



Humberside Probation Board Annual Report 2008-09



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Introduction

Humberside Probation Trust

On 1 April 2008 Humberside Probation Area became one of the first six Probation Trusts in England and Wales and published a Strategic Business Plan for the period 2008/11, outlining the Strategic Aims for this period. This last year has been a learning year for the National Offender Management Service and the 'first wave' trusts in operating through a formal contract. This learning has informed the development of the Trust programme nationally and, during 2009/10, Humberside Probation Trust will align with the new Trust criteria.

Staff in Humberside Probation Trust have continued to achieve excellent performance and since the introduction of the Integrated Probation Performance Framework two years ago we have achieved the highest level – band 4 Green Star. In March 2009 we were also recognised as a four star area through the British Quality Foundation's Recognised for Excellence Scheme. We intend to maintain this excellent performance during 2009/10.

Humberside Probation Trust has maintained its strong commitment to working in partnership with other organisations. We support the Humberside Criminal Justice Board Strategy, Local Authority Sustaining Communities Strategies and Local Area Agreements. We will continue to develop innovative ways with our partners to protect the public and reduce re-offending.

The Statement of Purpose for Humberside Probation Trust is **'to make the diverse communities we serve safer by working with others to:**

- **protect the public**
- **reduce re-offending**
- **support victims of crime**

National Offender Management Service

The National Offender Management Service (NOMS) operates through providers and partners in the public, private and third sectors to manage offenders in an integrated way. Its work protects victims, reduces re-offending and make communities safer. What work needs to be done and who does the work is based on evidence and driven by ensuring value for money.

NOMS Statement of Purpose

NOMS works to protect the public and reduce re-offending by delivering the punishment and orders of the courts and by helping offenders to reform their lives.

NOMS Vision

As part of the wider justice service NOMS will give the public confidence in its ability to protect the public and reduce re-offending.

MANAGEMENT COMMENTARY PART 1:

OPERATIONAL REVIEW

Key Priorities

Humberside Probation Trust's first Strategic Business Plan, announced when we became a Trust in April 2008, set out five key aims over the next three years, supported by a set of more detailed action plans. A summary of achievements against these action plans for year one (2008/09) is given under each strategic aim below.

1. To be recognised by our stakeholders as the provider of high quality Offender Management in Humberside that makes a proactive contribution to public protection.

- We had a positive Offender Management Inspection in December 2008 which commented on:
 - a. good quality practice in the assessment of offenders and many aspects of planning to address re-offending
 - b. the impressive amount of partnership work which enhanced the resources and services available to offenders
 - c. the good understanding of the Offender Management Model
 - d. committed staff who support offenders into a wide range of services to achieve promising outcomes.

The report also suggested improvements in some aspects of the Trust's work and we have developed plans to achieve these.

- We achieved outstanding performance in the offender management domain (Green Star) and good performance in the public protection domain (Green) of the Integrated Probation Performance Framework (IPPF)
- We have reviewed and revised our public protection policies. This will bring together guidance and procedures under an overarching public protection policy.
- We have invested resources to reduce average Offender Management caseloads during the year.

- We have contributed to a regional review of provision for women offenders and have developed a plan to improve our services to women.
- We have provided briefings for staff and partners on the revised Multi Agency Public Protection Arrangements (MAPPA) guidance.

2. To provide, commission or access through partnerships a range of offender interventions that:

- i. are targeted on offenders who present the highest risk of serious harm and the highest risk of re-offending
- ii. meet the priority and diverse needs of offenders, victims and sentencers
- iii. meet the expectations of sentencers and the local community.

- A best value review of Unpaid Work has been completed.
- A Humber NOMS (Probation and Prisons) prospectus has been launched which details provision under the reducing re-offending pathways. Work is ongoing to improve 'through the gate' provision and support.
- Intervention completion rates have improved.
- A strategy for alcohol misuse has been developed and implemented, providing a wider range of provision to address alcohol misuse by offenders.
- There have been improvements in the targeting of Accredited Programmes.
- We have worked with our Criminal Justice partners to achieve joint targets on enforcement and licence recall.
- A Trust Commissioning Policy has been approved.
- We have worked with partners within the four Crime and Disorder Partnerships to develop services to tackle re-offending.

3. To be recognised as an organisation that achieves excellence and positive outcomes for its stakeholders, service users and offenders.

- We received a four star rating in the Recognised for Excellence (R4E) Awards following an assessment by the British Quality Foundation.
- Customer feedback surveys have provided baseline data for improvement targets. The feedback demonstrates high levels of satisfaction.
- Staff from Humberside Probation Trust topped six of the 10 categories in the first regional NOMS Awards.
- Sentence outcome data from the Offender Assessment System (OASys) is demonstrating that we are delivering positive change against the sentence plans for offenders.
- A Pre Sentence Report (PSR) Quality Assurance audit has been completed and the results analysed to identify improvements.

4. To demonstrate an organisational and leadership capability that will meet the future challenges for Humberside Probation Trust and maintain us at the leading edge of performance and innovation.

- Proposals for the restructure of the organisation to provide greater local accountability and engagement have been agreed and will be implemented during 2009.
- A workforce plan has been produced for the next three years.
- The Trust Board and Senior Leadership Team completed a programme of training to develop our capacity and capability to meet future challenges.
- Human Resources policies have continually been updated to take account of the latest developments.
- A new induction process has been produced for new managers.
- A Single Equality Scheme has been published on our website and all new policies have an equality impact assessment.

5. To demonstrate sound and progressive resource and financial management to:

- i. achieve a balanced budget during the period of this strategic review**
 - ii. increase the range and amount of additional income generated by Humberside Probation Trust**
 - iii. maximise the 'freedoms' available to Humberside Probation Trust**
 - iv. provide the best value for money in all of our activities.**
- A best value review on Unpaid Work and a regional review on offender transport have been completed. Further reviews will be conducted in line with national guidance.
 - Consideration is being given to the options available in establishing a social enterprise.
 - Expenditure was kept to within £550 of our target.
 - A costing model has been applied to the MAPPA process.
 - A 'bid team' has been assembled to manage any opportunities to bid for additional funds.
 - We have taken part in the national unit costing exercises and considered the implications for the Trust.
 - Revised arrangements for funding payments and accounting procedures as a new Trust have been implemented.

Highlights

For the second successive year, our staff achieved the highest level - Band 4 Green Star - for their performance during 2008/9 under the Integrated Probation Performance Framework (IPPF).



We received a positive report following our Offender Management Inspection by HM Inspectorate of Probation. In the report, HM Chief Inspector of Probation said: "We saw an impressive amount of partnership work at a strategic level which enhances the resources and services available to offenders.

"The Trust has performed consistently well against national targets over a number of years and is achieving good quality practice in the assessment of offenders and many aspects of planning to address re-offending. The offender management model is well understood and this helps committed staff to support offenders into a wide range of services and to achieve promising outcomes."

The report suggested improvements in some aspects of the Trust's work and we are examining how these can be achieved.



Over 300 staff attended Humberside Probation's milestone conference to launch Trust status. Held in April 2008 at the KC Stadium, Hull, guest speakers included National Director of Probation Roger Hill, Regional Offender Manager Hilary Campbell and Prison Area Manager Tony Hassall. The Trust's five new strategic aims were presented to the conference. Achievement Awards were presented to individuals and teams by Trust Board Chair Jonathan Carruthers and Chief Executive Officer Steve Hemming.

Issues covered in workshops involved reducing the prison population, the Offender Management Inspection, encouraging innovation, 'best value', developing quality services and health improvement.



Humberside Probation Trust's position as one of the top Probation areas in the country received royal recognition when Her Royal Highness The Princess Royal visited the Trust's Hull offices in 2008.

The visit followed the success of Humberside's Priority and Prolific Offender (PPO) teams, which received a national Butler Trust award earlier that year for their achievements in dramatically reducing re-offending rates among the area's more prolific criminals.

A registered charity, the Butler Trust promotes excellence and innovation within the Criminal Justice System. The Princess Royal has been Patron of the Butler Trust since 1985.

During her visit The Princess Royal met local civic leaders and representatives of the Criminal Justice System in Humberside. She also met teams of staff to discuss issues involving PPOs, Community Payback, learning and employment, domestic abuse, victims and offender management. The Princess Royal was also introduced to representatives of partner agencies, Probation's support services, prison and approved premises staff, trades unions and the Trust Board and management.



Local business and community leaders joined with staff from Humberside Probation Trust and the area's prisons at a conference in Hull to explore ways of getting more ex-prisoners into employment. Among speakers at the conference - called Working with Conviction - were the Bishop of Hull, the Right Rev. Richard Frith, and Sir Richard Needham, Chairman of Avon Rubber and International and Commercial Director of Dyson.

Organised by the National Offender Management Service (NOMS), the conference was compared by television presenter Wilfred Emmanuel-Jones. It also marked the formal launch of Humber-NOMS, a partnership between Humberside Probation Trust, the area's local prisons and the Regional Offender Manager's office.

Humberside Probation Trust Chief Executive Steve Hemming addressed the conference together with the Governors of the three local prisons and Regional Offender Manager Hilary Campbell.

The partnership's aim is to provide a more integrated service for prisoners released into Hull, the East Riding of Yorkshire, North East Lincolnshire and North Lincolnshire. The focus of the conference was the successful rehabilitation of offenders, particularly through employment.



We received a four star rating in the Recognised for Excellence (R4E) Awards following an assessment by the British Quality Foundation. Two assessors from the Foundation conducted a four-day inspection of the Trust, visiting four locations and interviewing 94 people - almost 20% of the staff.

The assessment placed the Trust in the Awards' 451-500 points band. Ten Probation areas have been assessed for the awards and Humberside is equal highest with two other areas. Under the scoring 300 points is considered good, 400 points very good and 500 points outstanding.



A film crew spent a day at and around Humberside Probation Trust's Scunthorpe Offices to make a DVD which was shown at a Local Government Association conference on Safer Communities and featured on the Community Channel. A copy of the DVD was given to each member of staff and issued to sentencers and partners in Humberside.



In October 2008, four members of staff from Humberside Probation Trust took part in a second exchange visit to the Polish probation service in Bialystok under an arrangement started in 2006.



The Humberside Criminal Justice Board (HCJB), which includes the Probation Service, Police, Courts, Crown Prosecution Service, Youth Offending Teams and Prison Service, provides a 'joined up' Criminal Justice System aimed at ensuring more offenders are sentenced for their crimes. One of the Board's Strategic Priorities is to reduce re-offending and our Chief Executive is now chairing a multi-agency group to develop the strategy and work with Community Safety Partnerships and other partners to take this forward.



A new, effective alternative to prison sentences of under 12 months and suspended sentences is being made available to magistrates and judges in the Humberside area. The Intensive Alternative to Custody (IAC) sentence, targeted at offenders who repeatedly fail to comply with community orders, aims to ensure compliance through supervision and assertive contact underpinned by swift enforcement.

Working closely with Humberside Police, G4S, Hull City Safe and voluntary agencies, the Trust's specialist IAC team will provide close supervision of offenders. Each case will have a robust personalised sentence plan tailored to meet individual needs with special provision for female offenders.

Offenders in short-term custody receive few meaningful offence-focused interventions or activities to reintegrate them into the community as they are not subject to licence conditions. IAC is in response to evidence that re-offending rates among these offenders are the highest of all former prisoners and are higher on average than those who have undergone community sentences. Plans were put in place to commence the project on 1 April 2009.



The Police Compliance Action (PCA) project, created to increase offenders' compliance with community sentences, to gather intelligence and to strengthen the relationship between the Police and Probation, was piloted in the Hull area. The target group included Tier 3 and Tier 4 offenders with a view to eventually including the lower tiers.

Compliance has been identified as a key factor to prevent further offending. Under the project, if an offender fails to attend a National Standards appointment, their Offender Manager can request a visit from a member of the Neighbourhood Police Team.

This creates a powerful tool which aims to deter offenders from missing their appointments with Probation. In addition, immediate and personal contact with offenders who have failed to attend appointments will encourage swift re-engagement. Another important element of the project is intelligence gathering. The aim is to improve the sharing of intelligence and risk information between Police and Probation, so building relationships between the two agencies.

These elements combined will improve offenders' compliance and lower their risk of re-offending. By improving intelligence sharing, the project generates more effective crime prevention work, leading to our goal of less crime and a safer community.

Results of the pilot showed increased compliance in 59% of offenders visited by a Neighbourhood Police Officer. Based upon this success, the project is now being extended to our other local authority areas and other Probation areas have approached us for information.

A new initiative to promote the use of attendance centres as a sentence or as part of a Community Order was launched, with the senior attendance centre in Hull buying into the services provided by the Trust. Under new protocols, all attendance centre requirements go through one Probation single point of contact who ensures offender records, including hours completed, are maintained. The contact ensures absences are recorded, warning letters are sent, breaches are listed at court and the prosecution report is completed.



During the year we analysed our seventh Staff Satisfaction Survey. The response rate remained good and the survey showed that 75% of staff who took part felt their satisfaction at work was generally high and 84% thought Humberside Probation Trust was a good place to work.



Events to celebrate work, service and educational achievements continued to be held. Awards were also made under our staff recognition scheme - which covers achievement, innovation and a team award – and to staff who demonstrated our Values in Action, those who had served 20 years in the Service and those who retired after long service.



Staff from Humberside Probation Trust topped six of the 10 categories in the first regional NOMS Awards. The awards, developed from a former Prison Service event, were this year opened to North Yorkshire, West Yorkshire and East Yorkshire Probation areas as well as Humberside.

The aim is to recognise outstanding work carried out by staff. Overall Winner award went to Bill Postill, a Community Payback Manager with Humberside, for his work to engage local communities in Community Payback projects for offenders.



Staff continued to take advantage of benefits including access to an Occupational Health Physician, confidential counseling, financial assistance for certain health items and the opportunity to take advantage of a Health CV check.

Specialist equipment was provided to users with disabilities. Sickness levels have continued to fall and stood at an average of 9.6 days per person for 2008/9, a drop of 0.7 days compared to last year.



Humberside Probation Trust invited consultation on its first Single Equality Scheme covering all areas of its work – not just the parts it is legally required to cover – and describing how the Trust will fulfill its moral, social and legal obligations to put equality at the heart of everything it does.

As a public sector organisation, the Trust has certain legal requirements under existing legislation to promote equality in the areas of disability, gender and race.

This Single Equality Scheme sets out what we will do to meet these and extends them to include age, religion or belief, sexual orientation and human rights, reflecting the Trust's full remit. The scheme covers the period 1 April 2009 to 31 March 2012 and will be subject to review every April.



Humberside Probation Trust has prioritised its commitment to working with Community Safety Partnerships to develop multi-agency approaches to reduce re-offending. Senior Probation Officers have been seconded to Hull and North Lincolnshire partnerships to progress this work.



Humberside Probation Trust achieved most of its objectives and targets under its local plan to improve the confidence of the courts in community sentences. For example, overall compliance of orders and licences increased from 66% in March 2008 to 72% in March 2009.






North East Lincolnshire and Hull were identified as part of the pilot for Justice Seen, Justice Done, which invites communities to suggest Community Payback projects.

Steve Hemming
Chief Executive
Humberside Probation Trust

RESULTS

Achievement by Trust in 2008/9

Key:

-  Exceptional performance
-  Good performance
-  Requiring development

Public Protection

IPPF1 – National Standards Public Protection



OM8 – At least 90% of OASys assessments must be completed or updated within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders



OM9 – At least 90% of OASys assessments must be completed or updated within the appropriate timescales for all Tier 4 offenders (excluding PPOs)



OM10 – At least 90% of OASys assessments must be completed or updated within the appropriate timescales for all PPO offenders



OM14 - At least 90% of OASys assessments must be completed or updated within the appropriate timescales for all prisoners subject to OM phase 2 or 3



OM11 – At least 90% of OASys final reviews (terminations) to be completed within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders



OM12 - At least 90% of OASys final reviews (terminations) to be completed within the appropriate timescales for all Tier 4 offenders excluding PPOs



OM13 - At least 90% of OASys final reviews (terminations) to be completed within the appropriate timescales for all PPO offenders



OM15 - The percentage of parole eligible cases in which the Parole Assessment report was provided within the required timescale



OM16 - At least 90% of medium/high/very high risk of harm offenders have a completed Risk Management Plan within the appropriate timescales



IPPF13 - Approved Premises audit



IPPF4 - Offender Management Inspection (OMI) risk of harm



Offender Management

IPPF3 - National Standards Offender Management



OM1 - The percentage of Pre Sentence Reports (PSRs) – excluding remanded in custody for magistrates’ courts – completed within the timescales set by the court



OM2 – The percentage of remanded in custody PSRs for Magistrates’ courts completed within 10 working days



OM4 – 90% of licence recall requests to reach NOMS Post Release Section within 24 hours of the decision by the Offender Manager



OM3 – To resolve 60% of breaches of community orders within 25 working days of the relevant failure to comply



OM5 – The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply



OM6 – The percentage of cases that reach the six-month stage without requiring breach action to be no less than 70%



OM20 – The proportion of orders and licences successfully completed



OM7 – The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence



OM17 – At least 70% of offenders in settled and suitable accommodation at the end of their order or licence



IPPF5 - OMI assessment and sentence planning



Interventions

IPPF2 – National Standards Interventions



INT1 – The number of accredited Sex Offender Programme completions to be at least 23



INT2 – The number of accredited Domestic Violence Programme completions to be at least 45



INT3 – The number of accredited Offending Behaviour Programme completions (excluding sex offender and domestic violence)



INT4 – The proportion of Accredited Programmes that meet the Offender Group Reconviction Scale criteria where relevant to be at least 75%



INT7 – The number of Alcohol Treatment Requirement completions to be at least 40



INT6 – The number of Drug Rehabilitation Requirement (DRR) completions to be at least 121



INT12 – Numbers of offenders starting a DRR or Drug Treatment Testing Order (DTTO)



INT5 – The number of Unpaid Work completions to be at least 1055



INT11 – The proportion of Unpaid Work offenders’ days which are lost because of stand downs on the day or notified in advance



INT9 – The percentage of offenders in employment at termination of their order or licence to be at least 40%



INT8 – The number of offenders under supervision who find and sustain employment to be at least 240



OM19 – The number of referrals to Learning and Skills Council (in the community)



OM18 – The percentage of PPOs on licence for a trigger offence that have a drug testing condition inserted in their licence



IPPF6 – OMI implementation of Interventions



Operational capability, resource use and strategy

IPPF8 – Sickness absence



IPPF9 – Ethnic Monitoring



IPPF10 – Budget outturn



IPPF11 – Audit results



IPPF7 – OMI management results



People Results

Staff in post figures by grade, gender and ethnicity

Ethnic origin Ethnic region	Male												
	Refused	Asian/Asian British			Black			Mixed			White		
		Bangladeshi	Indian	Pakistani	African	Caribbean	Other	Other	White / Asian	WH/BL Carib	British	Irish	Other
CEO											1		
ACO											3.6		
Admin 1											0.5		
Admin 2											4		1
Admin 3											5.11		
Admin 4											3		
Manager											5.81		
Asst Warden					1						6		
UW Supervisor					1						12.83		1
PO					1	1			2		39.1		
PSO	1		1		1		1		1		28.56	1	
Area Manager											2		
PDA											1		
SPO					1						15		1
Support worker											2		
TPO											4		
Total WTE	1	0	1	0	5	1	1	0	3	0	133.51	1	3

Ethnic origin Ethnic region	Female												
	Refused	Asian/Asian British			Black			Mixed			White		
		Bangladeshi	Indian	Pakistani	African	Caribbean	Other	Other	White / Asian	WH/BL Carib	British	Irish	Other
ACO							0.81				2		
Admin 1											1		
Admin 2			1								37.11		
Admin 3											39.49		
Admin 4											10.31		
Manager											5		
Asst Warden											7		
UW Supervisor											1.63		
PO					1	1		0.5	1		74.14		0.8
PSO			2						1		87.24		1
Area Manager											2		
PDA											2.8		
SPO											14.1		1
Support worker											1		
TPO											13		
Total WTE	0	0	3	0	1	2.5	0.81	0.5	2	0	297.82	0	2.8

WORKLOAD AND ACTIVITY STATISTICS

Key:

- CRO – Community Rehabilitation Order
- CPO – Community Punishment Order
- CPRO – Community Punishment and Rehabilitation Order
- DTTO – Drug Treatment and Testing Order
- R – Resettlement/Licence
- CO – Community Order
- CJA – Criminal Justice Act
- SDR - Standard Delivery Report
- FDR - Fast Delivery Report

Commencements by type of order/licence

Humberside – Annual Commencement Figures							
Annual Totals	CRO	CPO	CPRO	R	DTTO		
03/04	1072	945	416	1033	199		
04/05	1053	1120	561	845	249		
	CRO	CPO	CPRO	R	CO (post CJA)	DTTO (Lower)	DTTO (Higher)
05/06	380	510	19	904	1665	14	79
06/07	43	130	27	1517	2985	DTTO replaced by Drug Rehabilitation Requirement	
07/08	8	101	7	1089	3518		
08/09	5	146	7	1107	3593		

CO Requirements: Supervision 2154. Unpaid Work 1831. Accredited Programmes 546. Drug Rehabilitation Requirement 404. Curfew 468. Alcohol Treatment 165. Specified Activity 458. Residence (Approved Premises) 260. Additional Hours Unpaid Work 505. Attendance Centre 46. Prohibited Activity 26. Suspended Custody 1031. Exclusion 27. Mental Health Treatment 11. Electronic Monitoring 1. Basic Skills 778. Additional Sentence 2898.

Average caseload by type of order/licence

Humberside – Annual Caseload Figures							
Annual Average	CRO	CPO	CPRO (CPO)	CPRO (CRO)	R	DTTO	DTTO
03/04	1159	654	373	373	1629	106	
04/05	1140	849	513	513	2046	146	
	CRO	CPO	CPRO	R	CO	DTTO (Lower)	DTTO (Higher)
05/06	449	258	179	1818	1199	5	36
06/07	114	69	41	1825	2245	DTTO replaced Drug Rehabilitation Requirement	
07/08	32	58	3	1948	2364		
08/09	7	65	7	2072	2484		

CO Requirements: Supervision 1890. Unpaid Work 1232. Accredited Programmes 606. Drug Rehabilitation Requirement 240. Curfew 237. Alcohol Treatment 149. Specified Activity 370. Residence (Approved Premises) 132. Additional Hours Unpaid Work 394. Attendance Centre 30. Prohibited Activity 21. Suspended Custody 797. Exclusion 17. Mental Health Treatment 12. Basic Skills 617. Additional Sentence 2113.

Court Reports produced by type

SDRs and FDRs Written – Annual Figures					
	SDR*		FDR**		All Reports
	Mags	Crn	Mags	Crn	
03/04	2375	971	513	47	4010+
04/05	1990	934	718	41	3683
05/06	1872	1149	969	67	4057
06/07	1680	1240	1044	36	4000
07/08	1715	1225	1113	44	4097
08/09	1480	1378	1212	56	4126

+Information on 104 reports was not available

*Pre Sentence Reports prior to CJA 2003

** Specific Sentence Reports prior to CJA 2003

Community Punishment hours ordered/worked (CPO and CPRO)

Unpaid Work hours ordered/worked						
	03/04 (ECP)	04/05 (ECP)	05/06	06/07	07/08	08/09
Hours ordered	157,844	159,988	184,534	183,953	214,365	218,145
Hours worked	103,570	115,326	146,680	153,662	155,900	170,512
Ratio	1:0.66	1:0.72	1:0.79	1:0.84	1:0.73	1:0.78

Victims – the total number contacted within eight weeks of sentence

03/04	04/05	05/06	06/07	07/08	08/09
288	324	311	317	335	299

NAMES OF BOARD MEMBERS AND OFFICIAL CONTACT ADDRESS

Mr J Carruthers (Chair)

Mr S Hemming (Chief Executive Officer)

Mr N Anthony, JP

Mr T Douglas

Mr M Huntley

Mr N Mackay

Mrs J Oraka

Mr R Subramanian, JP

His Honour Judge Tremberg

Mr I Williamson

Mr A Wright

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MANAGEMENT COMMENTARY PART 2: FINANCIAL REVIEW & RENUMERATION REPORT

Financial Review of the year ended 31 March 2009

Statutory Background

The National Probation Service for England and Wales was established by the Criminal Justice and Court Services Act 2000. Local Probation Boards were established in accordance with the police areas to implement the functions conferred on them through the Act. Each Board is a Corporate Body, which came into existence on 1 April 2001.

With effect from 1st April 2008 the Humberside Probation Board was dissolved and established as a Probation Trust under the Offender Management Act 2007. Under the act the new Trust has been set up in order to support the strategic aims and current Public Service Agreement of the Ministry of Justice. The Humberside Probation Trust has as their purpose the delivery of probation services under contract with the Secretary of State.

Accounts

Each Trust is required under Schedule 1, paragraph 13(1) of the Offender Management Act to make a report to the Secretary of State on the performance of its functions during each financial year, and prepare in respect of each financial year a statement of accounts, and

Under Schedule 1, paragraph 14(2) of the Act, the Secretary of State has given direction as to:

- The information to be given in the report and the form in which it is to be given;
- The time by which the report is to be made, and
- The form and manner in which the report is to be published.

Principal Activities

Humberside Probation Trust covers the Humberside Police area, as defined in the Police Act 1996, serving a population of approximately 908,000 people. During the year, the Board employed some 461 full time equivalent staff who operated from six buildings, two approved premises (hostels) and four prisons.

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

The discharge of policies as established by the National Probation Directorate of 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, and
- 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 Director of Probation in his position as the Principal Accountable Officer (PAO) for the Probation Services.

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

Appointments

A Probation Trust shall consist of a Chairman and not less than four other members appointed by the Secretary of State; and the Chief Executive. The Probation Trust shall have a Chief Executive appointed by the appointed members. The terms of employment of the appointed members are for the Secretary of State to determine, though the terms of employment of the Chief Executive are for the appointed members to determine, with the approval of the Secretary of State. The first Chief Executive was appointed by the Secretary of State on terms determined by the Secretary of State.

The Lord Chancellor appointed His Honour Judge Tremberg to the board from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

Management

The operational management throughout the year was carried out by the Trust Board, which consisted of the following members:

Mr S Hemming, Chief Executive;

Mr J Carruthers, Chair

Mr N Anthony, JP, Mr T Douglas, Mr M Huntley, Mr N Mackay, Mrs J Oraka, Mr R Subramanian, JP, His Honour Judge Tremberg, Mr I Williamson and Mr A Wright.

The Remuneration Report contains information about Board members' remuneration.

Pension Liabilities

Employees of the Trust are members of the Local Government Pension Scheme, and details of pension arrangements are set out in Note 3 to the Accounts.

Public Interest

The Trust operates a policy of equal opportunities regardless of gender, race, disability or sexuality.

The Trust observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2008/09 98.3% (2007/08 98.4%) of undisputed invoices were paid within 30 days.

Post Balance Sheet Events

Funding projections for the four years commencing 1st April 2009 will present significant challenges for the Trust and detailed strategies are being developed to enable workloads to be managed within anticipated available resources.

In order to manage the financial situation a voluntary programme of staff reductions has commenced with a reduction of up to 58 posts being made in 2009/10. At the same time the Service is being restructured based on Local Delivery Units to further enhance and support the growing expectations and opportunities within local authority based partnerships. The cost of the voluntary programme is estimated at £900,000 and any further deficits will be managed through a series of cost saving measures outlined in the Financial Strategy.

An application to continue as a Probation Trust has been completed and submitted to the Ministry of Justice. The outcome is expected to be known during June 2009

External Accountability

Under paragraphs 13-14 of Schedule 1 of the Offender Management Act 2007, the Trust is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury. The Audit Commission has appointed the District Auditor as the external auditor for the Humberside Probation Trust. The District Auditor's certificate and report is included at page 10.

Steve Hemming
Chief Executive
16 June 2009

Caroline Lacey
Treasurer
16 June 2009

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" [OCPA]. The emoluments of these persons are paid for through Ministry of Justice funds. The appointment for board members will run for a period of up to three years, as determined by the Secretary of State at the conclusion of which there will be a formal but local re-appointment process. It is the intention to follow OCPA guidance and individuals may hold office within the Trust for a maximum of ten years. The first period of appointment commenced with effect from 1st April 2008. As a condition of his appointment, the Chair is subject to an annual appraisal by a nominee of the Secretary of State. The Chief Executive of the National Offender Management Service will designate a senior member of his staff to act as the appraiser. If he receives an unsatisfactory appraisal, the Secretary of State may remove the Chair from office, against which there is no appeal.

The Trust Chief Executive is a member of the Trust Board. The terms and conditions of appointment are in accordance with collective agreements negotiated from time to time, as set out in the Chief Officers' salary and Conditions of Service handbook, until such time as a Code for Chief Executives is finalised.

All Ministry of Justice appointed board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Executive. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred. The remuneration for Board members is set by the Secretary of State, in the case of Chief Executives remuneration is determined by the Ministry of Justice through annual pay negotiation. Chief Executives performance pay is determined by the Director of Probation against criteria set by the National Offender Management Service. There is no performance element for other Board members.

The Lord Chancellor appointed His Honour Judge Tremberg to the Board from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department and as such are excluded from the table on the next page.

Remuneration

Those board members whose remuneration is paid out of Ministry of Justice funds are shown below, in bands of £5,000.

Name	Contract Start (End)	Role	2008/09		2007/08	
			Salary £000	Benefits in kind	Salary £000	Benefits in kind
Steve Hemming	01.04.2008	Chief Executive	80-85	None	70-75	None
Stuart Bell	08.10.2001 (30/09/2007)	Chair	xxx	xxx	15-20	None
Jonathan Carruthers	01.04.2008	Chair	20-25	None	5-10	None
Neil Anthony	01.04.2008	Member	0-5	None	0-5	None
Jonathan Carruthers	01.04.2004 (31/03/2007)	Member	Xxx	xxx	0-5	None
Tony Douglas	01.04.2008	Member	0-5	None	0-5	None
Richard Harrison	01.09.2003 (31.07.2007)	Member	xxx	xxx	0-5	None
Michael Huntley	01.04.2008	Member	0-5	None	0-5	None
Neil Mackay	01.04.2008	Member	0-5	None	0-5	None
Justina Oraka	01.04.2008	Member	0-5	None	0-5	None
Ram Subramanian	01.04.2008	Member	0-5	None	0-5	None
Ian Williamson	01.04.2008	Member	0-5	None	0-5	None
Alan Wright	01.04.2008	Member	0-5	None	0-5	None

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty’s Revenue and Customs as a taxable emolument.

Pension Benefits

Below is the value of board members pension benefits.

Name	Real increase in pension at age 65 £000	Total accrued pension at age 65 at 31/3/09 £000	CETV at 31/3/09 £000	CETV at 31/3/08 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Steve Hemming	Pension 5-7.5 Lump sum 15-17.5	Pension 35-40 Lump sum 105-110	603	541	62	N/A

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Columns 3 & 4 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 5 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 common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) 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, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to another pension scheme.

The employer contribution to the partnership pension account takes into consideration a stakeholder's pension arrangement. The employer makes a basic contribution, (this is dependent on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of the pensionable salary (in addition to the employer's basic contribution).

The estimated monetary value of benefits in kind does not form part of "salaries" for disclosure purposes under resource accounting.

Steve Hemming
Chief Executive
Humberside Probation Trust
16 June 2009

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 Humberside Probation Trust to prepare for each financial year, resource 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, recognised gains and losses 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 judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the **Government Financial Reporting Manual**, have been followed, and disclose and explain material departures in the financial statements, and,
- Prepare the financial statements on a going concern basis

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 the Accountable Officer's Memorandum issued by the Secretary of State and published in Managing Public Money, produced by HM Treasury. Under the terms of the Accountable Officer's Memorandum, the relationship between the Department's and Trust's Accountable Officers, together with their respective responsibilities, is set out in writing.

Steve Hemming
Chief Executive
Humberside Probation Trust
16 June 2009

Statement on the System of Internal Control

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Ministry of Justice policies, aims and objectives set by the Department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me through the Governance Handbook.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of the Trust's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Following the implementation of risk management, this process has been fully in place since 31 March 2005 and up to the date of approval of the annual report and accounts, accords with Treasury guidance.

The Trust is also a member of the Regional Partnership Board which operates in accordance with a constitution agreed by the four probation Boards in Yorkshire and Humberside. An audit of the governance arrangements was undertaken in 2008 and rated as adequately controlled.

Whilst the risk position is subject to quarterly review by the senior managers and Audit Committee, the overall Risk Management process is subject to annual review and was assessed as well controlled.

The top risks as currently perceived are reflected in the Service's Strategic Business Plan. All members of staff have access to the business plan and middle and senior managers are briefed on its contents at Area Management Meetings, allowing them to comment on risk movement as appropriate.

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement is in place. Letters of assurance are provided by senior managers to attest to the adequacy of the internal controls within their areas of responsibility. The Trust also participates in the Audit Commission sponsored National Fraud Initiative which seeks to tackle a broad range of fraud risks faced by public sector bodies. Controls have been further enhanced to improve information security through the publication of local procedures, policies and codes of practice to ensure compliance with specific Government Secure Intranet connection requirements and to incorporate requirements for the processing of confidential data.

The Board has established the following processes:

- The Board meets eight times a year to consider the plans and strategic direction within the financial parameters made available to it through the National funding formula. The Board also routinely receives financial monitoring reports from the Treasurer.
- The Board receives reports from the Chair of the Audit Committee, concerning both internal control and the risk management position following each Audit Committee. The Chair of the Audit Committee is also a member of the Board.
- Regular reports are received from the NOMS Audit and Corporate Assurance Unit, to standards defined in the Government Internal Audit Manual (which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Board's system of internal control) together with recommendations for improvement. Follow-up action is then undertaken to ensure that recommendations are implemented within agreed timescales. A further control is the regular assurance provided to the Board/Audit Committee that agreed audit recommendations have been implemented, and any delays closely monitored

- Procedures for identifying and reviewing the Trust's annual objectives and associated risks.
- The development of control mechanisms and corporate risk management policy.
- The allocation of risk ownership and monitoring responsibility to senior managers.
- Procedures for ensuring that aspects of risk management and internal control are regularly reviewed and reported on.
- Systems and procedures used to ensure compliance with specific regulations laid down by the National Offender Management Service or other regulatory bodies.
- Details of monitoring procedures for subsidiary bodies.
- Monitoring of progress with current initiatives and compliance with extant external requirements.

My review of the effectiveness of the system of internal control is informed by the work of the NOMS Audit and Corporate Assurance Unit and the executive managers within the service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in the Annual Management Letter and other reports. There have been no significant findings regarding the control mechanisms. A process is in place to address any weakness and ensure continuous improvement of the system.

Steve Hemming
Chief Executive
Humberside Probation Trust
16 June 2009



Independent auditor's report to the Members of the Board of Humberside Probation Trust

Opinion on the financial statements

I have audited the financial statements of Humberside Probation Trust for the year ended 31 March 2009 under the Audit Commission Act 1998. The financial statements comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses 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 as having been audited.

This report is made solely to the Members of the Board of Humberside Probation Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Accountable Officer and auditors

The Accountable Officer's responsibilities for preparing the financial statements in accordance with the Offender Management Act 2007 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions are set out in the Statement of Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Secretary of State under the Offender Management Act 2007. I report whether the financial statements and the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions made by the Secretary of State under the Offender Management Act 2007. I report to you whether, in my opinion, the information which comprises the financial review included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I review whether the Accountable Officer's statement on internal control reflects the Probation Trust's compliance with HM Treasury's Financial Reporting Manual and the National Offender Management Services Finance Manual for 2008/09. I report if it does not meet the requirements specified by HM Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accountable Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Probation Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the unaudited part of the Remuneration Report, the Chief Executive's Highlights and the Operational and Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Probation Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State under the Offender Management Act 2007 of the state of the Probation Trust's affairs as at 31 March 2009 and of its net operating costs, recognised gains and losses and cash flows for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State under the Offender Management Act 2007;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them; and
- information which comprises the financial review included in the Annual Report, is consistent with the financial statements.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Accountable Officer's Responsibilities

The Accountable Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the probation Trust's use of resources, to ensure proper stewardship and governance and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Probation Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for probation Trusts specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Probation Trust has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Probation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for probation trusts specified by the Audit Commission and published in January 2009, I am satisfied that, in all significant respects, Humberside Probation Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Kirkham
District Auditor
23 June 2009

Audit Commission
Kernel House
Killingbeck Drive
Killingbeck
Leeds LS14 6UF

Operating Cost Statement for the year ended 31 March 2009

	Notes	2008-2009		2007-2008 (Restated)	
		£000	£000	£000	£000
Administration Costs:					
Staff costs	2(a)	14,185		13,198	
Other administration costs	4(a)	4,329		3,883	
Income	6(a)	<u>(18,108)</u>		<u>(17,199)</u>	
Net Administration Costs		<u>406</u>		<u>(118)</u>	
Programme Costs:					
Staff costs	5(a)	0		0	
Programme costs	5(b)	0		0	
Income	6(b)	<u>0</u>		<u>0</u>	
		0		0	
Net Operating Costs			<u>406</u>		<u>(118)</u>

All income and expenditure is derived from continuing operations.

Statement of Recognised Gains and Losses for the year ended 31 March 2009

	Notes	2008-2009	2007-2008
		£000	£000
Net gain/(loss) on revaluation of tangible fixed assets	7	2	0
Receipt of donated assets	13(b)	0	0
Actuarial gain/(loss) relating to the pension scheme	3(f)	(7,112)	5,354
Total recognised gains and losses for the financial year		<u>(7,110)</u>	<u>5,354</u>

Balance Sheet as at 31 March 2009

	Notes	31 March 2009		31 March 2008	
		£000	£000	£000	£000
Fixed Assets					
Tangible fixed assets	7		74		148
Debtors falling due after more than one year	8		32		17
Current Assets:					
Debtors	8	228		379	
Cash at bank and in hand	9	1,225		196	
		<u>1,453</u>		<u>575</u>	
Creditors (amounts falling due within one year)	10	<u>(1,749)</u>		<u>(878)</u>	
Net current assets/(liabilities)			<u>(296)</u>		<u>(303)</u>
Total assets less current liabilities			<u>(190)</u>		<u>(138)</u>
Creditors (amounts falling due after more than one year)	10	0		0	
Provisions for liabilities and charges	11	<u>(822)</u>		<u>(807)</u>	
Net assets/(liabilities) excluding pension liability			<u>(1,012)</u>		<u>(945)</u>
Pension Liability	3		(15,487)		(8,366)
Net assets/(liabilities) including pension liability			<u>(16,499)</u>		<u>(9,311)</u>
Taxpayers' equity					
General fund	12		(16,502)		(9,312)
Revaluation reserve	13(a)		3		1
Donated asset reserve	13(b)		0		0
			<u>(16,499)</u>		<u>(9,311)</u>

Steve Hemming (Accountable Officer)
16 June 2009

Caroline Lacey (Treasurer)
16 June 2009

Cash Flow Statement for the year ended 31 March 2009

	Notes	2008-2009	2007-2008
		£000	£000
Net cash outflow from operating activities	14(a)	293	(729)
Capital expenditure and financial investment	14(b)	0	(64)
Financing	14(c)	736	790
Increase / (decrease) in cash in the period		<u>1,029</u>	<u>(3)</u>

Notes to the Accounts

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate and gives a true and fair view has been selected. The Probation Trust accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets

1.2 Going concern

The Balance Sheet at 31 March 2009 shows negative Taxpayers Equity. This reflects the inclusion of liabilities falling due in future years which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet Net Cash Requirement of the Ministry of Justice which funds the Probation Trust. Under Government Resources and Accounts Act 2000, no money may be drawn from the fund by the Ministry of Justice other than required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of the Trust's liabilities is accordingly to be met by future grants of Supply to the Ministry of Justice and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2009-10 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for preparation of these financial statements.

1.3 Tangible Fixed Assets

The minimum level for capitalisation of a tangible fixed asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate. Tangible assets have been stated at current cost using published indices appropriate to the category of asset.

All land and building fixed assets used by Probation Trust are managed and owned centrally by the Ministry of Justice and are recorded on their Balance Sheet. The cost of using those assets is included within Note 4 (a), other administration costs under "accommodation, maintenance & utilities". The charge to the Probation Trust does not represent the full cost incurred by the Ministry of Justice. Recharges are calculated using national rates agreed at the start of the financial year and are based on bed space for Approved Premises and by gross internal area for the Commercial Estate.

1.4 Depreciation

Tangible fixed 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 normally in the following ranges:

Vehicles - 5 to 7 years;

Office Machinery, Fixtures and Fittings and IT Equipment - 3 to 5 years.

1.5 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Operating Cost Statement.

1.6 Stock

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

1.7 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. It comprises of Income from the Sponsoring Department, rent receivables, income from EU sources, income 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.

The Probation Trust can earn interest from various sources but under the Offender Management Act 2007, it is not allowed to retain any interest received from the investment of funds received from the NOMS Agency. This interest is accounted for as Consolidated Funds Extra Receipts (CFERs) that are surrendered through the Ministry of Justice to HM Treasury.

1.8 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income administration or as programme follow the definition of administration costs set out in the FReM by H.M. 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.

1.9 Capital Charge

A charge, reflecting the cost of capital utilised by the Probation Trust is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities except for:

- a) Provisions for Liabilities and Charges, which is charged at 2.2% to reflect the discount rate applied.
- b) Pension Liability, which is charged at 3.2%. However, the discount rate applied to its share of the pension scheme is determined by the appropriate authority.
- c) Tangible fixed assets, where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
 - additions at cost;
 - disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal);
 - impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure).
- d) Donated assets, where the charge is nil.

1.10 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 balance sheet, 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 FRS17 pension liability and other disclosures. Where the actual asset values at 31 March 2009 are materially different to those estimates and the impact on the Probation Trust's share of the asset values are material, a disclosure within the the Local Notes reflecting the extent of the material difference has been made.

The actuarial approach to estimating the asset values at 31 March is unlikely to change in future years and as material differences could continue to appear again, local Trusts should state the difference between the estimated and actual asset values within their Local Notes. In accordance with 'Amendment to FRS17' quoted securities in 2008/09 are required to be valued at their bid price as opposed to their previous mid price. The effect of this change must be captured in the actuarial gains/losses on assets in 2008/09 rather than restating the 2007/08 asset figures.

1.11 Early Departure Costs

The Probation Trust is required to meet the additional costs of benefits beyond the normal pension benefits in respect of employees who retire early. The Probation Trust's policy is to provide in full for this cost when the early retirement programme has been announced and is binding on the Probation Trust. 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. A discount rate of 2.2 per cent is used.

1.12 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Probation Trust, the asset is recorded as a tangible fixed 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 Operating Cost Statement 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 Operating Cost Statement on a straight-line basis over the term of the lease.

1.13 Private Finance Initiative (PFI) Transactions

Where the balance of risks and rewards of ownership of the PFI property is borne by the Probation Trust, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge. PFI schemes will be disclosed as a note to the accounts

1.14 Grants Receivable

Monies received as grants (of any nominal type, classification, or attached conditions) are treated as income.

Financing of Training Consortia

Part of the funding that goes to the Probation Trust is allocated to the 10 Regional Training Consortia. This is for all the costs of the Regional Training Consortia and is split as a percentage for the 9 Lead Areas who co ordinate the Training funds and a percentage to the remaining Probation Areas.

1.15 Provisions

The Probation Trust provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure 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. A discount rate of 2.2 per cent is used.

1.16 Value Added Tax

Most of the activities of the Probation Trust are inside the scope of VAT and, in general, output tax does apply and input tax on purchases is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.17 Comparatives

With effect from the 1st April 2008 the former Probation Board was dissolved and established as a Probation Trust under the Offender Management Act 2007. All assets and liabilities transferred from the Board to the Trust at that date. In applying FRS6 for the public sector, the transfer of functions from the responsibility of one part of the public sector to another will be accounted for using merger accounting as applicable to Machinery of Government (MoG) changes.

2 Staff numbers and related costs

2(a) Total staff costs comprise:

	2008-2009			2007-2008
	£000	£000	£000	£000
	Total	Permanently Employed staff	Others	Total
Wages and salaries	12,624	12,601	23	11,823
Social security costs	953	953	0	893
Other pension costs	2,085	2,085	0	2,070
Sub Total	15,662	15,639	23	14,786
Less recoveries in respect of outward secondments	(1,477)	(1,477)	0	(1,588)
Total net admin costs	14,185	14,162	23	13,198
Net Programme Costs	0	0	0	0
Total Staff Costs	14,185	14,162	23	13,198

There were no early retirements on ill health grounds (2007/08 nil).

2(b) Average number of persons employed

	2008-2009			2007-2008
	Total	Permanently Employed staff	Others	Total
	416	415	1	393
	416	415	1	393

3 Pension costs

The provisions of the Local Government Pension Scheme (LGPS) cover present and past employees, which is statutory and fully funded. The Trust participates in the Local Government Pension Scheme, administered by East Riding of Yorkshire Council.

3(a) A full actuarial valuation was carried out at 31 March 2007 by Hymans Robertson. For 2008-09, employers' contributions of £2,492,000 were payable to the LGPS (2007-08 £2,509,000) at the rate of 22.6%. The scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates were revised for 2008-09 and remain unchanged until 2010-11. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under FRS17

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

- Employer's contributions for 2008-09 were 22.6% of salaries; and,
- Employer's contributions for 2009-10 will be 22.6% of salaries; and
- Employer's contributions for 2010-11 will be 22.6% of salaries.

3(b) The major assumptions used by the actuary were:

	30 March 2009	31 March 2008
Inflation assumption	3.1%	3.6%
Rate of increase in salaries	4.6%	5.1%
Rate of increase for pensions in payment and deferred pensions	3.1%	3.6%
Discount rate	6.9%	6.9%

Mortality Assumptions

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions the average future life expectancies at age 65 are - Current Pensioners: Males 21.5 years, Females 24.4 years; Future Pensioners: Males 22.6 years, Females 25.5 years.

3(c) The assets in the scheme and the expected rate of return were:

	Expected long-term rate of return at 31 March 2009	Value at 31 March 2009	Expected long-term rate of return at 31 March 2008	Value at 31 March 2008
	%	£000	%	£000
Equities	7.0%	21,797	7.7%	28,262
Government Bonds	4.2%	1,443	4.5%	1,755
Other Bonds	6.7%	1,916	6.9%	1,424
Property	4.9%	1,553	5.7%	2,105
Other	4.0%	1,756	4.8%	1,740
Total		28,465		35,286
(Present value of scheme liabilities)		(43,952)		(43,652)
Deficit of the scheme		(15,487)		(8,366)
Net Pension Liability		(15,487)		(8,366)

3(d) Pension Cost

	2008-2009	2007-2008
	£000	£000
Current service cost	1,497	2,048
Past service cost	588	22
Total operating charge	2,085	2,070

3(e) Analysis of amount credited to other finance income or debited to other finance charge

	2008-2009	2007-2008
	£000	£000
Expected return on pension scheme assets	(2,651)	(2,898)
Interest on pension scheme liabilities	3,067	2,896
Net return	416	(2)

3(f) Changes to the present value of liabilities during the year

	2008-2009	2007-2008
	£000	£000
Opening present value of liabilities	43,652	52,969
Current service cost	1,497	2,048
Interest cost	3,067	2,896
Contributions by Members	728	647
Actuarial (gains)/losses on liabilities *	(4,393)	(13,561)
Benefits paid	(1,187)	(1,369)
Past service costs	588	22
Curtailments/Settlements	0	0
Closing present value of liabilities	43,952	43,652

* Includes changes to actuarial assumptions

3(g) Changes to the fair value of assets during the year

	2008-2009	2007-2008
	£000	£000
Opening fair value of assets	35,286	38,808
Expected return on assets	2,651	2,898
Actuarial gains/(losses) on assets	(11,505)	(8,207)
Contributions by the Employer	2,492	2,509
Contributions by Members	728	647
Benefits paid	(1,187)	(1,369)
Net increase from disposals and acquisitions	0	0
Settlements	0	0
Closing fair value of assets	28,465	35,286

3(h) Actual return on assets

	2008-2009	2007-2008
	£000	£000
Expected return on assets	2,651	2,898
Actuarial gains/(losses) on assets	(11,505)	(8,207)
Actual return on assets	(8,854)	(5,309)

3(i) Analysis of amount recognised in SGRL

	2008-2009	2007-2008
	£000	£000
Total actuarial gains/(losses)	(7,112)	5,354
Cumulative actuarial gains/(losses)	(4,848)	2,264

3(j) History of asset values, present values of liabilities, surplus/deficit and experience gains and losses

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Fair value of assets	28,465	35,286	38,808	34,020	25,494
Present value of liabilities	43,952	43,652	52,969	42,990	34,809
Surplus / (Deficit)	(15,487)	(8,366)	(14,161)	(8,970)	(9,315)
Experience gains / (losses) on scheme assets:	(11,559)	(8,098)	285	4,860	1,127
Experience gains / (losses) on scheme liabilities:	0	5,368	1,055	(126)	(1,474)

4(a) Other Administration Costs

	2008-2009		2007-2008 (Restated)	
	£000	£000	£000	£000
Rentals under operating leases	55		60	
Interest charges	0		0	
Finance charges/(income) - pension costs	416		(2)	
Accommodation, maintenance and utilities	1,444		1,451	
Travel, subsistence and hospitality	519		556	
Professional services	229		255	
IT services	349		344	
Communications, office supplies and services	391		362	
Other staff related	223		165	
Offender Costs	852		782	
Other expenditure	78		73	
Auditors' remuneration and expenses	29		27	
		4,585		4,073
Non-cash items				
Depreciation	76		49	
Impairment of fixed assets	0		0	
Profit on disposal of fixed assets	0		0	
Loss on disposal of fixed assets	0		0	
Cost of capital charges	(407)		(307)	
Early retirement provision provided for in year	75		68	
Other provisions provided for in year	0		0	
		(256)		(190)
Total		4,329		3,883

(Restated due to reclassification of expenditure categories)

5 Programme Costs

5(a) Staff Costs

	2008-2009			2007-2008 (Restated)
	Total	£000	£000	£000
		Permanently Employed staff		Total
			Others	
Wages and salaries	0	0	0	0
Social security costs	0	0	0	0
Other pension costs	0	0	0	0
Sub Total	0	0	0	0
Less recoveries in respect of outward secondments	0	0	0	0
Net programme staff costs	0	0	0	0

5(b) Other Programme Costs

	2008-2009	2007-2008
	£000	£000
Current expenditure	0	0
Total Programme Costs	0	0

(Restated due to restatement of programme expenditure)

6 Income

6(a) Administration Income

	2008-2009		2007-2008 (Restated)	
	£000	£000	£000	£000
Income receivable from the Sponsoring Department	17,314		16,113	
Rent receivable from minor occupiers of Probation Estate property:				
From within the departmental boundary	0		0	
From other government bodies	0		0	
From external tenants	0		0	
		17,314		16,113
EU funding: direct contributions to Board activities		0		0
Income receivable: from other government bodies		597		813
Miscellaneous Income		193		270
		18,104		17,196
Operating Income to be Surrendered				
Interest received:				
From bank	0		0	
From car loans	4		3	
From other sources	0		0	
Total operating income to be surrendered		4		3
Total Administration Income		18,108		17,199

6(b) Programme Income

EU funding	0	0
Other programme income	0	0
Total Programme Income	0	0
Total Operating Income	18,108	17,199

(Restated due to MoG changes and reclassification of income)

7 Tangible Fixed Assets

	2008-2009				
	Information Technology	Plant & Equipment	Furniture and Fittings	Vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2008 - Transferred from the Probation Board	0	77	215	47	339
Additions	0	0	0	0	0
Donations	0	0	0	0	0
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	3	(9)	3	(3)
Impairment	0	0	0	0	0
At 31 March 2009	0	80	206	50	336
Depreciation					
At 1 April 2008 - Transferred from the Probation Board	0	20	161	10	191
Charged in year	0	16	48	12	76
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	1	(7)	1	(5)
Impairment	0	0	0	0	0
At 31 March 2009	0	37	202	23	262
Net Book Value at 31 March 2009	0	43	4	27	74
Net Book Value at 31 March 2008	0	57	54	37	148
Asset Financing:					
Owned	0	43	4	27	74
Finance Lease	0	0	0	0	0
Net Book Value at 31 March 2009	0	43	4	27	74
Revaluation analysis					
Net change to Revaluation (excluding Impairment)	0	2	(2)	2	2
Impairment	0	0	0	0	0
Statement of Recognised Gains and Losses	0	2	(2)	2	2

Notes:

There are no donated assets.

	2007-2008				
	Information Technology	Plant & Equipment	Furniture and Fittings	Vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2007	0	61	21	0	82
Additions	0	17	0	47	64
Donations	0	0	0	0	0
Net Transfers In/Out	0	0	193	0	193
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	(1)	1	0	0
Impairment	0	0	0	0	0
At 31 March 2008	<u>0</u>	<u>77</u>	<u>215</u>	<u>47</u>	<u>339</u>
Depreciation					
At 1 April 2007	0	8	17	0	25
Charged in year	0	12	27	10	49
Net Transfers In/Out	0	0	117	0	117
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	0	0	0	0
Impairment	0	0	0	0	0
At 31 March 2008	<u>0</u>	<u>20</u>	<u>161</u>	<u>10</u>	<u>191</u>
Net Book Value at 31 March 2008	<u>0</u>	<u>57</u>	<u>54</u>	<u>37</u>	<u>148</u>
Net Book Value at 31 March 2007	<u>0</u>	<u>53</u>	<u>4</u>	<u>0</u>	<u>57</u>
Asset Financing:					
Owned	0	57	54	37	148
Finance Lease	0	0	0	0	0
Net Book Value at 31 March 2008	<u>0</u>	<u>57</u>	<u>54</u>	<u>37</u>	<u>148</u>
Revaluation analysis					
Net change to Revaluation (excluding Impairment)	0	(1)	1	0	0
Impairment	0	0	0	0	0
Statement of Recognised Gains and Losses	<u>0</u>	<u>(1)</u>	<u>1</u>	<u>0</u>	<u>0</u>

Notes:

There are no donated assets.

8 Debtors

8(a) Analysis by type

	31 March 2009	31 March 2008 (Restated)
	£000	£000
Amounts falling due within one year:		
Trade debtors	64	30
VAT	0	23
Deposits and advances	16	15
Debtors due from Probation Boards (including Training Consortia)	5	13
Debtors due from other Probation Trusts	0	0
Debtors due from NOMS Agency	101	13
Debtors due from the Ministry of Justice - HQ	0	233
Debtors due from HM Court Service (HMCS)	0	0
Debtors due from Tribunal Service (TS)	0	0
Debtors due from the Office of Public Guardianship (OPG)	0	0
Other debtors	0	0
Prepayments and accrued income	42	52
	228	379
 Amounts falling due after more than one year:		
Trade debtors	0	0
Staff debtors	32	17
Other debtors	0	0
Prepayments and accrued Income	0	0
	32	17
Total Debtors at 31 March 2009	260	396

8(b) Intra-Government Balances

	Amounts falling due within one Year		Amounts falling due after more than one Year	
	31st March 2009	31st March 2008	31st March 2009	31st March 2008
	£000	£000	£000	£000
Balances with other central government bodies (inc parent dept)	112	283	0	0
Balances with local authorities	17	6	0	0
Balances with NHS Trusts	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
Subtotal: intra-government balances	<u>129</u>	<u>289</u>	<u>0</u>	<u>0</u>
Balances with bodies external to government	<u>99</u>	<u>90</u>	<u>32</u>	<u>17</u>
Total Debtors at 31 March 2009	<u>228</u>	<u>379</u>	<u>32</u>	<u>17</u>

9 Cash at Bank and in hand

	31 March 2009	31 March 2008
	£000	£000
At 1 April 2008 - Transferred from the Probation Board	196	199
Net change in cash balances	1,029	(3)
Balance at 31 March	<u>1,225</u>	<u>196</u>
The following balances at 31 March are held at:		
Office of HM Paymaster General	0	0
Commercial banks and cash in hand	1,225	196
Balance at 31 March 2009	<u>1,225</u>	<u>196</u>

10 Creditors

10(a) Analysis by type

Amounts falling due within one year:

VAT	657	0
Other taxation and social security	308	295
Trade creditors	9	34
Other creditors	5	4
Accruals and deferred income	331	239
Staff creditors	74	48
Bank overdraft	0	0
Creditors due to Probation Boards (including Training Consortia)	1	0
Creditors due to other Probation Trusts	0	0
Creditors due to NOMS Agency	86	0
Creditors due to the Ministry of Justice- HQ	0	0
Creditors due to HM Court Service (HMCS)	0	0
Creditors due to Tribunal Service (TS)	0	0
Creditors due to Office of Public Guardianship (OPG)	0	0
Unpaid pension contributions due to the pension scheme	274	255
Long Term Liabilities due within one year	0	0
Operating Income to be surrendered (Interest received)	4	3
Fixed asset accruals	0	0
	<u>1,749</u>	<u>878</u>

	31 March 2009	31 March 2008 (Restated)
	£000	£000
VAT	657	0
Other taxation and social security	308	295
Trade creditors	9	34
Other creditors	5	4
Accruals and deferred income	331	239
Staff creditors	74	48
Bank overdraft	0	0
Creditors due to Probation Boards (including Training Consortia)	1	0
Creditors due to other Probation Trusts	0	0
Creditors due to NOMS Agency	86	0
Creditors due to the Ministry of Justice- HQ	0	0
Creditors due to HM Court Service (HMCS)	0	0
Creditors due to Tribunal Service (TS)	0	0
Creditors due to Office of Public Guardianship (OPG)	0	0
Unpaid pension contributions due to the pension scheme	274	255
Long Term Liabilities due within one year	0	0
Operating Income to be surrendered (Interest received)	4	3
Fixed asset accruals	0	0
	<u>1,749</u>	<u>878</u>

Amounts falling due after more than one year:

Staff creditors	0	0
Other creditors	0	0
	<u>0</u>	<u>0</u>

Staff creditors	0	0
Other creditors	0	0
	<u>0</u>	<u>0</u>
Total Creditors at 31 March 2009	<u>1,749</u>	<u>878</u>

10(b) Intra-Government Balances

Balances with other central government bodies (inc parent dept)	87	0	0	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
Subtotal: intra-government balances	<u>87</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balances with bodies external to government	<u>1,662</u>	<u>878</u>	<u>0</u>	<u>0</u>

Total Creditors at 31 March 2009

	Amounts falling due within one Year		Amounts falling due after more than one Year	
	31st March 2009	31st March 2008	31st March 2009	31st March 2008
	£000	£000	£000	£000
Balances with other central government bodies (inc parent dept)	87	0	0	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
Subtotal: intra-government balances	<u>87</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balances with bodies external to government	<u>1,662</u>	<u>878</u>	<u>0</u>	<u>0</u>
Total Creditors at 31 March 2009	<u>1,749</u>	<u>878</u>	<u>0</u>	<u>0</u>

11 Provisions for Liabilities and Charges

	31 March 2009		
	Early Retirement and Pension Commitments Added Years	Other Provisions	Total
	£000	£000	£000
Balance at 1 April 2008 - Transferred from the Probation Board	807	0	807
Provided in the year	75	0	75
Provisions not required written back	0	0	0
Provisions utilised in the year	(60)	0	(60)
Balance at 31 March 2009	822	0	822

	31 March 2008		
	Early Retirement and Pension Commitments Added Years	Other Provisions	Total
	£000	£000	£000
Balance at 1 April 2007	796	0	796
Provided in the year	68	0	68
Provisions not required written back	0	0	0
Provisions utilised in the year	(57)	0	(57)
Balance at 31 March 2008	807	0	807

Early Retirement and Pension Commitments

The Probation Trust meets the additional costs of benefits beyond the normal Local Government Pension Scheme (LGPS) benefits in respect of employees who retire early by paying the required amounts annually to the LGPS over the period between early departure and normal retirement date. The Probation Trust provides for this in full when the early retirement programme becomes binding on the Trust by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms.

Other

There are no further provisions

12 General Fund

	2008-2009	2007-2008
	£000	£000
Balance at 1 April - Transferred from the Probation Board	(9,312)	(15,346)
Financing activities:		
Financing	(50)	65
Training Consortia financing received from NOMS in the capacity as Lead Area	0	0
Training Consortia financing from NOMS received by the Area	731	701
Training Consortia financing received from the Areas within their consortia	0	0
Training Consortia financing transferred from the Lead Area to the Areas within their consortia	0	0
Training Consortia financing received from their Lead Area	58	30
Training Consortia financing transferred to their Lead Area	0	0
Training Consortia financing received by the Area from another non-lead Area	0	0
Training Consortia financing transferred from the Area to another non-lead Area	0	0
Net transfers from Operating Activities:		
Net operating cost for the year	(406)	118
Operating income to be surrendered (Interest received)	(4)	(3)
Non-Cash Charges:		
Cost of capital charge	(407)	(307)
Net asset transfers in/(out)	0	76
Transferred from revaluation reserve	0	0
Actuarial gains and losses (SRGL)	(7,112)	5,354
Balance at 31 March 2009	<u>(16,502)</u>	<u>(9,312)</u>

13 Reserves

13(a) Revaluation Reserve

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2008-2009	2007-2008
	£000	£000
Balance at 1 April - transferred from the Probation Board	1	1
Arising on revaluations during the year (net)	2	0
Transfer to General Fund	0	0
Balance at 31 March 2009	3	1

13(b) Donated Asset Reserve

	2008-2009	2007-2008
	£000	£000
Balance at 1 April - transferred from the Probation Board	0	0
Additions during the year	0	0
Revaluations	0	0
Release to the Operating Cost statement	0	0
Balance at 31 March 2009	0	0

There are no donated assets.

14 Notes to the Cash Flow Statement

14(a) Reconciliation of operating cost to operating cash flows

	2008-2009	2007-2008
	£000	£000
Net operating cost	(406)	118
Adjustments for non-cash transactions	(256)	(190)
(Increase)/Decrease in Debtors	102	(66)
Increase/(Decrease) in Creditors	905	(96)
less movements in creditors relating to items not passing through the OCS	(1)	3
Adjustments for pension funding	9	(441)
Use of provisions	(60)	(57)
Net cash outflow from operating activities	293	(729)

14(b) Analysis of capital expenditure and financial investment

	2008-2009	2007-2008
	£000	£000
Tangible fixed assets additions	0	(64)
Plus Opening Balance for Fixed Asset Accruals	0	0
Minus Closing Balance for Fixed Asset Accruals	0	0
Minus Proceeds of Disposal of Fixed Assets	0	0
Net cash outflow from investing activities	0	(64)

14(c) Analysis of financing

	2008-2009	2007-2008
	£000	£000
Net NOMS Financing received in year (excluding Training Consortia)	(50)	65
Training Consortia financing received by the Lead Area from NOMS	0	0
Training Consortia financing received by the non-lead Area from NOMS	731	701
Training Consortia financing received from the areas within their consortia	0	0
Training Consortia financing transferred from the Lead Area to the areas within their consortia	0	0
Training Consortia financing received from their Lead Area	58	30
Training Consortia financing transferred to their Lead Area	0	0
Training Consortia financing received by the Area from another non-lead area	0	0
Training Consortia financing transferred from the Area to another non-lead area	0	0
Consolidated Fund Extra Receipts received in prior year surrendered (Interest Received)	(3)	(6)
Net financing	736	790

15 Capital Commitments

	31 March 2009	31 March 2008
	£000	£000
Capital commitments at 31 March for which no provision has been made		
Committed	0	0
Authorised but not contracted	0	0
Total	0	0

16 Commitments Under Leases

Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in the which the lease expires.

Obligations under operating leases comprise:

Other:

Expiry within 1 year

Expiry after 1 year but not more than 5 years

Expiry thereafter

Total

	2008-2009	2007-2008
	£000	£000
Expiry within 1 year	0	0
Expiry after 1 year but not more than 5 years	55	45
Expiry thereafter	0	0
Total	55	45

17 Other financial commitments

The Board does not have any other financial commitments.

Expiry within 1 year

Expiry within 2 to 5 years

Expiry thereafter

Total

	2008-2009	2007-2008
	£000	£000
Expiry within 1 year	0	0
Expiry within 2 to 5 years	0	0
Expiry thereafter	0	0
Total	0	0

18 Financial Instruments

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

19 Contingent Liabilities

There were no contingent liabilities.

20 Contingent Liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

The Board has no other contingent liabilities that do not have to be disclosed under FRS12 but should be included for parliamentary reporting and accountability purposes.

	1 April 2008	Increase in Year	Liabilities crystallised in year	Obligation expired in year	31 March 2009	Amount to be reported to Parliament by Departmental Minute
	£000	£000	£000	£000	£000	
Guarantees						
Indemnities						
Letter of comfort						

21 Losses and Special Payments

	2008-2009		2007-2008	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
Losses Statement				
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
Stores losses	0	0	0	0
Special payments	4	64	2	27
Total	4	64	2	27
Details of cases over £100,000				
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
Stores losses	0	0	0	0
Special payments	0	0	0	0
Total	0	0	0	0

22 Related party transactions

The Ministry of Justice is regarded as a related party. During the year, the Probation Trust had various material transactions with the Ministry of Justice. Additionally, the Probation Trust had transactions with other probation areas, other government bodies and third party organisations.

The Trust contracts with East Riding of Yorkshire Council for the provision of finance services, including general ledger, payroll and creditor together with general and specific financial advice. Steve Button, Treasurer to the Trust, was Head of Finance (chief finance officer) to East Riding of Yorkshire Council until 31 March 2009. During the year payments totalling £56,180 were made under the contract. Following her appointment as Head of Finance to East Riding of Yorkshire Council, Caroline Lacey became Treasurer to the Trust on 1 April 2009. No other Member of the Trust Board, member of key management staff, nor their close relations or members of the same household have undertaken any material transactions with the Probation Trust.

23 Third-party assets

The Trust administers a trust fund, the Hull and East Riding Charitable Trust, whose purpose is to encourage offenders not to reoffend. These are not Trust assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit. They are set out in the table immediately to the right.

Balance at 1 April - Transferred from the Probation Board

Funds paid in during the year

Funds paid out during the year

Balance at 31 March 2009

	31 March 2009	31 March 2008
	£000	£000
Balance at 1 April - Transferred from the Probation Board	0	0
Funds paid in during the year	7	6
Funds paid out during the year	(7)	(6)
Balance at 31 March 2009	0	0

24 Post Balance Sheet events

Funding projections for the four years commencing 1st April 2009 will present significant challenges for the Trust and detailed strategies are being developed to enable workloads to be managed within anticipated available resources.

In order to manage the financial situation a voluntary programme of staff reductions has commenced with a reduction of up to 58 posts being made in 2009/10. At the same time the Service is being restructured based on Local Delivery Units to further enhance and support the growing expectations and opportunities within local authority based partnerships. The cost of the voluntary programme is estimated at £900,000 and any further deficits will be managed through a series of cost saving measures outlined in the Financial Strategy.

An application to continue as a Probation Trust has been completed and submitted to the Ministry of Justice. The outcome is expected to be known during June 2009.

Local notes to the accounts

1 Restatement of 2007/08 Comparatives

As detailed in Note 1.17, Humberside was incorporated as a Trust on 1 April 2008. This change, together with the transfer to Ministry of Justice (from Home Office) means that certain disclosures and accounting transactions have been treated differently. Whilst there is no overall effect on the published financial position for 2007/08 there is a significant restatement of Net Operating Cost resulting from the changed treatment of core financing from Government. In 2007/08 core financing was credited directly to the General Fund; from 2008/09 the same financing is treated as income and credited to Net Operating Cost: the result is a restatement of £16.118m to ensure consistency between years. The following core Statements have been restated -

Operating Cost Statement, including
Note 4 - Other Administration Costs
Note 6 - Income

Balance Sheet, including
Note 8 - Debtors
Note 10 - Creditors
Note 12 - General Fund

Cash Flow Statement
Note 14 - Notes to the Cash Flow Statement

2 FRS17 Valuation of Pension Fund Assets

The asset valuation disclosed in Note 3(c) is calculated by the actuary and is based on actual performance to the end of December 2008 adjusted for market index returns. In calculating year end assets the actuary has assumed an investment return of -24.2%. Based on a review of more recent information this may overstate the liability by 1.7%.

ACCOUNTS OF LOCAL PROBATION BOARDS 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 listed in the attached Appendix 1.
2. 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 net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - To 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.
3. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2009 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. In addition Trusts are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the Trust is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
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. Any material departure from either the FReM or the NPS Finance manual should be discussed in the first instance with the NOMS Agency finance team.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.

Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice

3 June 2009

Appendix 1

6 Probation Trusts:

Dyfed Powys

Humberside

Leicestershire & Rutland

Merseyside

South Wales

West Mercia

Appendix 2

APPLICATION OF THE GOVERNMENT FINANCIAL REPORTING MANUAL (FReM) ISSUED BY HM TREASURY TO THE ACCOUNTS OF LOCAL PROBATION TRUSTS

The Ministry of Justice has issued advice on the preparation of local probation Trust accounts in a National Probation Service Finance Manual. This provides specific guidance on the application of the principles and disclosure requirements of the FReM to the circumstances of local probation Trusts, including the following agreed interpretations:

1. There is no requirement to prepare a Statement of Parliamentary Supply or a Statement of Net Operating Costs by Departmental Aims and Objectives.
2. Monies received as part of the grant schedule funding, which is separate from the main grant-in-aid funding, should be treated as financing and not as income.
3. The salary and pension entitlements of key managers should be appropriately disclosed.
4. Items may be added to or deleted from the above list only with the agreement of HM Treasury.