Norfolk & Suffolk
Probation Trust

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Annual Report and Accounts
2012–2013

HC 431

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Contents

Vision, Mission & Values

Vision
Our vision is that the communities we serve will feel and be safer through the work of NSPT delivered both directly and through a variety of other collaborative and contractual arrangements.

Mission
Our mission is to protect the public and our local communities by reducing and preventing re-offending and its impact on victims. We will do this by commissioning or providing competitive, cost effective and high quality services to courts, offenders, victims and other stakeholders.

Values
The achievement of our vision and mission will be underpinned by the following values:
In delivering its services as part of NOMS the Trust will:
- Be objective and take full account of public protection when assessing risk
- Be open, honest and transparent
- Incorporate equality and diversity in all it does
- Value and empower staff and work collaboratively with others
- Treat offenders with decency and respect
- Embrace change and innovation
- Use its resources in the most cost effective way.

Foreword

The past year has seen continued challenges for Norfolk and Suffolk Probation Trust (NSPT) as, like other public bodies, we continue to strive to do 'more with less'. Within this climate we have sought to make our service as efficient and effective as possible by driving down costs and working differently to maintain our standards.

Our skilled staff work with over 4,000 offenders at any one time, and have continued to deliver high quality work with those under our supervision. We ended the year as a 'green star' Trust with a rating of 3 ('good performance') against the Probation Trust Rating System. As well as meeting our performance targets, we have maintained our focus on wider quality, including the introduction of an offender engagement programme.

We have continued to work with private and voluntary organisations to deliver the services that positively impact on re-offending, and have embarked on innovative projects to help lead offenders away from crime. For example the 4Women Centre in Norwich is empowering many women to turn their lives around and we are developing similar facilities in Ipswich.

We recognise the importance of our dedicated staff and have continued to ensure that the workforce is well placed to meet the changing demands. We have continued to invest in training and development and retained the Investors in People accreditation.

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

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas (NSPT will be one contract area) which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage, but it is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

NSPT actively participated in the consultation process and incorporated views from its staff and stakeholders in its response to the consultation. As we prepare for the future, we remain committed to our mission to protect the public and our local communities by reducing and preventing re-offending and its impact on victims.

Martin Graham
Chief Executive
Norfolk and Suffolk Probation Trust

1. Operational & Performance Review 2012–13

NSPT set seven strategic aims for 2012–13:
1. To reduce re-offending, protect the public and prevent future victims through the effective management of offenders
2. To deliver continuous improvement of operational performance
3. To improve the efficient utilisation of its resources
4. To actively engage and co-ordinate public, private and third-sector organisations in delivering its aims
5. To develop its business as a provider and commissioner of services
6. To develop a capable, competent and confident workforce, able to innovatively in a changing environment
7. To embed diversity in all that it does.

In meeting these aims the Trust delivered a number of achievements. These included the following.

The development of an overarching Reducing Re-Offending Policy. The policy articulates how NSPT supports positive change in those people it manages so that they are less likely to commit further crimes. Specific achievements under this have included:
- making available a comprehensive range of sentencing proposals for local Courts
- implementation of the 2012 MAPPA standards
- the roll-out of the Skills for Effective Engagement and Development in supervision (SEEDs) programme across the Trust
- expansion of the Restorative Justice conferencing initiative
- the development of new interventions addressing offenders mental health, debt and anger management
- embedding lessons from the Integrated Offender Management scheme into general Offender Management.

Maintenance and improvement of operational performance. NSPT's commitment is to strive to be a high performing Trust and one that successfully delivers against the targets agreed with its commissioner. Specific achievements in 2012–13 have included:
- ending the year as a green star Trust with a rating of 3 "good performance" against the Probation Trust Rating System (PTRS)
- continuous improvement in the number of offenders successfully completing their Orders or Licences
- the highest (joint) performing Trust in relation to victim feedback
- the highest performing Trust in relation to the rate at which offenders complete their General Offending Behaviour Programmes
- the 2nd highest performing Trust in relation to offenders being in suitable and secure accommodation at the end of their period of supervision
- in the top five performing Trusts with regard to sex offender treatment programme completion rate
- above target delivery in relation to offenders in employment at termination, enforcement of Orders and Licences, successful completions, OASys terminations, offender feedback

The delivery of a range of cashable and non-cashable efficiency savings. The Trust continues to make year-on-year financial savings and strive to drive down its costs. Specific achievements in 2012–13 have included:
- a robust review of its operational arrangements against the NOMS service specifications to achieve leaner delivery
- a cost saving initiative designed to minimise offender travel costs
- a comprehensive re-engineering of key processes delivering Community Payback and the introduction of income generation across CP placements

- harmonisation of operational practices, policy, processes and staff across the three Approved premises
- reductions in the overall estate charge for the Trust
- reduction in staff mileage rates to Inland Revenue rate.

An increase in the support of the local third and private sector in meeting the pathway needs of offenders. From its analysis of OASys feedback from its stakeholders NSPT has continued to build on its pathway services. Specific achievements have included:

- securing NHS / NOMS funding to develop services for offenders with Personality Disorders in partnership with the Norfolk and Suffolk Mental Heath Foundation Trust
- funding debt and financial management services in Norfolk and Suffolk to complement the nationally funded Money Advice Service
- the re-contracting of services for women offenders in Norwich and the development of a new initiative in Ipswich
- active engagement with the Troubled Families initiatives across the Trust area and the design of supporting policy and processes
- involvement at a strategic and operational level in the re-commissioning of the Norfolk drug and alcohol treatment system
- the successful pilot with the private sector in the use of electronic monitoring to support alcohol interventions.

Positioning itself strategically to influence existing and new commissioning and planning bodies. The Trust continues to play an active part in its local communities and to respond to new national initiatives. Specific achievements have included:

- senior level leadership of the local Integrated Offender Management Schemes
- engagement at senior and operational levels with Health and Well Being structures, Community Safety Partnerships, supporting people groups and the drug and alcohol partnerships
- active engagement by the Chief Executive and the Board Chair with the new Police and Crime Commissioners
- the securing of new income streams from CAFCASS to work with domestic violence perpetrators
- working with partners in the private and third sectors on the development of new business models and the initiation of a community interest company with a group of Probation Trusts.

The ongoing development of its management and staff team. NSPT has continued to ensure that its workforce is well placed to meet the changing demands on them. Specific achievements included:

- the development and embedding of the use of professional judgement
- implementation of a web based safety management system
- Survey of staff covering full range of their experiences with actions plans now being implemented
- Investors in People re-accreditation
- delivery of a comprehensive Training Plan and the development of electronic aids to the delivery of training
- development of staff qualifications in particular for Approved Premises staff and administrators.

Performance data for the Probation Trust Rating System (PTRS) and the Service Level Agreement (SLA) indicators is provided in the following table:

Indicator	Target %	Year to Date Performance %
PTRS		
OM 29: Offender Feedback	67.0	73.5
OM 26: OASys Quality Assurance	90.0	87.8
IPPF4: OMI Risk of Harm	70.0	69.0
IPPF5: OMI Assessment & Sentence Planning	66.0	74.0
IPPF19: OMI Enforcement & Compliance	70.0	78.0
IPPF20: OMI Likelihood of Reoffending	70.0	71.0
OM 41: MAPPA Effectiveness	75.0/90.0	83.3/95.2
IPPF6: OMI Interventions	66.0	75.0
OM 32: Victim Feedback – Quarterly	90.0	100.0
OM 20: Compliance – % of cases that terminate successfully	72.0	75.2
INT 9: Employment at Termination	44.0	47.0
OM 17: Accommodation at Termination	82.0	90.8
SLA		
OM 40: Court Report Timeliness	95.0	100.0
OM 5: Enforcement	90.0	91.2
OM 4: Timeliness of Licence Recall Requests	93.0	99.3
OM 27: Generic Parole Process	80.0	83.7
OM 39: % of OASys final reviews to be completed within the appropriate timescales for all Tier 2, 3, 4 and PPO cases	90.0	90.6

	Target Volumes	Year to Date Performance Volumes	%
Compliance Specific Activity Requirements made	150	105	70.5
Restorative Justice – number of conferences (*)	5	4	
INT 1: Accredited Sex Offender Programme Completions	45	54	120
INT 2: Accredited Domestic Violence Programme Completions	110	111	100.9
INT 3: Accredited General Offending Programme Completions (*)	182	128	70.3
INT 5: Unpaid Work Completions	1250	1311	104.8
Alcohol Specific Activity Requirements made	125	216	172.8
Women's Emotional Well-being Specific Activity Requirements Made	100	188	137.2
Drink Driving Specific Activity Requirements made	25	59	190.3
Attendance Centre Requirements made	85	66	77.6
Anger Management Specified Activity Requirements made	30	3	10
INT 8: Offenders retaining Employment for 4 weeks or more	400	408	102

* Contract Varied Dec 2012

OM: Offender Management, IPPF: Integrated Probation Performance Framework, INT: Interventions.

2. Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from Norfolk and Suffolk Probation Boards which were 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 issued, on page 53 by the Secretary of State under the OM Act.

Principal activities

Norfolk & Suffolk Probation Trust covers the Norfolk and Suffolk County police areas as defined in Schedule 1 of the Police Act 1996, serving a population of around 875,000 (Norfolk) and 716,000 (Suffolk). During the year, the Trust Board employed an average of 400 full time equivalent staff working from five buildings and three Approved Premises across the Trust.

Each probation trust is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by the Ministry of Justice, are designed to ensure:

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

The Chief Executive (CE) is a statutory office holder appointed by the appointed members. The CE is the Accountable Officer for the Trust and is accountable to the Principal Accountable Officer (PAO) for the National Offender Management Service.

The PAO, in turn, is accountable to the Accountable Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

Operational Performance during 2012–13

An overview of performance outcomes is summarised in the Annual Report on pages 4 and 5.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 20.
The Statement of Changes in Taxpayers' Equity is shown on page 23.

Operating costs

The net operating cost before tax for 2012–13 stands at £224k compared to £746k for 2011–12. The principal reason for the decrease was an agreed contract sum reduction with the Commissioner.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 21 and 22.

The net asset position has decreased from a liability of £21,334m at March 2012 to £27,447m at March 2013. The largest single movement in net liabilities is £5,893m and is due to changes in the actuarial gains and losses estimates.

Payment of creditors

In the year to 31 March 2013, the Trust Board continues to observe the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days from date of receipt. In 2012–13 99.5% of undisputed invoices were paid within 30 days, compared with 98.9% in 2011–12.

Treatment of Pension Liabilities

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

Sickness absence data

The average levels of absence due to staff sickness were 8.4 days across the Trust (2011–12, 8.7 days).

Personal data related incidents

NSPT is required to report a summary of any significant personal data related incidents in 2012–13 which were formally reported to the Information Commissioner's Office (ICO). For 2012–13 there were no incidents to report.

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.

Publication of the consultations on "Transforming Rehabilitation: A strategy for Reform", were published in on 9 May 2013 by the Secretary of State for Justice. The planned reforms will have a major impact on the future of the Probation Service and more detail is on page 17 under "Going Concern".

As at the date of the Audit Certificate, no reportable events had occurred.

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 55 to 58.

Communications and employee involvement

The Board and Senior Management Team (SMT) are committed to engaging with staff seeking to inform and capture staff views and inputs. This is achieved by:

- Board and SMT minutes published on intranet
- Staff encouraged to attend above meetings
- Chief and Chair roads shows undertaken around the two counties
- Staff suggestion scheme launched
- Employee survey undertaken

Staff diversity

The Trust is committed to Equal Opportunities and diversity in the recruitment and development of its workforce and the delivery of services to offenders and victims. To ensure this the Trust Board has the following policies and procedures:

- Diversity Policy
- Diversity Strategy
- Single Equality Scheme
- Recruitment and Selection Policy and Procedures
- Policy on the Employment of Disabled People
- Code of Conduct
- Harassment Policy.

The Diversity Manager with the Equalities Working Group oversees the implementation of the Trust's Diversity Strategy, Policy and the Single Equality Scheme and undertakes diversity impact assessments on all policies and functions of the Trust Board.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the National Audit Office. This change of the external Auditors was driven by a DCLG decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 18.

The External audit fees reported in the Accounts for 2012–13 are £31,995 with previous years 2011–12 relating to the previous external auditor (£35,550).

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 Norfolk & Suffolk Probation Trust Management Board

The Chair and other members of the Board were all appointed by the Secretary of State.
Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 10 and 11.

Membership of the Board is set out in the table below with all named parties in post from 1st April 2012 to 31st March 2013.

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	Martin Graham	
Chair	Gill Lewis	
Non-Executive Members	Sharon Brooks	
	Les Bryant	
	John Eccleston	
	Peter Hargrave	
	Lesley Watts	

The governance arrangements within the Trust for the period April 2012 to March 2013 are noted at page 13.

Martin Graham Accountable Officer
June 27th 2013

Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board were all appointed by the Secretary of State in line with the Commissioner for Public Appointments "Guidance on Appointments to Public Bodies". The emoluments of these persons are paid for through Ministry of Justice funds.

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

A) REMUNERATION – AUDITED

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

	2012/13			2011/12		
	Salary (as defined below) £000s	**Bonus £000s**	**Benefits in kind (rounded to the nearest £100) £**	**Salary (as defined below) £000s**	**Bonus £000s**	**Benefits in kind (rounded to the nearest £100) £**
Martin Graham – CEO	85–90	0	0	85–90	0	0
Gill Lewis – Chair	15–20	0	0	15–20	0	0
Board Members						
Sharon Brooks	5–10	0	0	10–15	0	0
Les Bryant	0–5	0	0	0–5	0	0
John Eccleston	5–10	0	0	5–10	0	0
Peter Hargrave	5–10	0	0	0–5	0	0
Lesley Watts	0–5	0	0	0–5	0	0

All Ministry of Justice appointed board members receive non-pensionable remuneration of £15.40 per hour from 1st April 2007, with the exception of the Chief Executive and Chair. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred.

The appointment terms of board members of Probation Trusts are for the appointed members to determine.

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

	Total Full-time Equivalent Remuneration	
	2012–13	**2011–12**
Highest paid Director (pay band)	£85–90,000	£85–90,000
Median for other staff	£22,910	£23,148
Pay multiple ratio	3.82:1	3.78:1

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

Salary

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

Benefits in kind

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

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Martin Graham	50–55 (lump sum) 110–115	Pension 0–2.5 Lump Sum 2.5–5	996	935	34

This scheme provides benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses current market valuation factors for the start and end of the period.

Martin Graham Accountable Officer

June 27th 2013

Statement of Accountable Officer's Responsibilities

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

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

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

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

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

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

Governance Statement

Introduction

ANNUAL GOVERNANCE STATEMENT
Governance and the purpose of the governance framework
The governance framework comprises the systems and processes, culture and values, by which an organisation is directed and controlled. It enables the organisation to monitor the pursuit of its strategic objectives and to consider whether those objectives have been met and to identify any organisational improvements that can be made. The system of internal control is a significant part of the governance framework and 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 the policies, aims and objectives of Norfolk and Suffolk Probation Trust (NSPT), to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31st March 2013 and up to the date of approval of the Annual Report and Accounts.

Governance framework

Scope of responsibility
As Accountable Officer, I have responsibility for maintaining adequate governance arrangements that support the achievement of NSPT policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively. The Accountable Officer is answerable for keeping proper records and for safeguarding the trusts' assets, as set out in the Accountable Officers' Memorandum issued by the Secretary of State and published in Managing Public Money produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and Trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

The key elements of the systems and processes that make up the Trust's governance arrangements are set out below. I am assisted in meeting my responsibilities by the Chair and the Trust Board providing the necessary expertise advice and my Senior Management team (SMT).
The Trust Board is supported by the Audit and Finance Committees.

Risk Management

Capacity to handle risk
Leadership is exercised directly by the Trust Board through the work of the Chief Executive, who leads an annual process of risk identification and management with the Trust Board and SMT playing an active part in this process. The Chief Executive has responsibility for the development and monitoring of risk management in the organisation and the Trust Board has approved a mechanism for assessing internal and external risks associated with the administration of the local policies and processes.

The organisation has ensured that its capacity to handle risk is sufficient by adopting a framework that ensures that the process of managing risk is embedded within the organisation. The Audit Committee and the Trust Board have proactively engaged with this agenda, in order to ensure that the organisation remained focused on the key areas of concern. Central to the approach is bringing together NSPT

Directors to review any identified principle risks to ensure a corporate response to the challenges faced. The meeting agenda identifies those risks and a system of cyclical review is in place.

The organisation is alert to issues of risk associated with Performance, Resource Management, Finance and Human Resources and these risks are reviewed and considered providing for a continuous process of risk management and reporting back to Audit Committee and Trust Board.

The process for risk management is ongoing and facilitated by both the internal and external auditors. This process that has included training for Trust Board Members, the Senior Management Team (SMT) and the Middle Manager Group, to cascade information throughout the organisation to ensure risk is embedded at all levels of the service.

SMT has embedded the consideration of risk into its everyday business, ensuring that, where required, specific risk assessments are undertaken before strategic or operational decisions are taken, including local action plans. Where appropriate the risk assessments are reported to the Trust Board. External and internal auditors have shared best practice points to learn from other trusts and action has been included in reports to the Audit Committee.

The risk and control framework
The development of a comprehensive framework and practice of risk management continues to be developed in NSPT. In addition to improvements brought about by effectively monitoring and reviewing existing guidance and practice, improvements are made by giving attention to audit reports, inspection reports and internal reports prepared by the area following offender serious incidents. All Trust Board and Audit Committee reports incorporate a risk assessment consideration to ensure that risk is properly considered and appropriate actions are identified and allocated. Risk management has been fully incorporated into the corporate planning and decision making processes of the Trust Board, including the 2012–13 Trust Business and Unit Plans.

The Trust has a template for developing new policies, strategies, guidelines etc. which includes within it a risk assessment section.

The key elements of the risk management strategy are:
- an annual strategic risk review is undertaken by the SMT and reported to the Trust Board as an integral part of the business planning process and placed in a register which is reviewed regularly by SMT;
- all operational units are required as part of their annual Unit Plan to produce a local risk register which is signed off and then monitored by their Director;
- incoming work is risk assessed at SMT and accorded categories for action and priority;
- risk reviews on specific topics are undertaken using a template as required;
- progress from implementing recommendations from audits is monitored monthly at SMT and reported to the Trust Board through the Audit Committee;
- the risk register is reviewed regularly by the Audit Committee and reported to the Trust Board;
- a set template is in place for the identification of the top ten organisational risks.

Risk Assessment
Through the processes now incorporated into the Trust working practices, reviewed by internal audits, SMT and reviewed by Board a mature judgement on its overall position can be assessed.

The profiled top 13 risks of the Trust have through 2012–13 been well documented and managed, with the result that the risk rating has fallen or remained stable in 12 of the 13 risks. This builds on the work the Trust has carried out and reflects the organisations clearer understanding of the risks and planned mitigation of them. The only risk that has increased relates to the uncertainty the Trust faces with regards to the Transforming Rehabilitation agenda. Until a full understanding of what changes will be imposed the strategic planning process is considered to be at risk.

The Board and SMT are assured that whilst it is impossible to mitigate away all risk, where it is feasible to plan and account for outcomes the Trust is well placed with its identified risks.

There have been no records of any ministerial directions given or any significant lapses of protective security.

Review of Effectiveness
The roles and responsibilities of the Audit Committee were agreed nationally in the HM Treasury guidance for audit committees 2007 and is annually reviewed and agreed with the Terms of Reference, they also include specific reference to reviewing risk management arrangements. As Accountable Officer, I monitor the effectiveness of this Committee in ensuring its contribution to the internal control framework. This incorporates the process of agreeing and monitoring the annual audit plans, and the work of internal and external auditors in delivering the plan. Audit reports are received and Committee members regularly discuss their recommendations. Regular monitoring reports are received to update the Committee on the progress made on implementing audit recommendations.

The Ministry of Justice Audit and Assurance Unit are now the appointed internal auditors to the Norfolk & Suffolk Probation Trust with effect from March 2010. For the current year their overall opinion was:

> "I am able to report that, our work only identified low rated findings and we do not consider it necessary for any of these weaknesses to be reported as significant control issues in the annual Governance Statement. Consequently we can give a high level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control."

This opinion was aided by the six internal audits that were undertaken in 2012–13 which were ranked from a Green to Amber/Green and were as follows:
- **Green** – Financial Control Framework, Safeguarding Children
- **Amber/Green** – Interpreter Services , Business Planning, Staff Training Staff Benchmarking and Costing Exercise
- **Amber/Red** – None
- **Red** – None.

Each audit review makes suggestions and recommendations that management have reviewed and agreed. Agreed actions and plans are documented and progress against them is monitored and reported on to the Audit Committee.

The recommendation categories are ranked as:
- **critical** – major weakness that requires urgent remedial action
- **significant** – weakness in control that may result in a high risk of exposure or loss. Prompt remedial action must be taken
- **moderate** – weakness in control that may lead to exposure or loss but not immediately significant. Management must consider actions and objectives.

The Audit Committee has reviewed any recommendations made and provided comments and actions where appropriate. There were no critical recommendations made in the audits undertaken, no out-standing significant and 3 outstanding moderate risks to be implemented as at 31st March 2013.

Oversight and Assurance arrangements

Board
In 2012–13 the Trust operated in compliance with the Ministry of Justice Governance Handbook Version 3. This document sets out the roles, responsibilities and delegations of the Board, Board Chair and Chief Executive. The Trust has the following formal Board and Committee meetings structure:

- Board Meetings – 10 per year, 8 formal full agenda and 2 informal planning days, No meetings in August and January unless required
- Audit Committee – held at least four times a year
- Joint Negotiation Consultative Committee – held at least four times a year.

The formal committees are supported by informal working groups in relation to Human Resources and Finance.

Board Attendance
The following lists attendance by Board members for 2012–13 for the 8 formal Board meetings:

Martin Graham CEO	6
Gill Lewis Chair	7
Sharon Brooks	8
Les Bryant	7
John Eccleston	8
Peter Hargrave	8
Lesley Watts	7

Apologies were accepted for members not attending.

Audit Committee Attendance
The following lists attendance by Audit Committee members for 2012–13 for the 4 Committee meetings:

John Eccleston	4
Peter Hargrave (Chair)	4
Lesley Watts	4

Apologies accepted for members not attending

The Board's Performance
During the year the Board has undertaken a number of different approaches to assess its own effectiveness:

- The Board Chair undertakes performance reviews for individual Board members through supervision and appraisal.
- The Audit Committee undertakes an annual self assessment questionnaire and formally reviews results. The review found no areas of concern or significant development needs
- The Board undertakes an annual self assessment questionnaire and formally reviews results. The review found no areas of concern or significant development needs
- In 2012 the Board reviewed its approach and effectiveness for Risk Management including its appetite for risk at its Audit Committee and Trust Board.

Highlights of Board Committee Reports
The Board and Audit Committee operate with a planned agenda cycle which includes a number of standing items and items with planned review dates as well as capacity to review reports as and when required. The key Governance items covered in 2012–13 included:

- Strategic Planning, Business Planning and Budget setting.
- Review of detailed Business plans for Local Delivery Units and Offender Services
- Financial Performance against Budget.
- Year End Annual and Financial Reports including Internal and External Audit feedback.
- Review of Performance.
- Review of Risk Management Strategy and Risk Register.
- Quarterly progress report for Offender Management.
- Review of Revised National Standards.
- Review of all Internal and External Audit Plans, Reports and progress against plans.
- Review of all Financial policies and procedures including reports of any fraud or financial irregularity.

- The Serious Further Offence (SFO) Annual Review
- Review of Annual Unit Costing Exercise

An Account of Corporate Governance
The Trust's Corporate Governance arrangements have been reviewed against The UK Corporate Governance Code issued by the Financial Reporting Council. The Trust complies with the principles of the code in respect of leadership, effectiveness, accountability and remuneration. The Trust does not have shareholders so this part of the code is not relevant.

Going Concern
In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. This consultation ended at the end of June 2012. A further consultation commenced in January 2013 building on the previous consultation last year which set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of these consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

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

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

Martin Graham

Chief Executive and Accountable Officer
Norfolk and Suffolk Probation Trust
June 27th 2013

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

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

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

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

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

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

Opinion on financial statements
In my opinion:

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

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

Opinion on other matters
In my opinion:

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

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

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

Report
I have no observations to make on these financial statements.

Amyas C E Morse **5th July 2013**
Comptroller and Auditor General

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

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Administration costs			
Staff costs	3(a)	13,588	15,082
Other administration costs	6(a)	5,136	5,214
Income	7(a)	(19,148)	(19,650)
Net administration costs / (income)		**(424)**	**646**
Programme costs			
Staff costs	3(a)	0	0
Other programme costs	6(b)	0	0
Income	7(b)	0	0
Net programme costs		**0**	**0**
Net operating costs / (income)		**(424)**	**646**
Expected return on pension assets	4(d)	(3,179)	(3,810)
Interest on pension scheme liabilities	4(d)	3,827	3,900
Net operating costs before taxation		**224**	**736**
Taxation	5	0	10
Net operating costs after taxation		**224**	**746**

Other Comprehensive Expenditure

	Notes	2012–13 £000	2011–12 £000
Net operating costs after taxation		**224**	**746**
Net (gain)/loss on revaluation of property, plant and equipment	8	(4)	(5)
Net (gain)/loss on revaluation of intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Pension actuarial (gain)/loss	23	5,893	7,661
Total comprehensive expenditure for the year ended 31 March 2013		**6,113**	**8,402**

The notes on pages 24 to 52 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Non-current assets			
Property plant and equipment	8	109	100
Intangible assets	9	7	7
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		**116**	**107**
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	1,694	1,829
Cash and cash equivalents	13	501	619
Total current assets		**2,195**	**2,448**
Total assets		**2,311**	**2,555**
Current liabilities			
Trade and other payables	14(a)	(518)	(920)
Provisions	15	0	0
Taxation payables	14(a)	(952)	(863)
Total current liabilities		**(1,470)**	**(1,783)**
Non-current assets plus/less net current assets/(liabilities)		**841**	**772**
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(28,288)	(22,106)
Total non-current liabilities		**(28,288)**	**(22,106)**
Assets less liabilities		**(27,477)**	**(21,334)**
Taxpayers' equity			
General fund	23	(27,475)	(21,358)
Revaluation reserve – property, plant and equipment	24(a)	28	24
Revaluation reserve – intangible assets	24(b)	0	0
		(27,447)	**(21,334)**

The financial statements on pages 20 to 23 were approved by the Board on 7th June and were signed on its behalf by

……………………………….…. Accountable Officer

June 27th 2013

The notes on pages 24 to 52 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Cash flows from operating activities			
Net operating costs / (Income)	23	(224)	(746)
Adjustments for non-cash transactions	6(a)	60	77
Adjustments for pension cost	4(d)	289	696
(Increase)/decrease in receivables	12(a)	137	(785)
Increase/(decrease) in payables	14(a)	(313)	(118)
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	(7)	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	9
Net cash outflow from operating activities		**(53)**	**(867)**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(67)	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	2	0
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		**(65)**	**0**
Cash flows from financing activities		0	0
Net financing received in year	23	0	0
Payments of amounts due to the Consolidated Fund to NOMS		0	(9)
Net financing		**0**	**(9)**
Net increase/(decrease) in cash and cash equivalents in the period		**(118)**	**(876)**
Cash and cash equivalents at the beginning of the period	13	619	1,495
Cash and cash equivalents at the end of the period	13	501	619
Increase/(decrease) in cash		**(118)**	**(876)**

The notes on pages 24 to 52 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2011		**(12,951)**	**19**	**(12,932)**
As restated at 1 April 2011		**(12,951)**	**19**	**(12,932)**
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(746)		**(746)**
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		5	**5**
Net gain/(loss) on revaluation of intangibles	24(b)		0	**0**
Movement in donated assets	23	0		**0**
Transferred from revaluation reserve	23	0		**0**
Pension actuarial (loss)/gain	23	(7,661)		**(7,661)**
Net NOMS financing received in year	23	0		**0**
Balance as at 31 March 2012		**(21,358)**	**24**	**(21,334)**
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(224)		**(224)**
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		4	**4**
Net gain/(loss) on revaluation of intangibles	24(b)		0	**0**
Movement in donated assets	23	0		**0**
Transferred from revaluation reserve	23	0		**0**
Pension actuarial (loss)/gain	23	(5,893)		**(5,893)**
Net NOMS financing received in year	23	0		**0**
Balance as at 31 March 2013		**(27,475)**	**28**	**(27,447)**

The notes on pages 24 to 52 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

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

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

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

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

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

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been an increase of £405,000 on the income statement.

1.1 Accounting convention

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

1.2 Changes in accounting policies and restatement of comparatives

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

1.3 Going concern

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

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

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

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

1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

Revaluation of non-current assets

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

1.5 Depreciation

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

Asset lives are currently in the following ranges:

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

1.6 Impairment

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

1.7 Intangible non-current assets

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

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

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

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

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

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

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

1.8 Non-current assets held for sale

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

1.9 Inventories

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

1.10 Operating income

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

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

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

1.11 Administration and programme expenditure

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

1.12 Pensions

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

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

1.13 Leases

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

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

Finance leases

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

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

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

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

1.15 Value Added Tax

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

1.16 Deferred Tax

There was no deferred tax.

1.17 Corporation Tax

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

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

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

1.21 Third party assets

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

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

2012–13	General Services	Hostel	Secondments	Total Analysis	Accounting Adjustments	Total in SoCNE
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges & Service Income	-80	-64	-2,706	**-2,850**	2,321	**-529**
Grants & Contributions	-18,619			**-18,619**	0	**-18,619**
Total Income	**-18,699**	**-64**	**-2,706**	**-21,469**	**2,321**	**-19,148**
Employee Expenses	12,498	1,570	2,538	**16,606**	-3,018	**13,588**
Other Operating Expenses	4,198	497	168	**4,863**	213	**5,076**
Capital Charges	0			**0**	60	**60**
Interest Payable				**0**	0	**0**
Total Operating Expenses	**16,696**	**2,067**	**2,706**	**21,469**	**-2,745**	**18,724**
Net Operating Costs	**-2,003**	**2,003**	**0**	**0**	**-424**	**-424**

2011–12	General Services	Hostel	Secondments	Total Analysis	Accounting Adjustments	Total in OCS
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges & Service Income	-132	-59	-2,825	**-3,016**	2,467	**-549**
Grants & Contributions	-17,433	-1,668	0	**-19,101**	0	**-19,101**
Total Income	**-17,565**	**-1,727**	**-2,825**	**-22,117**	**2,467**	**-19,650**
Employee Expenses	12,965	1,584	2,635	**17,184**	-2,102	**15,082**
Other Operating Expenses	4,260	485	190	**4,936**	202	**5,137**
Capital Charges	45			**45**	32	**77**
Interest Payable				**0**	0	**0**
Total Operating Expenses	**17,271**	**2,069**	**2,825**	**22,165**	**-1,868**	**20,296**
Net Operating Costs	**-294**	**342**	**0**	**48**	**599**	**646**

* Accounting adjustments related to the IAS 19 pension changes

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012–13			2011–12
	Total	Permanently-employed staff	Others	Total
	£000	£000	£000	£000
Wages and salaries	12,984	12,984	0	13,376
Social security costs	984	984	0	1,018
Other pension costs	2,010	2,010	0	3,121
Sub-total	**15,978**	**15,978**	**0**	**17,515**
Less recoveries in respect of outward secondments	(2,390)	(2,390)	0	(2,433)
Total staff costs	**13,588**	**13,588**	**0**	**15,082**
Administration-related staff costs	13,588	13,588	0	15,082
Programme-related staff costs	0	0	0	0
	13,588	**13,588**	**0**	**15,082**

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**.

2 persons (2011–12: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £5,616 (2011–12: £0).

3b. Average number of persons employed

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

2012–13			2011–12
Total	Permanently-employed staff	Others	Total
£000	£000	£000	£000
398	393	5	408
398	**393**	**5**	**408**

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012–13 Number of compulsory redundancies	2012–13 Number of other departures agreed	2012–13 Total number of exit packages by cost band	2011–12 Number of compulsory redundancies	2011–12 Number of other departures agreed	2011–12 Total number of exit packages by cost band
<£10,000	0	0	0	0	4	4
£10,000–£25,000	0	2	2	0	1	1
£25,000–£50,000	0	0	0	0	2	2
£50,000–£100,000	0	0	0	0	1	1
£100,000–£150,000	0	0	0	0	0	0
£150,000–£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	**0**	**2**	**2**	**0**	**8**	**8**
Total resource cost £000	**0**	**30**	**30**	**0**	**164**	**164**

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. The voluntary exits were part of a service reduction and efficiency review with savings being utilised against future budget cost pressures.

4. Pensions costs

TAs part of the terms and conditions of employment of its staff 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 LGPS provides benefits on a “final salary” basis at a normal retirement age of 65. Benefits are accrued at the rate of 1/80th of pensionable salary for each year of service and in addition, a lump sum of 3/80ths of final pay for each year of total membership is payable on retirement for all service to 31 March 2008. From 1 April 2008 service is accrued on a 1/60th basis with no automatic right to a lump sum, but there is an option to convert annual pension for a cash lump sum (for every £12 lump sum taken, annual pension reduced by £1). Members pay contributions on a sliding scale of between 5.5% to 7.5% based on pensionable pay. Employers pay the balance of the cost of providing benefits, after talking into account investment returns. This is a defined benefit scheme meaning that retirement benefits are determined independently of investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hymans Robertson LLP who continue as the appointed scheme Actuary and who also completed the 2012–13 IAS 19. For 2012–13, employers' contributions of £2,322,483 were payable to the LGPS (2011–12 £2,369,630 at a rate of 14.5%. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

With effect from 1 April 2010, early retirement costs have been included within the Actuarial pension valuation and calculated on the same basis as the pension fund scheme assets and liabilities, in accordance with IAS 19.

Partnership accounts are excluding under IAS19.

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

- Employer's contributions for 2012–13 were 14.5% of salaries and £767,000 of deficit recovery.
- Employer's contributions for 2013–14 will be 14.5% of salaries and £774,000 of deficit recovery.
- Employer's contributions for 2014–15 will be 14.5% of salaries and £780,000 of deficit recovery.

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

	2012–13	2011–12
	%	%
Inflation assumption	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%*
Rate of increase for pensions in payment and deferred pensions	4.5%	5.5%
Discount rate	4.5%	4.8%

Life expectancy is based on the Fund's VitaCurves with improvements from 2007 in line with the Medium Cohort and a 1% p.a. underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised as follows:

	Males	Females
Current Pensioners	21.2 years	23.4 years
Future Pensioners *	23.6 years	25.8 years

* Figures assume members aged 45 as at the last formal valuation date.

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

	2012–13			2011–12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	4.5%	68%	44,567	6.2%	66%	38,124
Government bonds	4.5%	19%	12,452	4.2%	3%	1,733
Other bonds	4.5%	0%		4.2%	16%	9,242
Property	4.5%	11%	7,209	4.4%	12%	6,932
Other	4.5%	2%	1,311	3.5%	3%	1,733
Total	**4.5%**	**100%**	**65,539**	**5.5%**	**100%**	**57,764**
(Present value of scheme liabilities)			**(93,827)**			**(79,870)**
Surplus/(deficit) of the scheme			**(28,288)**			**(22,106)**
Net pension asset/(liability)			**(28,288)**			**(22,106)**

4d. Analysis of amounts recognised in SoCNE

	2012–13 £000	2011–12 £000
Pension cost		
Current service cost	1,998	1,913
Past service cost	0	0
Effect of curtailment	12	1,208
Effect of settlement	0	0
Total operating charge	**2,010**	**3,121**

	2012–13 £000	2011–12 £000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(3,179)	(3,810)
Interest on pension scheme liabilities	3,827	3,900
Net interest costs	**648**	**90**

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13 £000	2011–12 £000
Pension actuarial gain/(loss)	(5,893)	(7,661)
Irrecoverable surplus (if applicable)	0	0
Total shown in other comprehensive expenditure	**(5,893)**	**(7,661)**

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

	2012–13 £000	2011–12 £000
Opening present value of liabilities	**79,870**	**70,277**
Current service cost	1,998	1,913
Interest cost	3,827	3,900
Contributions by members	715	757
Actuarial (gains)/losses on liabilities*	10,426	4,407
Benefits paid	(2,981)	(2,552)
Past service cost	0	0
Unfunded benefits paid	(40)	(40)
Curtailments	12	1,208
Settlements	0	0
Closing present value of liabilities	**93,827**	**79,870**

* Includes changes to actuarial assumptions

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

	2012–13 £000	2011–12 £000
Opening fair value of assets	**57,764**	**56,528**
Expected return on assets	3,179	3,810
Actuarial gains/(losses) on assets	4,533	(3,254)
Contributions by the employer	2,369	2,515
Contributions by members	715	757
Benefits paid	(2,981)	(2,552)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	(40)	(40)
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	**65,539**	**57,764**

4h. History of asset values, present values of liabilities, surplus/deficit and experience gains and losses

	2012–13 £000	2011–12 £000	2010–11 £000	2009–10 £000	2008–09 £000
Fair value of assets	65,539	57,764	56,528	53,982	39,584
Present value of liabilities	93,827	79,870	70,277	89,224	54,089
Surplus/(deficit)	**(28,288)**	**(22,106)**	**(13,749)**	**(35,242)**	**(14,505)**
Experience gains/(losses) on scheme assets	4,533	(3,254)	(1,931)	10,308	(14,582)
Experience gains/(losses) on scheme liabilities	105	(979)	9,817	0	0
Percentage experience gains/(losses) on scheme assets	**7%**	**-6%**	**-3%**	**19%**	**-37%**
Percentage experience gains/(losses) on scheme liabilities	**0%**	**-1%**	**14%**	**0%**	**0%**

4i. Sensitivity analysis

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

Change in assumptions at 31 March 2013	Approximate % increase to Employer Liability	Approximate monetary amount
1 year increase in member life expectancy	3%	2,815
0.5% increase in the Salary Increase Rate	4%	3,296
0.5% increase in the Pension Increase Rate	7%	6,338

5. Taxation

	2012–13	2011–12
	£000	**£000**
UK corporation tax	0	10
	0	0
Total	**0**	**10**

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

6. Other administrative costs and programme costs

6a. Administration costs

	2012–13		2011–12	
	£000	£000	£000	£000
Rentals under operating leases	39		51	
Interest charges	0		0	
Accommodation, maintenance and utilities	1,977		2,056	
Travel, subsistence and hospitality	560		556	
Professional services	222		247	
IT services	618		646	
Communications, office supplies and services	460		312	
Other staff related	155		221	
Offender costs	811		866	
Other expenditure	201		143	
External Auditors' remuneration – statutory accounts	33		39	
External Auditors' remuneration – other	0		0	
Internal Auditors' remuneration and expenses	0		0	
		5,076		**5,137**
Non-cash items				
Depreciation of tangible non-cash assets	60		77	
Amortisation of intangible non-cash assets	0		7	
Impairment of non-current assets	0		0	
Profit/(loss) on disposal of tangible non-cash assets	0		0	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	0		0	
Early retirement provisions not required	0		0	
		60		77
Total		**5,136**		**5,214**

6b. Programme costs

Current expenditure	0		0	
Total		**0**		**0**
Total other administration and programme costs		**0**		**0**

7. Income

7a. Administration income

	2012–13		2011–12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	18,619		19,101	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		18,619		**19,101**
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		76		128
Other income from NOMS		75		183
Other income from rest of MoJ Group		0		0
Other income from other Government departments		300		127
Miscellaneous income		65		104
		19,135		**19,643**
Interest received:				
From bank	13		7	
From car loans	0		0	
From other sources	0		0	
Total interest received		**13**		**7**
Total administration income		**19,148**		**19,650**

7b. Programme income

EU income from NOMS	0		0	
EU income from other Government departments	0		0	
Other EU income	0		0	
Other programme income	0		0	
Total programme income		**0**		**0**
Total income		**19,148**		**19,650**

8. Property, plant and equipment

	2012–13					
	Information technology	**Plant and machinery**	**Transport equipment**	**Furniture, fixtures and fittings**	**Payments on account and assets under construction**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation						
As at 1 April 2012	28	188	543	0	0	**759**
Additions	0	0	0	0	67	**67**
Disposals	0	0	(190)	0	0	**(190)**
Transfers	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Indexation/revaluation	4	7	23	0	0	**34**
As at 31 March 2013	**32**	**195**	**376**	**0**	**0**	**670**
Depreciation						
As at 1 April 2012	26	139	494	**0**	**0**	**659**
Charge in year	2	35	23	0	0	**60**
Disposals	0	0	(188)	0	0	**(188)**
Transfers	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Indexation/revaluation	4	6	20	0	0	**30**
As at 31 March 2013	**32**	**180**	**349**	**0**	**0**	**561**
Carrying value as at 31 March 2013	**0**	**15**	**27**	**0**	**67**	**109**
Carrying value as at 31 March 2012	**2**	**49**	**49**	**0**	**0**	**100**
Asset financing						
Owned	0	15	27	0	67	**109**
Finance leased	0	0	0	0	0	**0**
Carrying value as at 31 March 2013	**0**	**15**	**27**	**0**	**67**	**109**

Work in progress relates to 3 new major telephony system replacements.

8. (Continued)

	2011–12					
	Information technology £000	Plant and machinery £000	Transport equipment £000	Furniture, fixtures and fittings £000	Payments on account and assets under construction £000	Total £000
Cost or valuation						
As at 1 April 2011	**28**	**186**	**538**	**0**	**0**	**752**
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	5	0	0	7
As at 31 March 2012	**28**	**188**	**543**	**0**	**0**	**759**
Depreciation						
As at 1 April 2011	**23**	**103**	**461**	**0**	**0**	**587**
Charge in year	3	35	32	0	0	70
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	1	0	0	2
As at 31 March 2012	**26**	**139**	**494**	**0**	**0**	**659**
Carrying value as at 31 March 2012	**2**	**49**	**49**	**0**	**0**	**100**
Carrying value as at 31 March 2011	**5**	**83**	**77**	**0**	**0**	**165**
Asset financing						
Owned	2	49	49	0	0	100
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	**2**	**49**	**49**	**0**	**0**	**100**

9. Intangible assets

	2012–13					
	Development £000	Software £000	Licences £000	Other £000	Payments on account and assets under construction £000	Total £000
Cost or valuation						
As at 1 April 2012	**0**	**52**	**0**	**0**	**0**	**52**
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2013	**0**	**52**	**0**	**0**	**0**	**52**
Amortisation						
As at 1 April 2012	**0**	**45**	**0**	**0**	**0**	**45**
Charge in year	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2013	**0**	**45**	**0**	**0**	**0**	**45**
Carrying value as at 31 March 2013	**0**	**7**	**0**	**0**	**0**	**7**
Carrying value as at 31 March 2012	**0**	**7**	**0**	**0**	**0**	**7**
Asset financing						
Owned	0	7	0	0	0	7
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	**0**	**7**	**0**	**0**	**0**	**7**

9. (Continued)

	2011–12					
	Development	**Software**	**Licences**	**Other**	**Payments on account and assets under construction**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation						
As at 1 April 2011	**0**	**52**	**0**	**0**	**0**	**52**
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2012	**0**	**52**	**0**	**0**	**0**	**52**
Amortisation						
As at 1 April 2011	**0**	**38**	**0**	**0**	**0**	**38**
Charge in year	0	7	0	0	0	7
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
As at 31 March 2012	**0**	**45**	**0**	**0**	**0**	**45**
Carrying value as at 31 March 2012	**0**	**7**	**0**	**0**	**0**	**7**
Carrying value as at 31 March 2011	**0**	**14**	**0**	**0**	**0**	**14**
Asset financing						
Owned	0	7	0	0	0	7
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	**0**	**7**	**0**	**0**	**0**	**7**

10. Impairments

There were no impairments during the year.

11. Assets held for sale

There were no assets held for sale during the year.

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	17	21
VAT	110	64
Deposits and advances	0	0
Receivables due from NOMS agency	26	23
Receivables due from Ministry of Justice – core	114	1,658
Receivables due from Ministry of Justice – NDPBs	1,211	0
Receivables due from HM Courts & Tribunals Service (HMCTS)	158	0
Receivables due from Office of the Public Guardian (OPG)	0	0
Receivables due from all other Government departments	0	0
Other receivables	58	62
Prepayments	0	0
Accrued income	0	1
	1,694	**1,829**
Amounts falling due after more than one year		
Trade receivables	0	0
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	**0**
Total	**1,694**	**1,829**

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	1,619	1,745	0	0
Balances with local authorities	58	62	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	1,677	**1,807**	**0**	**0**
Balances with bodies external to Government	17	22	0	0
Total	**1,692**	**1,829**	**0**	**0**

13. Cash and cash equivalents

	2012–13 £000	2011–12 £000
Balance at 1 April	619	1,495
Net change in cash and cash equivalents	(118)	(876)
Balance at 31 March	**501**	**619**
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	501	619
Balance at 31 March	**501**	**619**

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
Amounts falling due within one year (excluding taxation)	**£000**	**£000**
Trade payables	117	101
Other payables	88	0
Accruals	108	156
Deferred income	0	13
Staff payables	109	95
Bank overdraft	0	0
Payables due to Probation Trusts	4	0
Payables due to NOMS Agency	80	224
Payables due to Ministry of Justice – core	0	0
Payables due to Ministry of Justice – NDPBs	6	0
Payables due to HM Courts & Tribunals Service (HMCTS)	7	0
Payables due to Office of the Public Guardian (OPG)	0	0
Payables due to all other Government departments	0	53
Unpaid pensions contributions due to the pensions scheme	1	278
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	7	0
	518	**920**
Tax falling due within one year		
VAT	316	447
Corporation tax	0	10
Other taxation and social security	636	406
	952	**863**
Total amounts falling due within one year	**1,470**	**1,783**
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	**0**
Total	**1,470**	**1,783**

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	1,049	1,087	0	0
Balances with local authorities	0	45	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	**0**	**8**	0	0
	1,049	**1,140**	**0**	**0**
Balances with bodies external to Government	421	643	0	0
Total	**1,470**	**1,783**	**0**	**0**

15. Provisions for liabilities and charges

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

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

16. Capital commitments

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

	2012–13 £000	2011–12 £000
Property, plant and equipment	0	0
Intangibles	0	0
Total	**0**	**0**

17. Commitments under lease

17a. Operating leases

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

Obligations under operating leases for the following periods comprise:

	2012–13	2011–12
Other	**£000**	**£000**
Not later than one year	4	1
Later than one year and not later than five years	25	27
Later than five years	0	0
Total	**29**	**28**

17b. Finance leases

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

Obligations under finance leases for the following periods comprise:

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

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

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

18. Other financial commitments

The Trust has not entered into any non-cancellable contracts during 2012/13

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

19. Deferred tax asset

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

20. Financial instruments

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

21. Contingent liabilities

At the Balance Sheet Date the Trust had no contingent liabilities.

22. Losses and special payments

22a. Losses statement

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

There were no losses payments over £250k in 2012/13.

22b. Special payments schedule

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

There were no special payments over £250k in 2012/13.

23. General fund

	2012–13 £000	2011–12 £000
Balance at 1 April	(21,358)	(12,951)
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	**(21,358)**	**(12,951)**
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(224)	(746)
Movement in donated assets	0	0
Transferred from revaluation reserve	0	0
Actuarial gains and losses	(5,893)	(7,661)
Balance at 31 March	**(27,475)**	**(21,358)**

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13 £000	2011–12 £000
Balance at 1 April	24	19
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	**24**	**19**
Arising on revaluations of PPE during the year (net)	4	5
Transferred to General Fund	0	0
Balance at 31 March	**28**	**24**

24b. Intangibles

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

25. Related party transactions

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

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties has undertaken any material transactions with the Probation Trust.

The Director of Finance to Norfolk & Suffolk Probation Trust is employed by Norfolk County Council who provided financial services, payroll and financial systems, to the Trust during 2012–13 at a cost of £113,950 (£126,331 in 2011–12). The transaction was priced at arm's length and the Director of Finance was not party to the decision made by the Council to provide services to the Trust.

26. Third-party assets

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

	31 March 2013	Funds paid in during the year	Funds paid out during the year	31 March 2012
	£000	£000	£000	£000
Amenity Funds	3	2	(2)	3
	3	**2**	**(2)**	**3**

27. Events occurring after the reporting period

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

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

Accounts Direction

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

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.

2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year.

3. The accounts shall be prepared so as to:
   - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
   - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.

5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.

6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 8 March 2012.

Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
6 March 2013

Appendix 1

35 Probation Trusts:

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

4. Sustainability Report (Not subject to audit)

Introduction

This is the second Sustainability Report for NSPT, 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 8 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)

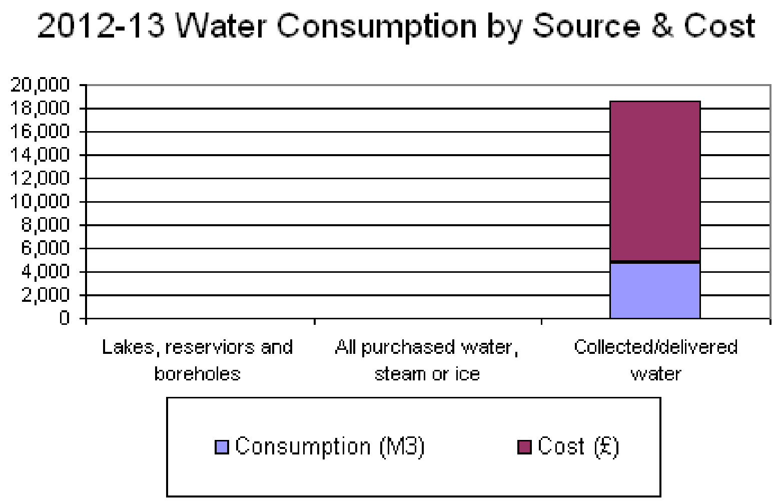
MoJ SDT has an ongoing EMS implementation programme, and is looking to develop a more streamlined EMS that fully meets the requirements while reducing resource impacts on front line services.

Sustainable procurement

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

Water

		2010–11	2011–12	2012–13
Non-financial indicators	**Total water consumption (cubic metres)**	8,365	6,267	4,768
Financial indicators	**Total water supply costs (£)**	£20,380	£16,214	£13,899



Performance commentary (including targets)

From 1 April 2011 new targets (GGC) require us to reduce water consumption from a 2009/10 baseline, and report on office water use against best practice benchmarks.

a. ≥6 m3 water consumption per FTE poor practice
b. 4m3 to 6m3 per FTE good practice
c. ≤4m3 per FTE best practice
d. % offices meeting best/good/poor practice benchmark.

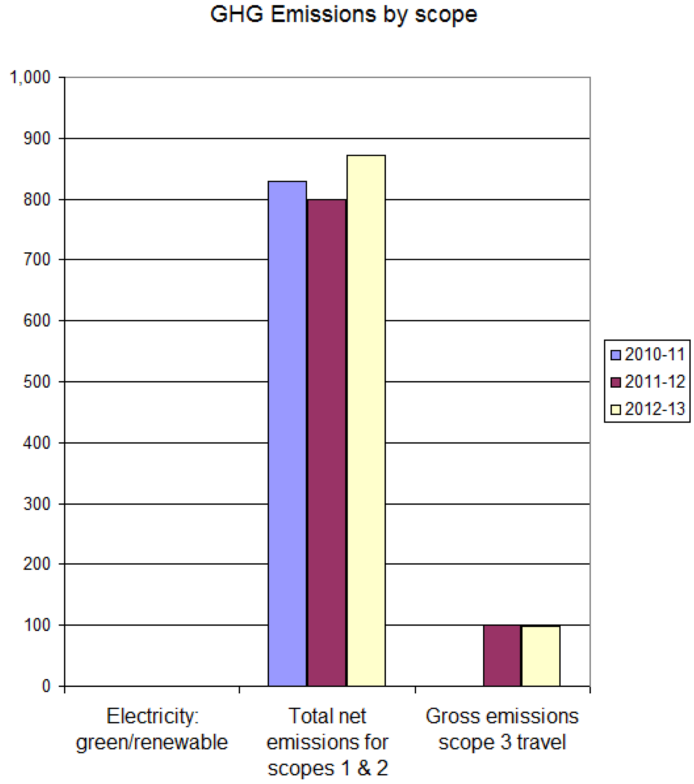
Controllable impacts commentary

Water use is almost exclusively from washrooms and drinking. Some locations have a kitchen facilities or similar and use water in heating and ventilation systems.

Performance summary

Greenhouse gas (GHG) emissions

		2010–11	2011–12	2012–13
Non-financial indicators (tCO_2e)	Total gross emissions for scopes 1 & 2	829	800	872
	Electricity: green/renewable	0	0	0
	Total net emissions for scopes 1 & 2	**829**	**800**	**872**
	Travel emissions scope 3		101	99
	Total gross GHG emissions (all scopes)	**829**	**901**	**971**
Non-financial (MWh)	Electricity: Grid, CHP & non-renewable	859	905	1,057
	Electricity: renewable	284	299	0
	Gas	1,254	919	1,074
	Other energy sources	0	0	0
	Total energy	**2,396**	**2,123**	**2,131**
Financial indicators £000	Expenditure on energy	£136	£153	£150
	Expenditure on official business travel	£426	£453	£398



Performance commentary (including targets)

From 1 April 2011 new Greening Government Commitments require us to reduce greenhouse gas emissions from a 09/10 baseline from the whole estate and business-related transport and cut domestic business travel flights by 20% by 2015 from a 09/10 baseline. Reported carbon dioxide emissions data from our buildings remains for small number of reported buildings and uneven billed periods makes detailed analysis difficult.

Controllable impacts commentary

Reported carbon dioxide emissions are from electricity, gas and oil use in buildings only.

Overview of influenced impacts

This is the second year of data and as stated, with estimates for billing data needed as there was incomplete data for the year.

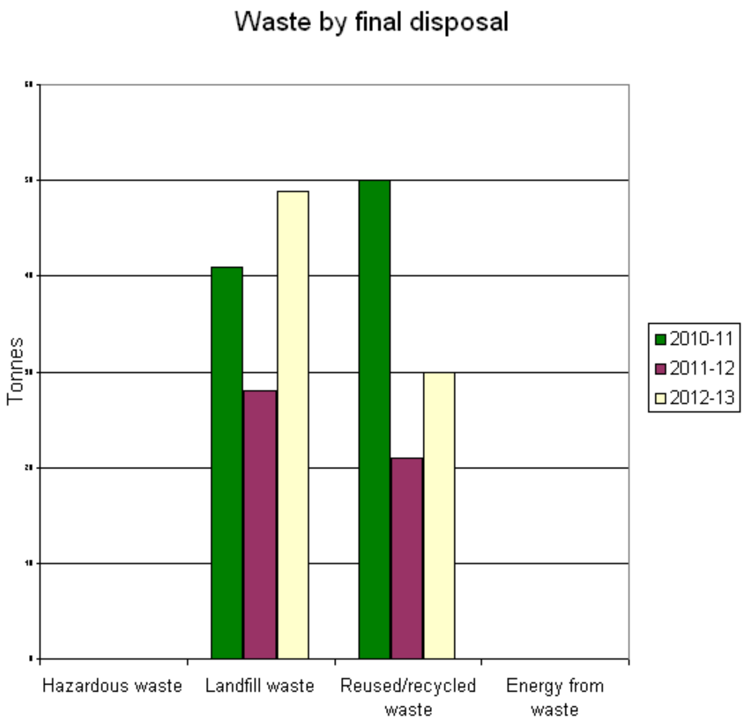
Waste

			2010–11	2011–12	2012–13
Non-financial indicators (tonnes)	Hazardous waste	Hazardous waste			
	Non-hazardous waste	Landfill waste	41	28	49
		Reused/recycled waste	50	21	30
		Energy from waste			
	Total waste arising		**91**	**49**	**79**
Financial indicators	Hazardous waste	Hazardous waste			
	Non-hazardous waste	Landfill waste	3,294	2,621	4,560
		Reused/recycled waste	7,441	3,453	2,760
		Energy from waste			
	Total waste costs (£)		**£10,735**	**£7,441**	**£7,320**

Performance commentary (including targets)
From 1 April 2011 new targets (GGC) require us reduce the amount of waste we generate by 25% from a 2009/10 baseline, cut paper use by 10% and ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled.

Controllable impacts commentary
The Trust has introduced recycling for all paper products, encourages electronic solutions where ever possible to cut down on paper usage and is reviewing recycled products for future office use.

Overview of influenced impacts
Our supplier's waste management is contained within the facilities management arrangements with MoJ.



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