)/losses on liabilities*	15,018	80,332
Liabilities extinguished on settlements to Serco	(14,804)	
Benefits paid	(18,447)	(17,432)
Past service cost	-	-
Unfunded benefits paid	(439)	(420)
Curtailments	590	1,356
Settlements	-	-
Closing present value of liabilities	610,069	582,188

* 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	342,554	336,787
Expected return on assets	20,041	22,786
Actuarial gains/(losses) on assets	28,239	(19,432)
Receipt/(Payment) of bulk transfer value	(6,782)	-
Contributions by the employer	14,106	15,530
Contributions by members	4,429	4,735
Benefits paid	(18,447)	(17,852)
Net increase from disposals and acquisitions	-	-
Unfunded benefits paid	(439)	-
Curtailments	-	-
Settlements	-	-
Closing fair value of assets	383,701	342,554

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	383,701	342,554	336,787	314,098	238,757
Present value of liabilities	610,069	582,188	475,241	592,088	362,984
Surplus/(deficit)	(226,368)	(239,634)	(138,454)	(277,990)	(124,227)
Experience gains/(losses) on scheme assets	28,239	(19,432)	(2,120)	54,969	(84,393)
Experience gains/(losses) on scheme liabilities	(556)	134	80,072	-	-
Percentage experience gains/(losses) on scheme assets	7%	-6%	-1%	18%	-35%
Percentage experience gains/(losses) on scheme liabilities	0%	0%	17%	0%	0%

4i. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	595,792	610,069	624,796
Projected service cost	15,411	16,009	16,627
Adjustment to mortality age rate assumption			
	+1yr	none	-1yr
	£000	£000	£000
Present value of total obligation	589,689	610,069	630,448
Projected service cost	15,347	16,009	16,671
Adjustment to inflation			
	+0.1%	0%	-0.1%
	£000	£000	£000
Present value of total obligation	624,796	610,069	595,792
Projected service cost	16,627	16,009	15,411

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	112	-
Total	112	-

Probation Trusts are corporate bodies under the Offender Management Act 2007 and are contracted to the Ministry of Justice for the provision of Probation Services and as a result HMRC have confirmed that Corporation Tax is not applicable to their activities. However London Probation is subject to Corporation Tax on income derived from Interest Receivable and its sub contracted Community Payback work with Serco. An estimation of the liability due for the financial years 10–11 to 12–13 is included above.

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	286		356	
Interest charges	-		-	
Accommodation, maintenance and utilities	12,153		11,348	
Travel, subsistence and hospitality	927		873	
Professional services	1,040		1,423	
IT services	6,395		5,375	
Communications, office supplies and services	2,147		2,263	
Other staff related	2,979		3,180	
Offender costs	3,601		3,968	
Other expenditure	236		814	
External Auditors' remuneration – statutory accounts	141		144	
External Auditors' remuneration – other	-		-	
Internal Auditors' remuneration and expenses	104		107	
		30,009		29,851
Non-cash items				
Depreciation of tangible non-cash assets	143		184	
Amortisation of intangible non-cash assets	467		460	
Impairment of non-current assets	0		-	
Profit/(loss) on disposal of tangible non-cash assets	0		-	
Profit/(loss) on disposal of intangible non-cash assets	0		-	
Other provisions provided for in year	0		45	
Early retirement provisions not required	0		-	
Effect of transfer of pension assets /liabilities to Serco	(8,022)		-	
		(7,412)		689
Total		22,597		30,540

6b. Programme costs

Current expenditure	1,636		3,999	
Total		1,636		3,999
Total other administration and programme costs		24,233		34,539

7. Income

7a. Administration income

	2012-13		2011-12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	131,425		138,064	
Rent receivable from minor occupiers of Probation estate property:	-		-	
From within the departmental boundary	-		-	
From other Government departments	-		-	
From external tenants	-		-	
		131,425		138,064
EU income from NOMS		-		-
EU income from other Government departments		-		-
Other EU income		213		-
Other income received from Probation Trusts		224		252
Other income from NOMS		69		649
Other income from rest of MoJ Group		-		157
Other income from other Government departments		266		316
Miscellaneous income		2,773		686
		134,970		140,124
Interest received:				
From bank	157		132	
From car loans	-		-	
From other sources	-		-	
Total interest received		157		132
Total administration income		135,127		140,256

7b. Programme income

EU income from NOMS	-		-	
EU income from other Government departments	296		-	
Other EU income	1,979		5,691	
Other programme income	1,606		1,418	
Total programme income		3,881		7,109
Total income		139,008		147,365

8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	287	1,033	25	554	0	1,899
Additions	60	240	39	115	-	454
Disposals	-	-	(25)	-	-	(25)
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Indexation/revaluation	45	48	2	12	-	107
As at 31 March 2013	392	1,321	41	681	0	2,435
Depreciation						
As at 1 April 2012	166	942	24	553	0	1,685
Charge in year	55	73	0	15	0	143
Disposals	-	-	(24)	-	-	(24)
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Indexation/revaluation	28	36	0	10	0	74
As at 31 March 2013	249	1,051	0	578	0	1,878
Carrying value as at 31 March 2013	143	270	41	103	0	557
Carrying value as at 31 March 2012	121	91	1	1	0	214
Asset financing						
Owned	143	270	41	103	0	557
Finance leased	-	-	-	-	-	-
Carrying value as at 31 March 2013	143	270	41	103	0	557

8. (Continued)

	2011-12					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	289	1,020	25	545	-	1,879
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Indexation/revaluation	(2)	13	-	9	-	20
As at 31 March 2012	287	1033	25	554	-	1,899
Depreciation						
As at 1 April 2011	112	814	19	537	-	1,482
Charge in year	55	117	4	8	-	184
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Indexation/revaluation	(1)	11	1	8	-	19
As at 31 March 2012	166	942	24	553	-	1,685
Carrying value as at 31 March 2012	121	91	1	1	-	214
Carrying value as at 31 March 2011	177	206	6	8	-	397
Asset financing						
Owned	121	91	1	1	-	214
Finance leased	-	-	-	-	-	-
Carrying value as at 31 March 2012	121	91	1	1	-	214

9. Intangible assets

	2012-13					
	Development	Software	Licences	[Insert type]	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	-	1,701	609	-	-	2,310
Additions	-	47	-	-	-	47
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Indexation/revaluation	-	10	3	-	-	13
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
As at 31 March 2013	-	1,758	612	-	-	2,370
Amortisation						
As at 1 April 2012	-	680	244	-	-	924
Charge in year	-	344	123	-	-	467
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Indexation/revaluation	-	6	2	-	-	8
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
As at 31 March 2013	-	1,030	369	-	-	1,399
Carrying value as at 31 March 2013	-	728	243	-	-	971
Carrying value as at 31 March 2012	-	1,021	365	-	-	1,386
Asset financing						
Owned	-	728	243	-	-	971
Finance leased	-	-	-	-	-	-
Carrying value as at 31 March 2013	0	728	243	0	0	971

9. (Continued)

	2011-12					
	Development	Software	Licences	[Insert type]	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	-	1,692	609	-	-	2,301
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
-	-	-	-	-	-	-
Indexation/revaluation	-	9	-	-	-	9
-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
As at 31 March 2012	-	1,701	609	-	-	2,310
Amortisation						
As at 1 April 2011	-	338	122	-	-	460
Charge in year	-	338	122	-	-	460
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Indexation/revaluation	-	4	-	-	-	-
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
As at 31 March 2012	-	680	244	0	0	924
Carrying value as at 31 March 2012	-	1,021	365	-	-	1,386
Carrying value as at 31 March 2011	-	1,354	487	-	-	1,841
Asset financing						
Owned	-	1,021	365	-	-	1,386
Finance leased	-	-	-	-	-	-
Carrying value as at 31 March 2012	-	1,021	365	-	-	1,386

10. Impairments

There are no impairments.

11. Assets held for sale

There were no assets held for sale during the year.

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	840	273
VAT	-	-
Deposits and advances	187	152
Receivables due from Probation Trusts	25	44
Receivables due from NOMS agency	6,578	4,189
Receivables due from Ministry of Justice – core	-	1
Receivables due from Ministry of Justice – NDPBs	-	-
Receivables due from HM Courts & Tribunals Service (HMCTS)	-	-
Receivables due from Office of the Public Guardian (OPG)	-	-
Receivables due from all other Government departments	419	76
Other receivables	-	-
Prepayments	218	276
Accrued income	1,535	696
	9,802	5,707
Amounts falling due after more than one year		
Trade receivables	-	-
Deposits and advances	-	5
Other receivables	-	-
Prepayments and accrued income	-	-
	0	5
Total	9,802	5,712

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)	6,752	4,270	-	-
Balances with local authorities	220	40	-	-
Balances with NHS bodies	50	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	7,022	4,310	-	-
Balances with bodies external to Government	2,780	1,397	-	5
Total	9,802	5,707	-	5

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	13,024	10,981
Net change in cash and cash equivalents	(1,228)	2,043
Balance at 31 March	11,796	13,024
The following balances at 31 March are held at:		
Government Banking Service	-	-
Commercial banks and cash in hand	11,796	13,024
Balance at 31 March	11,796	13,024

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	1,487	1,104
Other payables	-	-
Accruals	5,526	5,803
Deferred income	3,430	3,166
Staff payables	16	11
Bank overdraft	-	-
Payables due to Probation Trusts	3	8
Payables due to NOMS Agency	413	1,625
Payables due to Ministry of Justice – core	-	15
Payables due to Ministry of Justice – NDPBs	-	-
Payables due to HM Courts & Tribunals Service (HMCTS)	-	-
Payables due to Office of the Public Guardian (OPG)	-	-
Payables due to all other Government departments	22	56
Unpaid pensions contributions due to the pensions scheme	-	-
Long-term liabilities due within one year	-	-
Operating income to be surrendered (interest received)	-	-
Non-current asset accruals	-	-
	10,897	11,788
Tax falling due within one year		
VAT	4,059	1,901
Corporation tax	112	-
Other taxation and social security	-	-
	4,171	1,901
Total amounts falling due within one year	15,068	13,689
Amounts falling due after more than one year		
Staff payables	-	-
Other payables	-	-
	-	-
Total	15,068	13,689

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)	4,588	3,549	-	-
Balances with local authorities	3	51	-	-
Balances with NHS bodies	3	3	-	-
Balances with public corporations and trading funds	15	2	-	-
	4,609	3,605	-	-
Balances with bodies external to Government	10,459	10,084	-	-
Total	15,068	13,689	-	-

15. Provisions for liabilities and charges

	2012–13	2011–12
	£000	£000
Balance at 1 April	49	7
Provided in year	-	45
Provisions not required written back	-	-
Provision utilised in the year	(45)	(3)
Unwinding of discount	-	-
Balance as at 31 March	4	49

	2012–13	2011–12
	£000	£000
Analysis of expected timing of discount flows		
Not later than one year	4	49
Current liability	4	49
Later than one year and not later than five years	-	-
Later than five years	-	-
Non-current liability	-	-
Balance as at 31 March	4	49

16. Capital commitments

Commitments for capital expenditure and major maintenance works for which no provision has been made. There are no capital commitments for 2012/13.

17. Commitments under lease

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2012–13	2011–12
	£000	£000
Other		
Not later than one year	109	85
Later than one year and not later than five years	75	135
Later than five years	0	0
Total	184	220

The Trust has a 3 year lease for the provision of photocopiers throughout its estate.

17b. Finance leases

The Trust has not entered into any finance leases.

18. Other financial commitments

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

19. Deferred tax asset

The Trust does not hold any deferred tax assets.

20. Financial instruments

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

21. Contingent liabilities

The Trust does not have any contingent liabilities.

22. Losses and special payments

22a. Losses statement

	2012–13		2011–12	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	6	1	13	2
Claims abandoned	1	2	-	-
Administrative write-offs	3	8	3	1
Fruitless payments	-	-	-	-
Store losses	-	-	-	-
Total	10	11	16	3
Details of cases over £250,000				
Cash losses	-	-	-	-
Claims abandoned	-	-	-	-
Administrative write-offs	-	-	-	-
Fruitless payments	-	-	-	-
Store losses	-	-	-	-
Total	-	-	-	-

There have been no loss payments over £250,000.

22b. Special payments schedule

There were no special payments for the financial year ended 31st March 2013 and prior year comparatives have been withdrawn as it was a classification change.

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(233,140)	(131,832)
Prior period adjustment (Note 28)	-	-
Balance restated at 1 April	(233,140)	(131,832)
Financing	-	-
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	1,463	(1,544)
Movement in donated assets	-	-
Transferred from revaluation reserve	-	-
Actuarial gains and losses	13,221	(99,764)
Balance at 31 March	(218,456)	(233,140)

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	62	61
Prior period adjustment (Note 28)	-	-
Balance restated at 1 April	62	61
Arising on revaluations of PPE during the year (net)	33	1
Transferred to General Fund	-	-
Balance at 31 March	95	62

24b. Intangibles

	2012–13	2011–12
	£000	£000
Balance at 1 April	42	37
Prior period adjustment (Note 28)	-	-
Balance restated at 1 April	42	37
Arising on revaluations of intangibles during the year (net)	5	5
Transferred to General Fund	-	-
Balance at 31 March	47	42

25. Related party transactions

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

During the year, the following members of the London Probation Trust (LPT) Management Board, members of key management staff or other related parties, or their related parties have undertaken material transactions with the Trust as detailed

Heather Munro is the Chief Executive of LPT, Vice Chair and Director of the Probation Chiefs Association, which incurred transactions totalling £78,750.00 with LPT. Mark Johnson is a Board Member of LPT and CEO of User Voice, which incurred transactions totalling £115,439.20 with LPT. In addition, Paul Davies, LPT Board Secretary is a Legal Services provider from Essex County Council, which incurred transactions totalling £205,007.25 with LPT, mediator for CALM, which incurred transactions totalling £9,445.00 with LPT and an Advisor to Probation Association, which incurred transactions totalling £101,300.00 with LPT.

Mary Pengelly was a LPT ACO and the spouse to the Director of I2N which incurred transactions totalling £10,120.00 with LPT, Alan Plunkett is a LPT Board Member and mentor at Tavistock and Portman NHS Foundation Trust which incurred transactions totalling £77,625.00 with LPT. Josephine Channer is a LPT Board Member and a Councillor of Barking and Dagenham Council which incurred transactions totalling £2,000.00 with LPT. Carina Heckrodt is a LPT ACO and a Board Member of Ukuzwa which incurred transactions totalling £6,000.00 with LPT. Lara Fielden is a LPT Board Member and Management Committee Member of Hestia which incurred transactions totalling £23,032.56 with LPT.

26. Third Party Assets

The Trust does not have any Third Party Assets.

27. Events occurring after the reporting period

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

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

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

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

Accounts Direction – 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

3. Sustainability Report (not subject to audit)

Introduction

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

This report covers 64 buildings.

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

Governance, responsibilities and internal assurance

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

Greening Government Commitments

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

Climate change adaption and mitigation

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

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

Carbon Reduction Commitment (CRC)

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

Carbon Management Plan (CMP)

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

Our vision is to:

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

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

Environmental Management System (EMS)

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

Sustainable procurement

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

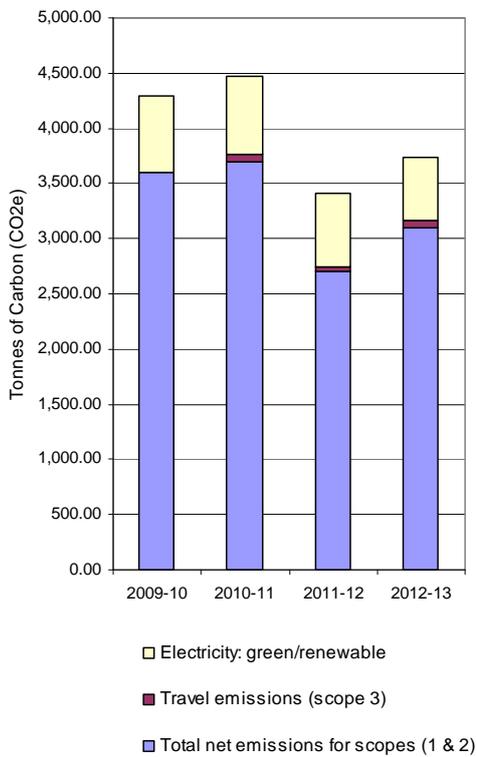
Our sustainability performance is shown in the following tables:

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	4,300	4,414	3,365	3,669
	Electricity: green/renewable	702	713	666	567
	Total net emissions for scopes 1 & 2	3,598	3,700	2,699	3,102
	Travel emissions scope 3	0	58	45	70
	Total gross GHG emissions (all scopes)	4,300	4,472.4	3,411	3,739
Non-financial (kWh)	Electricity: Grid, CHP & non-renewable	4,047,442	4,113,039	3,843,063	3,270,017
	Electricity: renewable	1,349,147	1,371,013	1,281,020	1,090,005
	Gas	8,055,263	8,206,680	3,524,340	7,562,278
	Other energy sources	0	0	0	0
	Total energy	13,451,852	13,690,732	8,648,424	11,922,301
Financial indicators	Expenditure on energy	£787,353	£688,424	£715,658	£734,371
	Expenditure on official business travel	£0	£0	£364,029	£191,936

GHG Emissions by scope



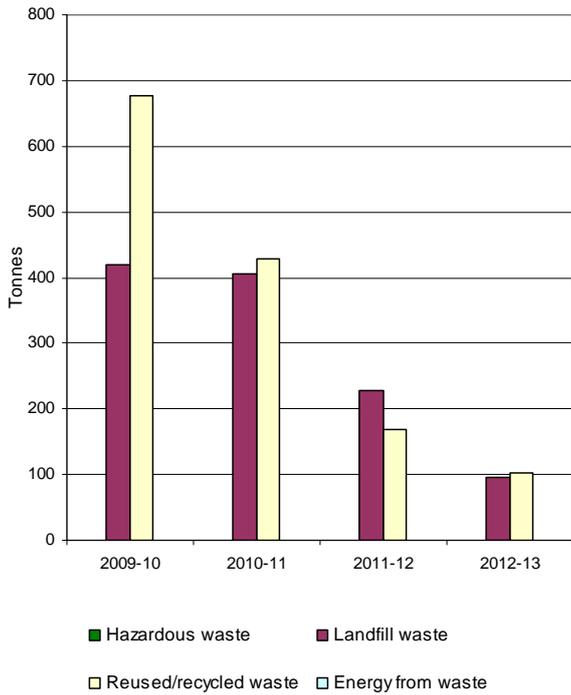
Overview of influenced impacts

Waste

		2009-10	2010-11	2011-12	2012-13
Non-financial indicators (tonnes)	Hazardous waste	0	0	0	0
	Non-hazardous waste	420	407	227	97
	Reused/recycled waste	678	428	169	103
	Energy from waste	0	0	0	0
	Total waste arising	1,098	835	396	200
Financial indicators	Hazardous waste	0	0	0	0
	Non-hazardous 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

	2009-10	2010-11	2011-12	2012-13
Hazardous waste	0	0	0	0
Non-hazardous waste	420	407	227	97
Reused/recycled waste	678	428	169	103
Energy from waste	0	0	0	0
Total waste arising	1,098	835	396	200
Hazardous waste	0	0	0	0
Non-hazardous 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



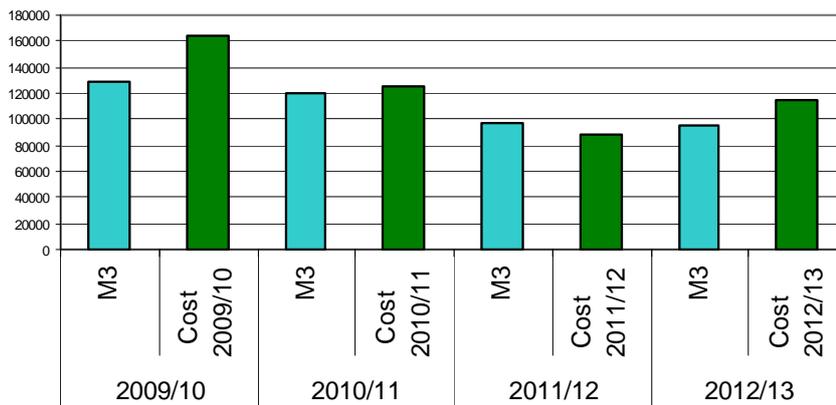
Overview of influenced impacts

Water

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

	2009-10	2010-11	2011-12	2012-13
Total water consumption (cubic metres)	129,242	120,645	97,812	95,305
Total water supply costs (£)	£163,852	£124,841	£88,047	£115,514

Water. Total consumption and costs.



Paper

Cost (excluding VAT)

	2009-10	2010-11	2011-12	2012-13
Cost (excluding VAT)	£552,416	£508,078	£462,815	£444,080

Appendix I – Workload and Activity Statistics

Commencements of Cases and Year on Year Trends

The table below displays the year on year trends of London Probation new case commencements, broken down into types of orders and licences. It will be noted that alone CP Orders have been excluded from 31st October 2012.

Order Commencements 2009/10–2011/12

Order Type	2010/11	2011/12	2012/13
Custody: Pre-release	9,144	9,983	8,671
Custody: Licence	6,718	7,897	8,153
Community Order	19,324	17,742	12,667
Suspended Sentence Order	8,731	8,891	7,055
Other Community Sentences	350	846	692
Grand Total	44,267	45,359	37,238

Caseload and Year on Year Trends

Below is a table and graph displaying the year on year trends of London Probation caseloads, broken down into types of orders and licences.

Current Orders at Year End 2009/10–2011/12

Order Type	31/03/2011	31/03/2012	31/03/13
Custody: Pre-release	13,978	15,537	14,891
Custody: Licence	6,923	7,970	8,617
Community Order	13,977	11,776	6,908
Suspended Sentence Order	7,094	6,666	4,855
Other Community Sentences	472	753	559
Grand Total	42,444	42,703	35,830

Court Reports and Year on Year Trends

Below is a table displaying the volume of Court Reports prepared in 2012/13 with year on year trends over the past three years.

Court Reports Completed 2009/10–2011/12

Report Type	2010/11	2011/12	2012/13
Standard Delivery Report	16,963	14,460	11,552
Fast Delivery Report	12,218	13,534	11,333
Oral Report	4,830	4,421	5,635
Grand Total	34,011	32,415	28,520



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