



*Changing Lives
Reducing Crime*

Kent Probation

Annual Report and Accounts 2013–2014



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2013–2014

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

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Kent Probation – Changing Lives, Reducing Crime

Kent Probation supports the Ministry of Justice and NOMS by delivering our strategic aims and offender management within Kent and Medway.

Our strategy sets out our purpose, vision and values as:

Our Statement of purpose:

“Protecting the public and reducing re-offending by delivering the sentence of the Courts and reforming offenders”

To achieve this our vision is:

- To be an excellent and efficient organisation which protects the public and achieves positive change for offenders and communities by reducing re-offending
- To develop our business proactively, in partnership with our stakeholders and driven by offender need, best value, and the priorities of local communities to become provider of choice

and

- To be a cohesive organisation which values, supports and develops its staff so that together we can realise our collective potential and be empowered to achieve the highest standards

With our purpose and vision underpinned by our values:

- **Respect and value individuals** by modelling behaviours and valuing diversity
- **Enable and embrace positive change** for offenders, for Kent Probation and for the local communities in which we work
- **Believe we can make a difference** through our positive attitudes and the quality of our work
- **Collaborate fearlessly** to learn from each other, find new solutions and jointly celebrate our achievements
- **Look outwards** to develop and deliver our business with partners and recognise the contribution that they can bring
- **Be open and transparent** to ensure integrity in everything we do
- **Deliver good value for money** by using resources wisely

Foreword

The future of probation is changing across the country, with the Government's Transforming Rehabilitation programme, which will see the dissolution of the 35 Probation Trusts and creation of a single National Probation Service (NPS) responsible for managing high risk and MAPPA (Multi Agency Public Protection Arrangements) offenders and 21 Community Rehabilitation Companies (CRCs) who will be responsible for managing low and medium risk offenders with a focus on reducing reoffending. Kent Probation, as a Trust, will no longer deliver probation services from 31st May 2014. From that date probation services in Kent will be delivered by the National Probation Service (South East / East Division) and a new Kent, Surrey, Sussex Community Rehabilitation Company.

The Transforming Rehabilitation (TR) programme followed the Government's consultation in January 2013. As a probation Trust, during this financial year, Kent Probation has been focused on preparing and delivering the TR programme, maintaining service delivery and continuing to work with offenders to complete the sentences of the court, to protect the public and to support offenders to change their lives around, to break the cycle of offending. During 2013/14 Kent Probation continued to achieve a GREEN rating on NOMS Probation Trusts Rating System (PTRS).

Transformational change of this magnitude, with the attendant prolonged uncertainties for staff, inevitably had a significant impact on staff morale and turnover, with the need to ensure staffing, our core systems, controls and services were supported and resilient enough to cope. We ensured this by focusing on strong and effective project management of implementation of the TR programme within the Trust and on enhanced communication with staff and partners. The Government, through the Cabinet Office, have given staff the opportunity to form mutuals and for these mutuals to be able to participate in the Ministry of Justice's competition to own and run the Community Rehabilitation Companies. Staff from Kent Probation and Surrey and Sussex Probation Trust, in line with the Ministry's procurement rules, formed a mutual Co:here who, with their joint venture business partners, entered the competition to bid for the Kent, Surrey & Sussex contract package areas. On the 9th June 2014 the mutual, with their partners, informed the Ministry of Justice of their decision to withdraw from the Transforming Rehabilitation competition.

As a Trust we have wanted to continue to deliver forward thinking and innovative services. During this year we have taken forward our work with women offenders, ending the year with a women's conference and Clean Break theatre day for women who are on or who have been on one of our Women's programmes. We were also a pathfinder for Pre-Sentence Restorative Justice; piloted Mental Health Treatment Requirements and this year we have expanded our Mentor/Volunteer unit so that we had over 100 active volunteers.

Adrian Baillieu
Interim Chief Executive

24 June 2013

1. Operational & Performance Review 2013–14

A. Operational Review

Strategic Development

Given the external changes facing the service, our Business Plan for 2013–14 focused on just 5 strategic priorities for Kent Probation. These were to:

1. Provide a high quality service by delivering the orders of the court, protecting the public and reducing reoffending
2. Increase our impact on reducing reoffending by piloting and embedding new approaches
3. Deliver against newly won contracts as part of our business development strategy for the future
4. Respond to the Transforming Rehabilitation Agenda,
5. Provide national and local leadership for the changes proposed for our sector and ensure all staff are developed and supported to be well placed for the future.

Priority deliverables focused on safely delivering the Transforming Rehabilitation programme and maintaining service delivery.

Our Business Plan has been subject to strong governance and scrutiny from our Senior Management Team (SMT) and our Trust Board through quarterly reviews.

1. Providing a High Quality Service

At the end of 2013/14 Kent Probation was GREEN across all the PTRS domains, which was a great achievement demonstrating the hard work of staff who maintained service delivery whilst the TR changes were taking place.

Professional Judgement has been implemented and embedded with our Quality Assurance Framework supporting Professional Judgement. In December of this year we were inspected by Her Majesty's Inspectorate of Probation (HMIP) whose findings were welcomed by the Trust as they both provided assurance and confirmation that the Trust was on the right journey to improve quality, that there was commitment throughout the service to quality improvement and strong partners support and engagement, especially from the Courts. At the same time issues were identified to resolve especially around initial assessment of offenders and safeguarding reviews.

Partnership is crucial to our success and we have continued to work with our partners including the Kent Criminal Justice Board, Police & Crime Commissioner, MAPPA, Kent & Medway Strategic Reducing Reoffending Board, Safeguarding Children and Vulnerable Adult Board and Community Safety Partners.

2. Increasing our Impact on Reducing Reoffending

To increase our impact on reducing reoffending we have focused on 5 areas where we know intervention will reduce reoffending these are:

- Domestic Violence – Kent Probation leads the contract of a jointly commissioned Integrated Domestic Violence Advisor (IDVA) services;
- Restorative Justice – we have piloted and are now rolling out pre-sentence Restorative Justice as part of the Kent Criminal Justice Board end-to-end Restorative Justice and with our trained RJ facilitators now facilitating RJ conferencing;
- Woman's Programme – our individual Specified Activity Requirement (SAR) sessions continue to run weekly across the county with the charity User Voice reviewing the needs of women offenders to provide us with feedback as to how we can continue to improve these sessions and meet women offenders needs;
- Mental Health – The Mental Health Treatment Requirement (MHTR) has seen 31 offenders successfully complete this requirement during 2013–14; and

- Increased access to mentors – we have continued to expand our Mentor/Volunteer unit to support our Integrated Offender Management Strategy and offer of access to a mentor/volunteer. We now have 113 active volunteers and have exceeded our target of a unit of 100 volunteers.

3. Deliver Newly Won Contracts

In 2013–14 Kent Probation won and successfully mobilised 2 new contracts to deliver domestic abuse services to un-convicted perpetrators for CAF/CASS, and to roll out personality disorder services for offenders in a contract with the Department of Health. We have also worked with partners to increase the provision of services to offenders. For example we have worked with Catch 22 to enable them to bid for a “through the gate” service for Kent indeterminate public protection prisoners in the Sheppey cluster.

4 & 5. Transforming Rehabilitation Programme / Providing National & Local leadership for the Changes Ensuing Staff are Supported to be Well Placed for the Future

Delivering the Transforming Rehabilitation Programme is impacting on every person, team and function within the Trust. With the service’s objective being to facilitate a safe exit for the Trust as it prepares for the end of its contract to deliver probation services in Kent as well as transferring its staff and assets into the NPS and Kent Surrey Sussex CRC on 1st June. To achieve this Kent Probation set up a Transforming Rehabilitation Programme Board to provide overall management of the individual workstreams which include People, Finance, Estates, Assets, Contracts, New Operating Procedures, ICT, Governance and CRC/NPS start up. The Programme Board also managed the risk that this transformational change has; including managing staff turnover, managing performance and maintaining service delivery, managing and supporting staff through this change and contingency planning. Additionally the Trust has had to support the MoJ competition process, which as part of the setting up of the new Kent, Surrey and Sussex CRC, involved merging the relevant functions of the two Trusts.

Supporting staff was crucial throughout this programme and the Trust has had an intensive communications strategy in place to keep staff continually up-to-date on the issues and changes; to engage fully with them and our trade unions and to ensure senior leaders have been available and visibly leading this change. We have also provided specific training relating to change management and resilience for staff and managers.

The Government, via the Cabinet Office, has supported staff in Trusts to be involved in the MoJ competitive bidding process by enabling a mutuals option to be pursued. Jointly, with Surrey and Sussex Probation Trust, the mutuals option has been pursued, with staff being freed up to actively engage with and bid for the Kent Surrey Sussex contract package area. NOMS and the MoJ have set clear procurement rules to ensure the competition process meets the high standards required of public competitions. For Kent Probation, our substantive Chief Executive, Sarah Billiald, was leading this competitive bid. This had meant she could not be involved in the exit management of the Trust or in the provision of the support from the Trust to NOMS on the competition. To ensure the Trust managed the TR Programme and maintain service delivery our Director of Corporate Services, Adrian Baillieu, was appointed as Interim Chief Executive until 31st May 2014. These arrangements remained in place and were not effected by the decision of the mutuals, and partners, to withdraw from the competition on the 9th June 2014.

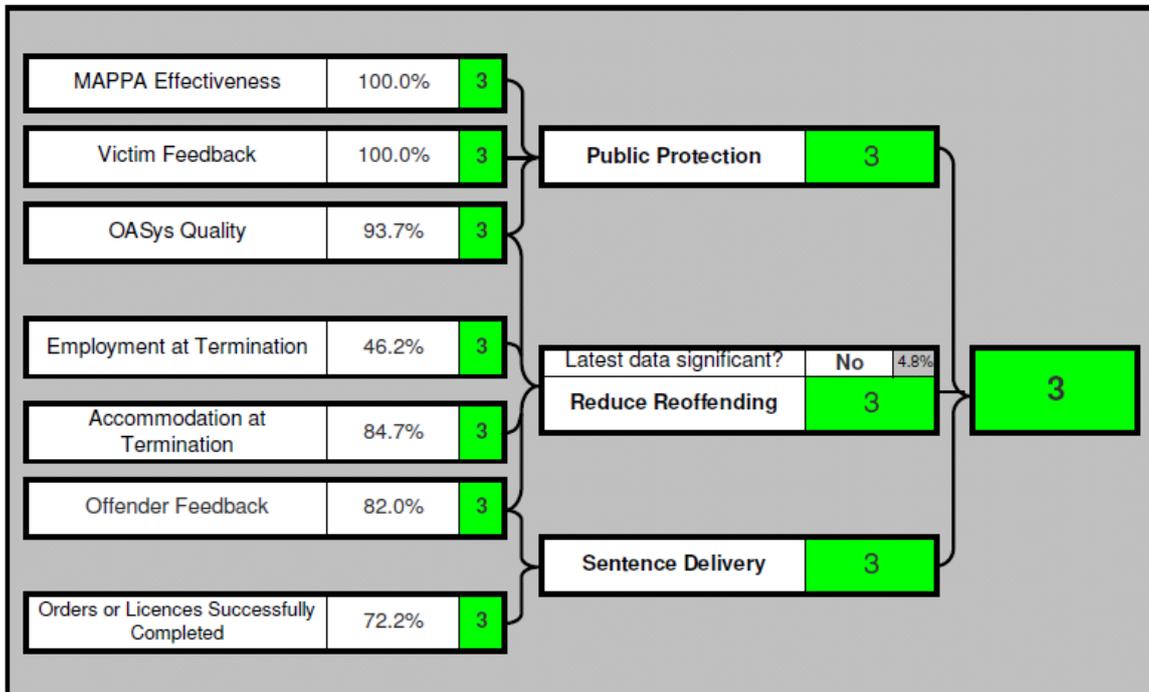
B. Performance Review

Key Performance Results – 2013/14

Kent Probation’s performance is measured nationally by the Probation Trust Rating System (PTRS) which is a basket of measures which enables us to assess Kent Probation’s performance within three domains – Public Protection, Reducing Reoffending, and Sentence Delivery.

The PTRS is Red/Amber/Green (RAG) rated to enable comparison both against the targets and with other Probation Trusts. At the end of 2013/14 Kent Probation was rated Green across all domains.

2013/14 PTRS Overview



Public Protection

Metric	Target / Measure	2013/14		2012/13	
		Target	Performance	Target	Performance
IPPF14	OMI Risk of Harm	70%	64.0%	70%	64.0%
OM32	Victim Feedback	90%	100.0%	90%	100.0%
OM41	MAPPA Effectiveness	86%	100.0%	86%	99.8%
OM26	OASys QA	90%	94.0%	90%	89.0%

Reducing Reoffending

Metric	Target / Measure	2013/14		2012/13	
		Target	Performance	Target	Performance
IPPF21	OMI 2 Likelihood of Reoffending	66%	62.0%	66%	62.0%
INT09	Employment at Termination	40%	46.2%	40%	45.6%
OM17	Accommodation at Termination	66%	84.7%	70%	82.7%
IPPF06	OMI2 Interventions	66%	68.0%	66%	68.0%
OM24	Offender Feedback	67%	82.0%	67%	77.1%

Sentence Delivery

Metric	Target / Measure	2013/14		2012/13	
		Target	Performance	Target	Performance
OM20	Orders or Licences Successfully Completed	70%	72.2%	70%	72.8%
IPPF19	OMI 2 Enforcement and Compliance	70%	69.0%	70%	69.0%
IPPF05	OMI 2 Assessment and Sentence Planning	66%	66.0%	66%	66.0%

NOMS Contractual Measures

Metric	Target / Measure	2013/14		2012/13	
		Target	Performance	Target	Performance
Total of INT01, 02 & 03	Accredited Programmes Completions	204	211	216	250
Combined Rate for INT13, 14 & 15	Accredited Programmes Completion Rates	70%	69%	70%	65%
INT01	Sex Offender Programme Completions	45	66	45	68
INT02	Domestic Violence Programme Completions	68	75	68	75
INT03	GOBP Completions (exc SOTP & DV)	92	70	103	107
INT13	Sex Offender Programme Completion Rate	85%	84%	85%	82%
INT14	Domestic Violence Programme Completion Rate	68%	79%	68%	74%
INT15	GOBP Completion Rate (exc SOTP & DV)	75%	52%	75%	58%
	Non Accredited Programme Completions	484	732	547	1037
	Non Accredited Programme Completion Rate	70%	64%	70%	65%
INT16	ATR Completion Rate	65%	71%	65%	73%
INT17	DRR Completion Rate	50%	54%	50%	60%
INT18	UPW Completion Rate	75%	70%	75%	72%
INT08	Sustained Employment	400	667	400	390
INT05	UPW Completions	1700	1443	2000	1738
OM05	Enforcement	90%	92%	90%	92%
OM40	Court Report Timeliness (Magistrates and Crown)	95%	96%	95%	99%
OM07	Victim Contact (Timeliness)	90%	98%	90%	93%
	Attendance Centre Referrals	n/a	23	17	n/a
OM27	Generic Parole Process	80%	95%	80%	94%
OM37	Tier 2,3,4 & PPO OASys Final Reviews	90%	76%	90%	83%

Notes:

- (1) The above targets and the methodology for calculating the actual figures are set by NOMS. Kent Probation collects the data from a number of sources, mainly e-OASys, IAPS and nDelius (ICMS up to August 2013), which are our electronic case management systems.
- (2) n/a represents changes in performance metric between years.

C. Workload and Activity Statistics

1. Commencements by Type

Sentence Type	2013/14	2012/13
Community Order	1801	2930
Suspended Sentence Order	1087	1376
Standard Determinate Custody (CJA)	2172	1343
Extended Public Protection	80	25
Indeterminate Public Protection	0	17
Community Rehabilitation Order	1	0
Life Imprisonment	318	315
Young offender institution	212	173
Voluntary Through Care	0	50
ACR	23	37
YO	254	122
Extended Supervision (SO)	0	5
Extended Supervision (VO)	0	0
S105 Recall to Prison Licence	0	25
DCR	27	13
Enforcement Order for CAF/CASS	0	1
Youth Rehabilitation Order	40	81
Deferred Sentence	0	2
CPRO (CP)	2	2
Psychiatric order	0	2
Total	7092	6519

2. Caseload as at 31.03.14

Period	Orders	Licences	Custody	Total
31.03.14	2888	1092	1433	5413
31.03.13	3190	1167	1882	6239
31.03.12	3525	1179	1943	6647

3. Reports Produced by Court Type

Report Type	Crown	Magistrates	Other	Youth	No Court Recorded	Total 2013–2014	Total 2012–2013
Breach	24	486	1	5	0	516	1738
Reports – Fast Delivery	448	755	5	2	0	1210	1224
Reports – Oral	38	1373	0	0	0	1411	1558
Reports – Standard Delivery	416	657	7	1	0	1081	1006
Total 2013–2014	926	3271	13	8	0	4218	--
Total 2012–2013	1089	4235	15	15	172	--	5526

4. Unpaid Work Hours Ordered/Worked

Report Type	Hours Ordered *	Hours Worked *	Hours Ordered	Hours Worked
	2013–2014	2013–2014	2012–2013	2012–2013
April	25922	18486.50	28367	18647.75
May	22332	17166.42	27220	20954.50
June	24337	17764.50	27215	18894.75
July	28873	16446.42	25815	21640.50
August	23120	17037.50	30716	20987.25
September	23874	16234.67	27591	21511.75
October	26501	16493.58	33092	23422.50
November	23103	16360.58	28347	22372.75
December	21163	14243.75	17368	18987.50
January	26164	15852.67	23479	19102.75
February	26566	15533.50	24614	18966.50
March	23828	18915.67	24013	18503.00
Total	295803	200590.75	317837	243991.50

* Hours Ordered are the total hours ordered by the court of unpaid work in each month, the Hours Worked are the hours of Unpaid Work undertaken by the offenders in that month. These differ due to timing and the fact some offender by be breached and are unable to complete that sentence.

5. Victims: The total number contacted within 8 weeks of sentence

Period	2013/14	2012/13
Quarter 1: April – June	55	58
Quarter 2: July – September	110	119
Quarter 3: October – December	82	83
Quarter 4: January – March	* n/a	131
Total	247	391

* Figures are provided in arrears and not available until after the accounts are audited.

Adrian Baillieu
Interim Chief Executive

24 June 2014

2. Management Commentary

Statutory background

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 Kent Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction, on page 56, issued by the Secretary of State under the OM Act.

Principal activities

Kent Probation covers the Kent Police area, as defined in Schedule 1 of the Police Act 1996, serving a population of almost 1.6 million. During the year, the Board employed some 393 full time equivalent staff who worked from 10 office sites, 1 hostel and 7 prisons across the area.

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

The discharge of policies as established by the National Offender Management Services (NOMS) of the Ministry of Justice, are designed to ensure:

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

The Chief Executive is the Accountable Officer for the Trust and is accountable to the Chief Executive Officer, NOMS, in his position as Agency Accounting Officer. He, in turn, is accountable to the Principal Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 9.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 25. The Statement of Changes in Taxpayers' Equity is shown on page 28.

Operating costs

The net operating cost before tax for 2013–14 stands at £1,888,000 compared to £1,697,000 (restated) for 2012–13. The reason for the increase is due to a reduction in the expected return on Kent Probation's pension assets as calculated by the funds actuaries.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 26 and 27.

The net liabilities position has increased from £36,159,000 at 31 March 2013 to £43,696,000 at 31 March 2014. Within this figure the largest single movement in net liabilities is £7,614,000 which is due to an increase in pension liability as calculated by the funds actuaries.

Payment of creditors

In the year to 31 March 2014, the Trust paid 3,418 trade invoices with a value of £5,513,530. The percentage of undisputed invoices paid within 30 days by the Trust was 98% compared to 98% in 2012–13.

Treatment of Pension Liabilities

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

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets will transfer to the Greater Manchester Pension Fund (GMPF).

At this date the Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS will transfer with the employee to the new employer, the Community Rehabilitation Company (CRC) or the National Probation Service (NPS). The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transfer to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to the NPS under the Secretary of State for Justice.

Further information can be found in **Note 4** to the Accounts.

Sickness absence data

The levels of absence due to staff sickness were 6,301 days across the Trust (2012–13 – 5,489 days). The principal increase to the sickness level has been due to an increase in stress related absence, this has impacted on staffing levels within the service.

Personal data related incidents

There were no personal data related incidents in 2013–14, which needed formally reporting to the Information Commissioner's Office (ICO).

Kent Probation ensures we have effective measures in place to mitigate the risk of information loss and to prevent recurrence of any information security breach by being ISO27001 accredited. As part of our Information Security Management System (ISMS) all staff undertake a compulsory Information Assurance training when joining Kent Probation and then annually.

Events after the reporting period

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

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

The Probation Trust ceased trading on 1 June 2014. The operations of the Trust have been divided between the National Probation Service and the Kent, Surrey and Sussex Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical

basis that reflects the future use of assets, services provided and the allocation of employees. The proportion of staff transferring to the CRC/NPS is approximately 55:45. Refer to **Note 26** of the Accounts for further details.

On 9th June 2014, the mutual, with its partners, notified the Ministry of Justice of its decision to withdraw from the Transforming Rehabilitation competition.

Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 58 to 62.

Future developments

The Trust ceased to deliver probation services at 31st May 2014. The future development for Kent Probation is now for our successor organisations namely the National Probation Service and Kent, Surrey and Sussex CRC.

Mutuals

Management and staff from Kent Probation, together with Surrey and Sussex Probation Trust had been involved in the creation of a mutual Co:here, who in partnership with A4e and Bridges Ventures, created a joint venture Chalk Ventures to engage in and bid for the Kent Surrey and Sussex CRC contract package area. The staff mutual was supported by the Cabinet Office from the Cabinet Office's Mutuals Support Package. On 9th June 2014 Chalk Ventures withdrew from the Transforming Rehabilitation competition.

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. The results of these consultations, that ended on 13 February 2013, were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice. This outlined plans to contract out probation services more widely and increase the use of payment by results.

As part of the transformation all Probation Trusts ceased trading from 1 June 2014. A Statutory Instrument to dissolve the Probation Trust, under section 5(1) (c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

On 1 June 2014, a National Probation Service (NPS) was created to protect the public from the most dangerous offenders and manage the provision of probation services across England and Wales. The NPS remains part of the public sector.

The remaining services are divided in to 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new Community Rehabilitation Companies (CRCs). They are fully owned by the Secretary of State for Justice on behalf of the Ministry of Justice.

On 1 June 2014 a Transfer Order effected the transfer of the existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

MoJ/NOMS has committed to fund and ensure all current services will continue under the new structure, including the CRC in private ownership, using the same assets and resources, for the foreseeable future.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will influence the operations of the CRCs

ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRoM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

Communications and employee involvement

Kent Probation is committed to good communication, internally and externally, and to staff engagement. With the Transforming Rehabilitation programme good communication and staff engagement has been critical and the Trust has had an enhanced communication strategy and plan in place during this transformational change which sets out how we communicate and engage with staff. This has been monitored throughout with the use of a monthly pulse survey which asked 5 key questions to enable the senior management team and the Trust Board to meet our staff's needs and expectations. These questions asked about individuals' ability to maintain service delivery, individuals' understanding of why the changes are being implemented, confidence in the approach taken by Kent Probation, and Senior leaders visibility. It also asked is whether they are personally ready to handle the change. This information has been used to improve communications and run additional training on managing change and building resilience.

Staff diversity

Kent Probation is committed to ensure diversity and inclusion is at the heart of what we do and we are committed to eliminating discrimination, harassment and victimisation; as well as ensuring we are fully compliant with all legislation. Kent Probation has clear recruitment and selection policies to ensure we are fair and equitable to ensure that job opportunities are accessible to all, we support staff through all reasonable workplace adjustments and ongoing assessments which is closely monitored. Equality Impact Assessments are also completed where required to ensure policies or practices are fair and equitable and don't directly or indirectly impact on different staff groups.

At the end of the financial year the Trusts gender profile was:

Position	Male	Female
Management Board (inc Chief Executive & Magistrate Advisor)	5	3
Directors (exc Chief Executive)	0	6
Staff	101	333

Annually we publish Kent Probation Equalities Annual Return, which is available on our website www.kentprobation.org. This return provides diversity information for our offenders, victims and staff.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FRoM. 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 23.

Total audit fees reported in the Accounts are £25,615 for the NAO and £14,960 for Internal Audit.

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 Kent Probation Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 included the following:

- Monthly Trust Board meetings
- Quarterly Audit, Performance and Risk Committee meetings
- Quarterly Human Resources Committee meetings
- Quarterly Health & Safety Committee meetings
- Bi-annual Remuneration Committee meetings
- Board representation on the Trust’s Transforming Rehabilitation Programme Board

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

Details of the remuneration of the Trust Board are set out in the Remuneration Report on pages 15 to 17.

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

Position	Name	Date appointment commenced / ended (during 2013–14) where appropriate
Chief Executive	Ms Sarah Billiard	Stood down as Accountable Officer – 05/08/13
Interim Chief Executive	Mr Adrian Baillieu	Appointed Accountable Officer – 06/08/13
Board Chair	Mr Janardan Sofat	
Board Member	Mr Colin Wilby	
Board Member	Mrs Pat Foreman	
Board Member	Mr Malcolm Cooper	
Board Member	Mr David White	
Magistrate Advisor	Mrs Anne Munn	

Ms Sarah Billiard, Chief Executive, is leading the Mutual bid and is subject to the procurement rules and ethical walls required to ensure the competition is fair. To manage this conflict the Board has put in place the required ethical walls and appropriate controls with the appointment of Mr Adrian Baillieu, as the Trust’s Interim Chief Executive, to manage the Trust’s exit plan.

My thanks and appreciation are extended to all past and present members of the Board for their hard work and effort during this reporting year.

Adrian Baillieu
Accountable Officer

24 June 2014

3. Remuneration Report

Appointments

The Chair and other members of the Trust Board, with the exception of the Chief Executive, were all appointed by the Secretary of State in line with the Commissioner for Public Appointment's "Guidance on Appointments to Public Bodies". The emoluments of these persons and staff are determined and paid for through Ministry of Justice funds. This section is subject to audit.

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

A) REMUNERATION – AUDITED

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Officials										
Ms Sarah Billiard (Chief Executive)	80–85	80–85	0–5	0–5	0.7	1.2	70	-23	150–160	58–70
Mr Adrian Baillieu (interim Chief Executive)	70–75	n/a	None	n/a	1.6	n/a	119	n/a	188–193	n/a
Mr Janardan Sofat (Board Chair)	15–20	15–20	None	None	0.6	1.6				
Mr Colin Wilby (Board Member)	0–5	0–5	None	None	0.5	0.5				
Mrs Pat Foreman (Board Member)	0–5	0–5	None	None	0.5	0.6				
Mr Malcolm Cooper (Board Member)	0–5	0–5	None	None	0.8	1.0				
Ms Gillian Hurley (Board Member)	n/a	0–5		None		0.1				
Mr David White (Board Member)	0–5	0–5	None	None	1.0	0.6				
Mrs Anne Munn (Magistrate Advisor)	0–5	0–5	None	None	0.4	0.3				

- * Chief Executive is contracted for 32hpw ie 0.8649 FTE. The Chief Executive Bonus relates to contractual Performance Related Pay (PRP) and is considered annually by the Trust Board's Remuneration Committee. The performance conditions for 2012/13 were equally met,
- improving stakeholder involvement,
 - the Trusts performance targets were achieved (green PTRS) and
 - the senior leadership team was successfully reduced and restructured.

** Interim Chief Executive appointed 06/08/13.

*** Board Member, Ms Gillian Hurley, resigned 31/03/2013.

In agreement with NOMS, Kent Probation Board Members receive an annual non-pensionable remuneration of £4,000 pa, with the Chair of the HR Committee and the Chair of the Audit, Performance & Risk Committee receiving an additional annual non-pensionable payment of £500. Board Members are also paid a travelling allowance and 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	
	2013–14	2012–13
Highest paid Director (pay band)	£90,000–£95,000	£90,000–£95,000
Median for other staff	£26,569	£23,700
Pay multiple ratio	3.55:1	3.93:1

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

Salary

'Salary' includes the gross salary; overtime; acting-up allowance etc.

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.

Mutuals

Ms Sarah Billiald, Chief Executive, is leading the Mutual bid and is subject to the procurement rules required to ensure the competition is fair. The Board has put in place the required ethical walls and appropriate controls with the appointment of Mr Adrian Baillieu as the Trust's Interim Chief Executive and Accountable Officer, to manage the Trusts exit plan.

B) PENSION BENEFITS – AUDITED

		Total accrued pension at March 2014 & related lump sum	Real increase/ (decrease) in pension age and related lump sum	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and investment factors
		£000s	£000s	£000s	£000s	£000s
Chief Executive	Ms Sarah Billiald	45–50	0–5	84	67	9
Interim Chief Executive	Mr Adrian Baillieu	110–115	5–10	383	339	29
Board Chair	Mr Janardan Sofat	----	----	----	----	----
Board Member	Mr Colin Wilby	----	----	----	----	----
Board Member	Mrs Pat Foreman	----	----	----	----	----
Board Member	Mr Malcolm Cooper	----	----	----	----	----
Board Member	Mr David White	----	----	----	----	----
Magistrate Advisor	Mrs Anne Munn	----	----	----	----	----

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.

Adrian Baillieu
Accountable Officer

24 June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1) (b) of the Offender Management Act 2007, the Secretary of State has directed Kent Probation to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an 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, unless it is inappropriate to do so.

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

5. Governance Statement

Introduction

This Governance Statement sets out:

- Corporate Governance and Trust Board support within Kent Probation
- Oversight and assurance arrangements to deliver Kent Probation business
- How risks which Kent Probation faces, are managed

Impact of transformation on the control environment

The Government's Transforming Rehabilitation Programme impacted on the governance framework as the focus for the Trust Board was on exit management and the safe transfer of staff, cases, assets and operations into the new NPS and CRC whilst maintaining service delivery throughout this period of significant change and uncertainty for staff.

To manage this the Trust Board adapted its control environment to manage the Transforming Rehabilitation programme. This adaptation includes the adoption of a new, more flexible, workforce planning policy and strategy which gave managers more flexibility to maximise staffing levels at a time when turnover was higher than in a normal year and recruitment difficult given the prolonged uncertainties for staff. This enabled managers to maintain service delivery. The Trust Board also implemented a clear ethical wall to enable staff to pursue the mutual option whilst ensuring Kent Probation could support the MoJ, via the provision of Trust data, so that the competition process was not compromised. A key element of the control environment and the ethical wall was to agree with NOMS to change the Trust's Accountable Officer to Mr Adrian Baillieu as Interim Chief Executive whilst Ms Sarah Billiald, the Trust's substantive Chief Executive, is behind the ethical wall. Staff behind the ethical wall, including the substantive Chief Executive, could not be part of the Trust Board meetings where exit management issues or competition sensitive information were reported to the Trust Board, in Part 2 of the Trust Board meetings.

Additionally, Mr Colin Wilby, Trust Board Member, represented the Board on Kent Probation's Transforming Rehabilitation Programme Board. The Transforming Rehabilitation Programme Board project managed the exit management of the Trust and the transition to the CRC and NPS.

Governance Framework and Board Attendance

Kent Probation has an established corporate governance framework with experienced and effective support from the Trust Board. The full Trust Board is governed by its standing orders and sets the framework within which Kent Probation operates. The full Trust Board is supported by the Audit, Performance and Risk Committee and the HR Committee. Supporting the HR Committee is the Health & Safety Committee. Attendance at the Board is shown in the table below:

		Audit, Performance & Risk Committee	HR Committee	Remuneration Committee
	Board (10 meeting held during 2013/14)	(5 meeting held during 2013/14)	(2 meeting held during 2013/14)	(2 meeting held during 2013/14)
Janardan Sofat	Board Chair	9	1 *	n/a *
Sarah Billiald	Chief Executive	4	-	-
Adrian Baillieu	Interim Chief Executive from August 2013	6	3	2
Colin Wilby	Chair of HR Committee	9	2 *	2
Pat Foreman	Chair of Audit, Perf. & Risk Committee	9	5	2 *
Malcolm Cooper	Board Member	7	3	2
David White	Board Member	7	4	2
				n/a
				n/a

*The Audit, Performance & Risk Committee and HR Committee have a core membership of Board members; * = not a core member. However, any Trust Board member can attend any Committee meeting whether they are a core member or not. The Remuneration Committee core membership is the Chair & Committee Chairs.*

Being an established Board it has continued to perform to the high standards expected of a public sector body; to assess and support the effective working of the Trust Board, the Trust Board Chair met individually with his Board members to discuss roles, duties and development needs throughout the year. With the Transforming Rehabilitation consultation there are currently national restrictions on Trust Board member recruitment with all existing Trust Chairs and Trust Board members being given an extension until 31st July 2014.

The Trust Board set the strategic direction for Kent Probation and ensured corporate governance. During the business year the Trust Board approved Kent Probation's contract with NOMS, the business plan to deliver this contract and the budget. The Trust Board received regular reports and monitoring to enable it to challenge and seek assurance that the services are being delivered against the priorities set. The supporting Committees require the data used to be accurate and timely and through challenge scrutinises resources and staffing levels, high-level caseloads, workload, PTRS performance, organisational risk and the assurance framework. External assurance from NOMS Audit, External Audit, HMIP and ISO Accreditations provides the Board with assurance on the quality of data and reporting it uses to inform its decision making.

The Trust Board complies with the Corporate Governance Code.

As Accountable Officer I am accountable to the Chief Executive, NOMS via a contract which is reviewed quarterly with NOMS Senior Community Manager for London and the South East. The Senior Community Manager is NOMS representative of the Secretary of State and is part of the NOMS senior executive. NOMS is an agency of the MoJ.

Oversight and Assurance Arrangements

Resources are controlled and managed to deliver Kent Probation business

As part of Kent Probation's budget strategy for 2013–14 our approach to deliver on budget has continued to be led by clear budgets and decision making, addressing known budget pressures, strong delegation and accountability. This is supported by collective SMT ownership of the Trust's budget and clear reporting. Day to day management of the delegated budgets continued within our financial framework.

As already noted, staff turnover was higher than in normal years and there were difficulties in recruiting due to the uncertainties over future employment. Despite this pressure on workforce and the transformational change programme, the Trust successfully delivered our contract with NOMS and achieved GREEN status in the national PTRS (Probation Trust Rating System).

System of internal control and assurance framework

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Kent Probation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kent for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

For 2013/14 the Kent Probation Audit and Assurance Framework provided senior management and the Trust Board with wider assurance than traditional assurance received from Internal Audit. This

Framework gave us assurance on our financial controls, key risks, information security, the management of process and fraud.

This assurance is externally provided to senior management and the Trust Board via:

- Financial Controls / Key Risk Audits – The MoJ Audit & Corporate Assurance (ACA) function provided our independent internal audit. During 2013–14 the MoJ Audit & Corporate Assurance function rated our Financial Control Framework as GREEN; our Risk Management as GREEN and Contract Mobilisation as AMBER/GREEN. In addition MoJ Audit & Corporate Assurance auditors followed up the high & medium priority recommendations (made in 2012–13) and confirmed to the Trust Board that all recommendations had been satisfactorily implemented.
- Information Security and Assurance – In our management of information security and assurance Kent Probation has exceeded the GSi requirements required by NOMS by achieving ISO27001 accreditation. During 2013/14 Kent Probation was successfully re-accredited and had 2 successful external Continuous Assessment Visits (CAVs) and had no serious information security breaches. Two incidents were escalated to NOMS during 2013/14 and inline with our internal processes the incidents were fully investigated and corrective and preventative actions were put in place.
- Quality Management System – Following our successful countywide roll-out and accreditation to ISO9001 in 2011/12, we successfully received 2 external Continuous Assessment Visits (CAVs) and had no major non-conformities.
- Health & Safety – continuing our commitment to H&S and our successful OHSAS 18001 accreditation in 2011/12 we had 2 external Continuous Assessment Visits (CAVs) and had no major non-conformities.
(ISO27001, ISO9001 & OHSAS18001 are externally accredited by BSi (British Standards Institute) and our management systems are supported by our own extensive internal audit programme).
- Whilst we had no frauds or significant events during 2013/14, which needed to be investigated as part of our assurance framework, we did asked MoJ Audit & Corporate Assurance to review the exit management of our Drink Drive programme to consider the possibility of financial loss or fraud. No fraud was found and actions related to one of the information security incidents reported to NOMS were fully implemented.

MoJ Audit & Corporate Assurance function have been able to provide the Trust Board and Accountable Officer “reasonable assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.”

Risk Management

Organisational Risk Management is managed as part of the core responsibility of the Audit, Performance & Risk Committee and Kent Probation’s Senior Management.

The Organisational Risk Co-ordinator acts to co-ordinate the day-to-day operation of management in managing organisational risk within the Trust’s strategic role. The management strategy for organisational risk management is:

- the Risk Register relates to the Business Plan;
- the Trust Board approves the Business Plan and Risk Register;
- the Risk Register is regularly reviewed in detail by the Risk Owners / Senior Management and reported to the Audit, Performance & Risk Committee who critically challenge management’s strategies effectiveness; and
- the Register is a dynamic document which changes as risks change.

In Kent Probation we manage organisational risk by enabling and supporting LDUs and Directorates to manage the identified key risks which impact upon their LDU/areas of accountability. These LDU / Directorate risks are collated by Kent Probation’s Senior Management Team to manage the key risks facing the Trust.

The Trust Board's organisational risk management policy and strategy is available to all staff via our intranet with the countywide and LDU risk registers available to all staff (inc Trust Board members) via PAM (PAM is an internet based software designed to manage our risk register in real time). Risks identified and managed during 2013/14 principally related to the Transforming Rehabilitation programme including maintaining service delivery, managing staff through change, morale and motivation, workforce and staff turnover, partner engagement during change and its impact on offenders. Additionally the individual projects within the Trusts Transforming Rehabilitation Programme Board (ie finance, information, IT, estates, case transfer, new operating procedures, staff transition) each identified and managed their risks, escalating project risks to the Programme Board which informed the County Risk Register

Mutuals

The Trust put in place and maintained an "ethical wall", inline with MoJ guidelines and principles to provide appropriate protection and confidence to the market that the integrity of the competition is being maintained. These controls limited the number of staff who could work on the mutual bid, they restricted access to information (ie removed access to IT systems) and to meetings (ie staff working on the mutual could not attend certain meetings especially meetings where exit management, data returns or the competition are on the agenda). Additionally the Accountable Office role of the Chief Executive was transferred to the Director of Corporate Services who took on the role of Interim Chief Executive. Line management of senior leaders and key staff was also amended to ensure there was no conflict of interest due to line management relationships. External partnerships were reviewed to ensure staff working on the mutual did not get access to competition information from other sources, such as the Probation Chiefs' Association (PCA). As a result of this review Ms Sarah Billiald relinquished her role on the PCA Executive and the PCA Council. Whilst working on the bid staff are not based within Kent Probation estate. These controls have been openly communicated with all managers and staff to ensure all staff know to whom the ethical walls apply and what this means. All staff received a fortnightly TR briefing to ensure they are kept up-to-date on the key issues relating to TR changes.

Adrian Baillieu
Accountable Officer

24 June 2014

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

I certify that I have audited the financial statements of Kent Probation for the year ended 31 March 2014 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 Interim Chief Executive and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Interim 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 Kent Probation's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

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

Without qualifying my opinion, I draw attention to the disclosures in **Note 1.4** to the financial statements regarding going concern. The Trust closed on 31 May 2014 with its functions, assets and liabilities being transferred to new public sector entities. In accordance with the Government Financial Reporting Manual the financial statements have been prepared on a going concern basis.

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

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

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Expenditure			
Staff costs	3(a)	15,123	14,773
Other expenditure	6	5,567	5,016
Total Expenditure		20,690	19,789
Income	7	(20,338)	(19,589)
Net operating costs		352	200
Net interest cost on pension scheme	4(c)	1,536	1,497
Net operating costs before taxation		1,888	1,697
Taxation	5	0	0
Net operating costs after taxation		1,888	1,697

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	<i>Restated</i> £000
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	8	8	(7)
Remeasurement of post employment benefits	22	5,650	649
Total comprehensive expenditure for 31 March 2014		7,546	2,339

The notes on pages 29 to 55 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	104	151
Total non-current assets		104	151
Current assets			
Trade and other receivables	12(a)	209	287
Cash and cash equivalents	13	240	243
Total current assets		449	530
Total assets		553	681
Current liabilities			
Trade and other payables	14(a)	(630)	(741)
Provisions	15	0	(53)
Taxation payables	14(a)	0	(41)
Total current liabilities		(630)	(835)
Non-current assets plus/less net current assets/(liabilities)		(77)	(154)
Non-current liabilities			
Pension liability	4(c)	(43,619)	(36,005)
Total non-current liabilities		(43,619)	(36,005)
Assets less liabilities		(43,696)	(36,159)
Taxpayers' equity			
General fund	22	(43,697)	(36,168)
Revaluation reserve – property, plant and equipment	23(a)	1	9
		(43,696)	(36,159)

The financial statements on pages 25 to 28 were approved by the Board on 11 June 2014 and were signed on its behalf by

..... Accountable Officer

24 June 2014

The notes on pages 29 to 55 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	22	(1,888)	(1,697)
Adjustments for non-cash transactions	6	48	54
Adjustments for pension cost	4(c)	1,964	1,698
(Increase)/decrease in receivables	12(a)	78	62
Increase/(decrease) in payables	14(a)	(152)	(539)
Utilisation of provisions	15	(53)	(37)
Net cash outflow from operating activities		(3)	(459)
Net increase/(decrease) in cash and cash equivalents in the period			
		(3)	(459)
Cash and cash equivalents at the beginning of the period	13	243	702
Cash and cash equivalents at the end of the period	13	240	243
Increase/(decrease) in cash		(3)	(459)

The notes on pages 29 to 55 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2012		(33,824)	2	(33,822)
As restated at 1 April 2012		(33,824)	2	(33,822)
Changes in taxpayers' equity for 2012–13 (restated)				
Net operating cost after taxation	SocNE	(1,697)		(1,697)
Net gain/(loss) on revaluation of property, plant and equipment	23(a)		9	9
Transferred to General Fund from property, plant and equipment revaluation reserve	23(a)		(2)	(2)
Transferred from revaluation reserve	22	2		2
Remeasurement of post employment benefits	22	(649)		(649)
Balance as at 31 March 2013		(36,168)	9	(36,159)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(1,888)		(1,888)
Net gain/(loss) on revaluation of property, plant and equipment	23(a)		1	1
Transferred to General Fund from property, plant and equipment revaluation reserve	23(a)		(9)	(9)
Transferred from revaluation reserve	22	9		9
Remeasurement of post employment benefits	22	(5,650)		(5,650)
Balance as at 31 March 2014		(43,697)	1	(43,696)

The notes on pages 29 to 55 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the 2013–14 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

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

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

The functional and presentation currency of the Trust is the British pound sterling (£).

1.2 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.

1.3 Changes in accounting policies and restatement of comparatives

New and amended standards adopted
IAS 1 'Presentation of Financial Statements – Other Comprehensive Income' (effective for accounting periods beginning on or after 1 July 2012).

The impact on the Trust is that items presented in Other Comprehensive Expenditure will be grouped on the basis of whether they may subsequently be reclassified to net operating costs.

IAS 19 'Employee Benefits' was revised in June 2011 (effective for accounting periods beginning on or after 1 January 2013).

The changes have been made retrospectively in line with the transitional provisions of IAS 19 (revised 2011) and in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

Those that impact on the Trust are:

- interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset); and
- amended disclosures including the presentation of defined benefit costs, plan assets and reconciliation of net pension liability/(asset) as presented in **Note 4**.

The changes to IAS 19 apply retrospectively, giving rise to a prior period adjustment to net operating costs and other comprehensive expenditure. Net pension assets and liabilities are unchanged. The effect of the prior period adjustment on each line in the primary statements is set out in **Note 27**.

1.4 Going concern

The Statement of Financial Position at 31 March 2014 shows negative Taxpayers' Equity, which largely reflects the accumulated movement of the pension liability falling due in future years. MoJ/NOMS has committed to funding the pension liabilities transferred to the CRCs, relating to past service, and the future financing of all other liabilities in the NPS and CRCs falling due past 31 March 2014.

On 1 June 2014, the Trust ceased trading.

On this date the operations of the Trust transferred to the Secretary of State for Justice on behalf of the Ministry of Justice. They are administered by a new National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs).

The existing assets, liabilities and staff of the Trust were split between these entities in a practical way that reflects the services that each body provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the Offender

Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will mandate the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRoM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

1.5 Property, plant and equipment

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost and is restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project they are treated as a grouped asset.

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

Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Gains on revaluation are credited to the revaluation reserve and shown

in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation reverse.

1.6 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

1.7 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.

1.8 Intangible non-current assets

The Trust recognises intangible non-current assets only if it is probable that future service potential will flow to the Trust and the cost of the asset can be measured reliably. Intangibles comprise internally developed software for internal use, software developed by third parties and licenses for purchased software.

The minimum level for capitalisation of an intangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 3 to 10 years. Licences are amortised over the length of the licence.

As there is no active market for these intangible assets, their fair value is assessed at the re-valued amount less any accumulated amortisation and accumulated.

Intangible assets are restated at each Statement of Financial Position date using Services Producer Price Index published by the Office for National Statistics.

1.9 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.

1.10 Inventories

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

1.11 Operating income

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

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

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

1.12 Other Expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed 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. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3, Note 6, Note 7 and Note 27.**

On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

1.13 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit

scheme. 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.

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). The last formal actuarial valuation was as at 31 March 2014.

The liability recognised in the SoFP in respect of defined benefit pension plans at the reporting date is the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates as advised by the scheme actuary.

Remeasurement gains and losses are recognised within Other Comprehensive Expenditure in the period in which they arise.

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.

1.14 Leases

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

A distinction is made between finance leases and operating leases. Finance leases are leases where substantially all of the risks and rewards incidental

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

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE on a straight-line basis.

1.15 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.

1.16 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.

1.17 Corporation Tax

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

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

The Trust holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 25**.

2. Statement of Operating Costs by Operating Segment

This note provides details of Kent Probation's management accounts as reported to the Trust Board. As a Probation Trust we provide probation services to Kent offenders and for IFRS purposes only report under one segment.

This note is broken down into 3 sections:

- Section 1 analysis of our expenditure,
- Section 2 details our contract income & grant allocation from NOMS, and
- Section 3 reconciles the Statement of Comprehensive Net Expenditure to our management accounts outturn.

Kent Probation financial statement for the period ended 31st March 2014

1. Expenditure

Expenditure heading	Board approved Budget 2013/14	Expenditure to March 2014	Variance from Budget
	(April Board)		(+ = Over / - = Under)
	£	£	£
Staff salaries	15,764,658	14,938,635.64	(826,022.36)
Other staff costs	297,640	400,599.22	102,959.22
Premises costs	88,050	70,005.93	(18,044.07)
Transport costs	607,183	501,317.37	(105,865.63)
Supplies & services	1,605,664	1,975,394.88	369,730.88
Offender reimbursements	211,265	210,080.14	(1,184.86)
Partnerships grants	539,226	1,446,228.03	907,002.03
Internal/NPS recharges	1,409,590	1,364,793.64	(44,796.36)
External income	(197,501)	(1,204,954.25)	(1,007,453.25)
Total expenditure (cash)	20,325,775	19,702,100.60	(623,674.40)
Year end expenditure (inc Depn, use of provisions)	65,000	(5,606.39)	(70,606.39)
Total expenditure	20,390,775	19,696,494.21	(694,280.79)

2. NOMS contract income

	Contract Income
	£
Financed by:	
NOMS Contract Income	19,087,330
Domestic Extremism/Counter Terrorism income *	23,000
Total Contract Income	19,110,330
Prison Funding	662,974
Total funds available	19,773,304
Underspend	£76,809.79

* Kent Probation received £23,000 funding to train staff in managing offenders convicted of Domestic Extremism / Terrorism and to work with partner agencies in this field.

3. Reconciliations of 2013/14 Management Accounts Outturn to Statement of Comprehensive Net Expenditure

	£000s
Statement of Comprehensive New Expenditure – Net Operating Costs after taxation	1,888
IAS19 Difference (see note)	(1,964)
	(76.0)
Management Account – Forecast Outturn 2013/14	(76.8)
Difference is rounding	(0.8)

Notes

Kent Probation's mgt accounts are charged with Kent Probation's actual employer's pension contribution (23.1%) which is paid to KCC. The Statement of Comprehensive Net Exp. is charged with IAS19 figures provided by KCC actuaries.

IAS19 – Current Service Costs	(2,665)
IAS19 – Net Interest Charge on pension scheme	(1,536)
Kent Probation contribution paid to KCC	2,237
	<u>(1,964)</u>

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	12,204	11,812	392	12,222
Social security costs	894	894	0	905
Other pension costs	2,665	2,665	0	2,492
Sub-total	15,763	15,371	392	15,619
Less recoveries in respect of outward secondments	(640)	(640)	0	(846)
Total staff costs	15,123	14,731	392	14,773

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all staff costs have been aggregated in to one classification. This has no impact on total staff costs. See also **Note 1.12**.

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**.

1 person (2012–13: 1 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £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:

2013–14			2012–13
Total	Permanently- employed staff	Others	Total
FTEs	FTEs	FTEs	FTEs
406	393	13	416
406	393	13	416

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013-14			2012-13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	3	3	0	4	4
£10,000-£25,000	0	1	1	0	2	2
£25,000-£50,000	0	1	1	0	2	2
Total number of exit packages by type	0	5	5	0	8	8
Total resource cost £000	0	63	63	0	109	109

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

4. Pensions costs

As part of the terms and conditions of employment of its officers and other employees, the Trust offers retirement benefits. Although these will not actually be payable until employees retire, the Trust has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The provisions of the Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The Trust participates in the Local Government Pension Scheme, for 2013–14 this was administered by Kent County Council. The Local Government Pension Scheme provides benefits on a “final salary” basis at a normal retirement age of 60. Benefits accrue at the based upon pensionable salary and years of service. In addition, a lump sum is payable on retirement. Members pay contributions, ranging from 5.5% to 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns. This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Barnett Waddingham. For 2013–14, employers’ contributions of £2,237,000 were payable to the LGPS (2012–13 £2,291,000) at 23.1%. The schemes’ Actuary reviews employer contributions every three years following a full scheme valuation, a 2013 valuation has been completed and sets the contribution rates for 2014–15 onwards. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employer contributions from 1 June 2014 will not be required to be paid by the Probation Trust as they have ceased trading Future contributions are referred to in **Note 26** Events occurring after the reporting period.

Partnership accounts are excluded under IAS19.

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

- Employer’s contributions for 2013–14 were 23.1% of salaries; and,
- Employer’s contributions for 2014–15 were 24.4% of salaries for April and May 2014; From 1st June onwards the fund is managed by Greater Manchester Pension Fund and the future contribution will reflect the split between the NPS and CRC.

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

	2013–14	2012–13
	%	%
Inflation assumption	2.8%	2.6%
Rate of increase in salaries	4.6%	4.8%
Rate of increase for pensions in payment and deferred pensions	2.8%	2.6%
Discount rate	4.2%	4.4%

Mortality Assumptions:

- Current pensioners – 22.7 years (male) / 25.1years (female)
- Future pensioners – 24.9 years (male) / 27.4years (female)

4c. Movements in the defined benefit obligation during the year

	2013–14		Total £000
	Present value of obligation £000	Fair value of plan assets £000	
Plan assets		56,175	
Funded liabilities			
Unfunded liabilities	(92,180)		
Opening balance at 1 April (restated)	(92,180)	56,175	(36,005)
Current service costs	(2,588)	0	(2,588)
Administration costs	0	(77)	(77)
	(2,588)	(77)	(2,665)
Net Interest (cost)/income	(4,003)	2,467	(1,536)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	2,096	2,096
Gain/(loss) from change in demographic assumptions	(1,318)	0	(1,318)
Gain/(loss) from change in financial assumptions	(5,231)	0	(5,231)
Experience gains/(losses)	(564)	(633)	(1,197)
	(7,113)	1,463	(5,650)
Contributions			
Employers	0	2,237	2,237
Plan participants	(628)	628	0
Payments from plans			
Benefit payments	3,048	(3,048)	0
Closing balance at 31 March	(103,464)	59,845	(43,619)
Plan assets		59,845	
Funded liabilities	(103,464)		
Closing balance at 31 March	(103,464)	59,845	(43,619)

	2012–13 (restated)		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets		49,316	
Funded liabilities	(82,974)		
Opening balance at 1 April	(82,974)	49,316	(33,658)
Current service costs	(2,434)	(27)	(2,461)
Past service costs (including curtailments)	(31)	0	(31)
	(2,465)	(27)	(2,492)
Net interest (cost)/income	(3,760)	2,263	(1,497)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost	0	4,865	4,865
Gain/(loss) from change in financial assumptions	(5,514)	0	(5,514)
	(5,514)	4,865	(649)
Contributions			
Employers	0	2,291	2,291
Plan participants	(650)	650	0
Payments from plans			
Benefit payments	3,183	(3,183)	0
Closing balance at 31 March	(92,180)	56,175	(36,005)
Plan assets		56,175	
Funded liabilities	(92,180)		
Closing balance at 31 March	(92,180)	56,175	(36,005)

4d. Plan assets are comprised as follows

	2013-14	2012-13
	£000	£000
Quoted	59,845	56,175
Unquoted	0	0
Total	59,845	56,175
% of Totals	100%	100%

Employer Asset Share – Bid Value

	31 March 2014		31 March 2013	
	£000	%	£000	%
Equities	42,490	71%	39,884	71%
Gilts	598	1%	0	0%
Other Bonds	6,583	11%	7,303	13%
Property	5,985	10%	4,494	8%
Cash	1,795	3%	2,247	4%
Target Return Portfolio	2,394	4%	2,247	4%
Total	59,845	100%	56,175	100%

4e. Sensitivity analysis

	+0.1%	0%	-0.1%
	£000	£000	£000
Adjustment to discount rate			
Present value of total obligation	101,697	103,464	105,263

	+1yr	none	-1yr
	£000	£000	£000
Adjustment to mortality age rate assumption			
Present value of total obligation	99,835	103,464	107,126
Projected service cost	2,541	2,631	2,721

5. Taxation

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

In 2011–12 Kent Probation made a loss for corporation tax purposes, an element of this carry forward loss was offset in 2012–13 with the remaining amount being carried forward again into 2013–14. Kent Probation is estimating we will not be liable for any corporation tax again for 2013–14.

6. Other Expenditure

	2013–14		2012–13 <i>Restated</i>	
	£000	£000	£000	£000
Rentals under operating leases	0		4	
Accommodation, maintenance and utilities	1,366		1,454	
Travel, subsistence and hospitality	396		416	
Professional services	395		417	
IT services	760		797	
Communications, office supplies and services	399		446	
Other staff related	339		290	
Offender costs	695		647	
Other expenditure *	1,128		450	
External Auditors' remuneration – statutory accounts	26		26	
Internal Auditors' remuneration	15		15	
		5,519		4,962
Non-cash items				
Depreciation of tangible non-cash assets	48		53	
Profit/(loss) on disposal of tangible non-cash assets	0		1	
		48		54
Total		5,567		5,016

Restatement of comparatives

In the prior year costs were split between administration and programme related costs. For 2013–14 all costs have been aggregated in to one classification. This has no impact on total costs. See also **Note 1.12**.

- * Other Expenditure includes a payment of £778k for the Kent Criminal Justice Board's IDVA (Independent Domestic Violent Advisor) Service. Kent Probation was the lead agency working with the police, local authorities and Health to provide specialist advisors to support victims of Domestic Abuse. As the lead agency Kent Probation received £758k income from the partners and together with our £20k contribution paid this contract.

7. Income

	2013-14		2012-13 <i>Restated</i>	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	19,110		19,228	
		19,110		19,228
Other income received from Probation Trusts		3		10
Other income from NOMS		65		33
Other income from other Government departments		911		28
Miscellaneous income *		249		290
		20,338		19,589
Total income		20,338		19,589

Restatement of comparatives

In the prior year income was split between administration and programme related income. For 2013-14 all income has been aggregated in to one classification. This has no impact on total income. See also **Note 1.12**.

* Other Expenditure includes a payment of £778k for the Kent Criminal Justice Board's IDVA (Independent Domestic Violent Advisor) Service. Kent Probation was the lead agency working with the police, local authorities and Health to provide specialist advisors to support victims of Domestic Abuse. As the lead agency Kent Probation received £758k income from the partners and together with our £20k contribution paid this contract.

8. Property, plant and equipment

	2013–14					
	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 2013	0	78	382	0	0	460
Disposals	0	(67)	0	0	0	(67)
Indexation/revaluation	0	0	2	0	0	2
As at 31 March 2014	0	11	384	0	0	395
Depreciation						
As at 1 April 2013	0	78	231	0	0	309
Charge in year	0	0	48	0	0	48
Disposals	0	(67)	0	0	0	(67)
Indexation/revaluation	0	0	1	0	0	1
As at 31 March 2014	0	11	280	0	0	291
Carrying value as at 31 March 2014	0	0	104	0	0	104
Carrying value as at 31 March 2013	0	0	151	0	0	151
Asset financing						
Owned	0	0	104	0	0	104
Carrying value as at 31 March 2014	0	0	104	0	0	104

8. (Continued)

	2012-13					Total £000
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	
	£000	£000	£000	£000	£000	
Cost or valuation						
As at 1 April 2012	0	151	361	0	0	512
Disposals	0	(77)	0	0	0	(77)
Indexation/revaluation	0	4	21	0	0	25
As at 31 March 2013	0	78	382	0	0	460
Depreciation						
As at 1 April 2012	0	148	168	0	0	316
Charge in year	0	3	50	0	0	53
Disposals	0	(76)	0	0	0	(76)
Indexation/revaluation	0	3	13	0	0	16
As at 31 March 2013	0	78	231	0	0	309
Carrying value as at 31 March 2013	0	0	151	0	0	151
Carrying value as at 31 March 2012	0	3	193	0	0	196
Asset financing						
Owned	0	0	151	0	0	151
Carrying value as at 31 March 2013	0	0	151	0	0	151

9. Intangible assets

There were no intangible assets in the year (2012–13 – £0).

10. Impairments

There were no impairments in the year (2012–13 – £0).

11. Assets held for sale

There were no assets held for sale at the reporting date (2012–13 – £0).

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year		
Trade receivables	29	135
VAT	72	0
Deposits and advances	3	5
Receivables, Accrued Income and Prepayments due from NOMS Agency	54	81
Receivables, Accrued Income and Prepayments due from other Government departments	41	1
Other receivables	0	37
Prepayments	10	28
Total	209	287

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	163	82	0	0
Balances with local authorities	4	0	0	0
	167	82	0	0
Balances with bodies external to Government	42	205	0	0
Total	209	287	0	0

13. Cash and cash equivalents

	2013–14	2012–13
	£000	£000
Balance at 1 April	243	702
Net change in cash and cash equivalents	(3)	(459)
Balance at 31 March	240	243
The following balances at 31 March are held at:		
Commercial banks and cash in hand	240	243
Balance at 31 March	240	243

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	192	151
Other payables	0	5
Accruals	262	254
Deferred income	6	177
Staff payables	118	86
Payables, Accruals and Deferred Income due to other Government departments	52	68
	630	741
Tax falling due within one year		
VAT	0	41
	630	41
Total amounts falling due within one year	630	782
Total	630	782

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	5	43	0	0
Balances with local authorities	47	66	0	0
	52	109	0	0
Balances with bodies external to Government	578	673	0	0
Total	630	782	0	0

15. Provisions for liabilities and charges

	2013–14				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	53	0	53
Provision utilised in the year	0	0	(53)	0	(53)
Balance as at 31 March	0	0	0	0	0

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Balance at 1 April	0	0	90	0	90
Provided in year	0	0	53	0	53
Provisions not required written back	0	0	(53)	0	(53)
Provision utilised in the year	0	0	(37)	0	(37)
Balance as at 31 March	0	0	53	0	53

	2012–13				
	Early retirements costs £000	Leasehold Property Dilapidations £000	Other Provisions £000	Voluntary Early Departure £000	Total £000
Analysis of expected timing of discount flows					
Not later than one year	0	0	53	0	53
Current liability	0	0	53	0	53
Balance as at 31 March	0	0	53	0	53

There were no provisions at the reporting date (2012–13 – £53,000).

16. Capital commitments

There were no capital commitments at the reporting date (2012–13 – £0).

17. Commitments under leases

17a. Operating leases

There are no operating leases (2012–13 – £4,000).

17b. Finance leases

There are no finance leases (2012–13 – £0).

18. Other financial commitments

There are no financial commitments (2012–13 – £0).

19. Financial instruments

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

20. Contingent liabilities

There are no contingent liabilities (2012–13 – £0).

21. Losses and special payments

21a. Losses statement

There have been no losses payments made during 2013–14 (2012–13 – £0).

21b. Special payments schedule

There have been no special payments made during 2013–14 (2012–13 – £0).

22. General fund

	2013–14	2012–13
	£000	£000
Balance at 1 April	(36,168)	(33,824)
Prior period adjustment (Note 27)	0	0
Balance restated at 1 April	(36,168)	(33,824)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(1,888)	(1,697)
Transferred from revaluation reserve	9	2
Remeasurement of post employment benefits	(5,650)	(649)
Balance at 31 March	(43,697)	(36,168)

23. Revaluation reserve

23a. Property, plant and equipment

	2013–14	2012–13
	£000	£000
Balance at 1 April	9	2
Balance restated at 1 April	9	2
Arising on revaluations of PPE during the year (net)	1	9
Transferred to General Fund	(9)	(2)
Balance at 31 March	1	9

23b. Intangibles

There are no Intangible revaluation reserves (2012–13 £0).

24. Related party transactions

NOMS and the Ministry of Justice are regarded as a related party as they hold the contract with Kent Probation to deliver probation services in Kent for an agreed contact income. During the year, the Trust had various material transactions with the Ministry of Justice. Additionally, the Trust had transactions with other Trusts', other Government bodies and third party organisations.

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Trust. Whilst there have been no transactions with Break the Cycle (BtC) during 2013/14, BtC was originally set up by Kent Probation to reduce crime and prevent reoffending, Kent Probations' Director of Business Development (to 31/08/13), Kent Probations Director for NK LDU (from 01/09/13) and a Board Member are also Directors on BtC Board. Break the Cycle went into members voluntary liquidation on 26 March 2014.

Mutuals

Additionally Kent Probations' Chief Executive and Director for Interventions have been freed up to work on the MoJ's competition for the Kent Surrey Sussex CRC. A mutual Co:here has been formed to be equal partners in a joint venture, Chalk Ventures, with A4e and Bridges Venture. No payments have been paid to Co:here or Chalk Ventures.

25. Third-party assets

Kent Probation Amenity Fund – this fund is for small payment (usually under £50) to support offenders from public donation.

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2014
	£000	£000	£000	£000
Kent Amenity Fund	1	0	0	1
	1	0	0	1

26. 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.

Dissolution of the Trust

The Trust ceased trading on 1 June 2014. A Statutory Instrument to dissolve the Trust, under section 5(1) (c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector entities. MoJ/NOMS has committed to ensuring all services will continue under the new structure, using the same assets and resources, for the foreseeable future.

On 1 June 2014 a Transfer Order effected the transfer of existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A tender process is currently under way with a successful bidder to take ownership of the CRC in winter 2014–15.

The Accountable Officer with the support of senior management has concluded that there is no further impact on the financial statements other than those referred to in **Note 1.4**.

Basis of allocation of balances after the Trust ceased trading on 1 June 2014

On 1 June 2014, the assets and liabilities of the Probation Trust were allocated between the NPS and CRC as follows:

Pensions

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets were transferred to the Greater Manchester Pension Fund (GMPF).

The Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS have transferred with the employee to the new employer (the CRC or the NPS) as referred to in **Note 1.4**. The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs' participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS have transferred to the NPS under the Secretary of State for Justice.

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

All other service contracts have been novated to the relevant entity based on where the services of that contract will be provided. Where the services are shared by both entities, the contract will in most cases be novated to the majority user.

Staff related balances

All staff related balances, not settled by the Trust shortly after 1 June 2014, have been allocated to the relevant entity each member is transferred.

All other balances

Existing debtors and creditors that remain within the Trust are to be settled from existing funds.

All other balances have been allocated on a practical basis taking in to account future use, staff member allocation and services provided by that entity.

Where an asset, liability or service is utilised by both entities it will likely remain within the NPS/NOMS.

The finalisation of the split of assets and liabilities has not been completed as at the date of this report. Therefore financial information is not available.

27. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

In the current year, the Trust has applied the 2011 amendments to IAS 19 *Employee Benefits* (revised 2011), which are mandatory for accounting periods beginning on or after 1 January 2013. The standard requires retrospective application, which has resulted in a prior period adjustment. The prior period comparatives have been restated accordingly.

The interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset). Retrospective application has had an impact on the amounts recognised in profit or loss and other comprehensive income in 2012–13. The net assets and liabilities are unchanged.

Specific transitional provisions are applied to first time application of IAS 19 (revised 2011). The Trust has applied the relevant transitional provisions and restated the comparative figures.

Impact on total comprehensive expenditure for the year of application of IAS 19 Extract from the statement of comprehensive net expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	1,101
Other comprehensive expenditure	1,238
Total comprehensive expenditure	2,339
Restatement:	
Increase in programme expenditure (interest costs)	596
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(596)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	1,697
Other comprehensive expenditure	642
Total comprehensive expenditure	2,339

Extract from the statement of changes in taxpayers' equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	(36,168)
Restatement:	
Increase in net operating expenditure	596
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(596)
General fund balance as at 31 March 2013 after restatement	(36,168)

Administration and programme income and expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed 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. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3**, **Note 6** and **Note 7**.

	31 March 2013 as per 2012–13 Audited Accounts	31 March 2013 restated comparatives	Differences
	£000	£000	£000
Other Expenditure	415	450	35
Programme Costs	35	0	(35)
Programme Income	107	0	(107)
Miscellaneous Income	183	290	107
	740	740	0

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 2014 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 6 March 2013.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
18 February 2014

Appendix 1

35 Probation Trusts:

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

8. Sustainability Report

(Not subject to audit)

Introduction

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

This report covers 10 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

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

Social and environmental awareness

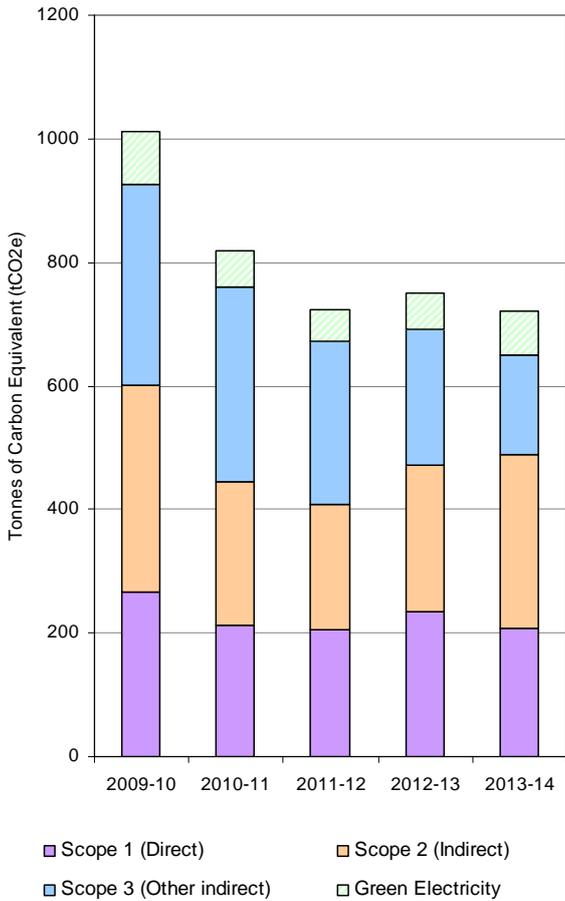
Being aware of our social and environmental impact is important to Kent Probation and we focus Community Payback activity to support the communities we serve either through Community Payback projects which improve the environment communities live in or support communities through agency placements into charities. For staff environmental awareness has been increased through promoting environmental initiatives and regular reporting on our performance.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions & owned transport	267.2	211.6	205.7	234.9	207.1
	Scope 2 (indirect): Supplied energy (electricity and heat)	333.9	234.3	201.9	237.8	280.6
	Scope 3 (other indirect): Business travel & transmission losses from supplied energy	326.2	314.3	264.8	217.8	162.5
	Total gross GHG emissions	927.3	760.1	672.3	690.5	650.2
	Electricity: green/renewable	83.5	58.6	50.5	59.4	70.1
	Total net GHG emissions	843.8	701.6	621.9	631.1	580.1
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	507,133	394,383	339,852	400,283	472,385
	Electricity: renewable	169,044	131,461	113,284	133,428	157,461
	Gas	1,173,758	870,892	823,847	1,023,136	1,105,655
	Other energy sources	0	0	0	0	0
	Total energy	1,849,935	1,396,736	1,276,983	1,556,847	1,105,655
Financial indicators	Expenditure on energy (£)	£96,563	£74,095	£95,306	£95,998	£119,015
	Expenditure on official business travel (£)	£498,000	£482,000	£396,000	£357,925	£407,696

Greenhouse Gas Emission by source



Performance commentary (including targets)

In line with the Governments targets Kent Probation aims to reduce its greenhouse gas (GHG) emissions by 25% by 2015, from the 2009/10 baseline. By the end of 2013/14 we have reduced our total GHG emissions by 29.9%. During 2013/14 our GHG emission did increase on the previous year however this was principally due to improved accuracy and reporting of our energy costs, provided to us from NOMS and their facility management (FM) contractors. The poor quality of data was reported in our 2012/13 accounts as an areas to improvement and we, NOMS and their FM contractors have work together to improve this data.

Controllable impacts commentary

Kent Probation has limited controllable impact on the supply chain for gas and electricity as these and our estate are provided by NOMS and their FM contractors, we have sustainability strategies in place to reduce consumption (ie turn of the lights campaigns etc). The area where we can control our GHG emissions is travel where we have strategies in place to reduce business mileages by increasing video conferencing, use of public transport, car sharing; we have reduced business travel GHG emissions by 50.2% since 2009.

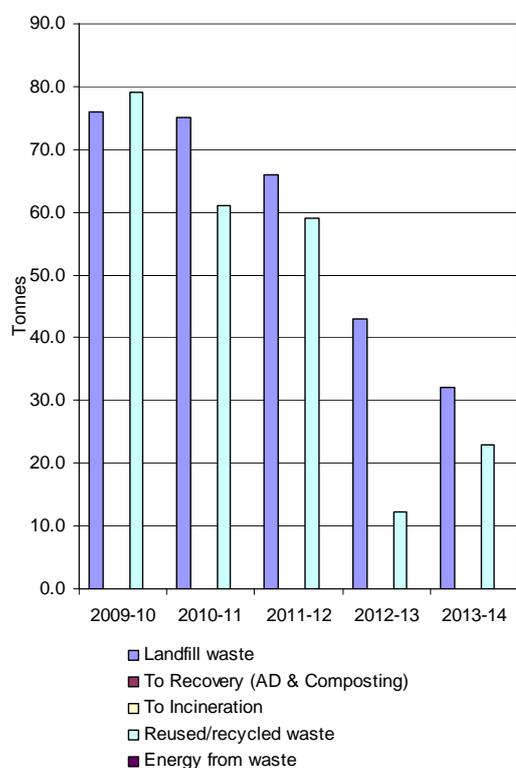
Overview of influenced impacts

Kent Probation can significantly influence our GHG emissions for travel and has sustainability policies in place to reduce business mileage. We have limited influence on FM costs as sourcing of gas and electricity is commissioned directly from NOMS.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	76.0	75.0	66.0	43.0	32.0
		To recovery (AD & composting)	0.0	0.0	0.0	0.0	0.0
		To incineration	0.0	0.0	0.0	0.0	0.0
		Reused/recycled waste	79.0	61.0	59.0	12.2	23.0
		Energy from waste	0.0	0.0	0.0	0.0	0.0
		Total waste arising		155.0	136.0	125.0	55.2
Financial indicators	Non-hazardous waste	Landfill waste	6,596	6,928	4,882	4,520	1,925
		To recovery (AD & composting)	0	0	0	0	0
		To incineration	0	0	0	0	0
		Reused/recycled waste	12,012	8,060	7,397	1,638	3,140
		Energy from waste	0	0	0	0	0
		Total waste costs (£)		£18,608	£14,988	£12,279	£6,158

Waste by final disposal



Performance commentary (including targets)

In line with the Government's targets Kent Probation aims to reduce its waste by 25% by 2015, from the 2009/10 baseline. By the end of 2013/14 we have reduced our landfill waste by 57.6%.

Controllable impacts commentary

Kent Probation has control over its waste and we have sustainability policies in place to reduce our waste and to increase our use of recycled materials. All offices now have recycling points.

Overview of influenced impacts

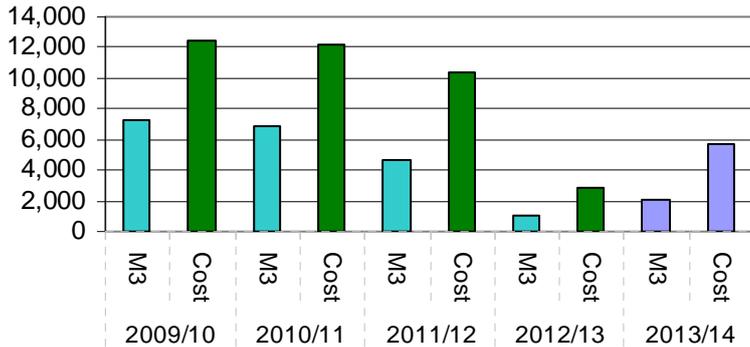
Kent Probation can influence the materials we source to increase the recycled element and we have policies in place to manage this in addition we work with our staff to raise awareness.

Water

Non-financial indicators **Total water consumption (cubic metres: m³)**
 Financial indicators **Total water supply costs (£)**

2009–10	2010–11	2011–12	2012–13	2013–14
7,212	6,874	4,694	1,008	2,013
£12,476	£12,233	£10,419	£2,843	£5,756

Water (consumption and costs).



Performance commentary (including targets)

Kent Probation has a target to reduce water consumption by 10% p.a. The quality of data on water consumption, per office, from NOMS & their FM contractor is very poor with missing data which stops Kent Probation being able to understand our performance.

Controllable impacts commentary

Water is used exclusively for washrooms and drinking, our scope to control our impact is through promoting water conservation and ways to save water.

Overview of influenced impacts

Kent Probation influences user of the water by promoting water conservation.

Paper

Cost (excluding VAT)

2009–10	2010–11	2011–12	2012–13	2013–14
£0	£16,498	£13,129	£7,300	£15,584

Since 2010–11 our stationery supplier provides us with detailed analysis and we have significantly reduced our paper consumption and costs through sustainability policies and better use of IT. In addition our sustainability policies require our staff to use recycled paper where available. In 2013/14 we achieved 99% of our paper purchases being made from recycled materials.

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