



**Thames Valley Probation**

# **ANNUAL REPORT**

2010-11

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# Introduction

## Thames Valley Probation

This annual report covers the first full year since Thames Valley Probation (TVP) was awarded Trust status on April 1, 2010.

TVP has six strategic aims, with actions to be completed by 2013, and this year's report shows the steps we have already taken to ensure these aims are met. The six strategic aims are:

1. To perform to a high standard to protect the public and reduce re-offending
2. To maximise the benefits of working in partnership
3. To use processes, liaison and systems effectively
4. To deliver value for money as a provider of choice
5. To provide high quality support services
6. To develop a confident, skilled enthusiastic and diverse workforce.

TVP staff work to protect the public, reduce re-offending and to provide a more effective, transparent and responsive service for victims. Everything we do is centred on our key mission statement – **less re-offending, fewer victims** – and all work is geared to achieving this.

In the past year we have undergone a stringent Offender Management Inspection and passed with flying colours. This didn't just 'happen'. It was the result of continued, dedicated and strategically-led work to improve the services we offer and the results we achieve.

TVP has a well-deserved reputation for positive and sustained relationships with local prison governors; local police and other criminal justice partners; local judges and magistrates and local elected representatives. In addition, TVP's national profile has been enhanced by features on BBC Radio 4's flagship morning programme, The Today Programme, on BBC Radio 5 Live and in The Guardian. This is in addition to the many local news stories and radio programmes, which have featured the work we do and the dedicated staff who help people turn their lives around and reduce re-offending.

It is TVP's staff who deliver the improvements and credit must go to them for the substantial progress made. Recognition of this came nationally during 2010, with our pioneering Restorative Justice work winning the Adult Community Sentence Award section of the Howard League for Penal Reform's Community Programmes Awards 2010. In addition, one of our Senior Probation Officers was singled out for the partnership category in the national probation staff awards 2010 for her work in establishing the women's community project, Alana House in Reading, Berkshire and was presented with her award by Crispin Blunt MP, Parliamentary Under Secretary of State for Prisons and Probation.

While TVP is proud to have made improvements, we are not complacent and aim to build further upon our good performance. In March 2010, TVP launched an Offender Engagement programme, with an emphasis on Desistance (the reasons why people stop committing crime) to look at ways to further reduce re-offending.

Results speak volumes, however, and in 2010-11 we exceeded our targets in 27 of the 31 performance indicators (87%) across customer, people and key performance results and narrowly missed most of the remaining targets.

TVP covers a wide area, including large urban and rural populations. Over the past year, we have truly embedded our model of five Local Delivery Units, based in Oxfordshire, Buckinghamshire, Milton Keynes, Berkshire West and Berkshire East.

The benefits of these locally-delivered services not only allow us to participate in the Big Society ethos – with local relationships developing between private, public, voluntary and charitable sectors – and give local services to local people but allow us to draw on our central services for Thames Valley, which saves money and improves efficiency. It also integrates offender management with other criminal justice agencies – most notably Thames Valley Police – and makes us locally accountable.

Within a reduced financial settlement both for the 2010-11 financial year and for the future, we have worked hard to redesign some of our services without compromising quality or our continued success in reducing re-offending.

We have achieved this by streamlining our offending behaviour programmes, concentrating on those that deliver public protection. We took the bold decision to remove all offending behaviour programmes, bar those for sex offenders, domestic violence perpetrators and a general thinking skills programme. Instead, we have introduced a growing range (nine and counting) of Specified Activity Requirements.

These Specified Activity Requirements are delivered locally and are targeted at those who commit the most prolific crimes. We offer everything from education, training and employment to specialist activities for those whose offending is related to financial instability, violent binge drinking, or even poor choices in relationships and a lack of self-esteem. Others concentrate on restorative justice, being a better citizen and getting back on track when struggling to complete a community sentence.

This remodelling has improved the choice and availability of locally-based activities designed to reduce re-offending across Thames Valley.

In addition, we have – alongside many other public sector organisations – had to reduce our staffing levels. They have gone down from 620 FTE (Full Time Equivalent) in April 2010 to 580 FTE in March 2011. The reduction in staff has been achieved through natural turnover, voluntary redundancy and a very small number of compulsory redundancies. TVP hopes it can continue to operate within a reduced financial settlement over the coming years by similar staff reductions, without the need for large numbers of compulsory redundancies.

The public and all other stakeholders need to be confident about TVP's ability to produce better outcomes for victims and offenders that make communities feel more confident in the criminal justice system – and to be safer. We are confident that the measures we have taken over the past year will do just that.

*This Annual Report is structured according to the European Excellence Model (EEM) and will cover (a) the enablers that were put in place to ensure that Thames Valley Probation (TVP) is an organisation which is fit for purpose with a strong performance culture and (b) the results that were obtained in the reporting year.*

# Management Commentary

## Part 1: Operational and Performance Review

### **A. Enablers**

The EEM enablers that will be referred to in the section below are Leadership, Policy and Strategy, People Management, Partnerships and Resources and Processes.

#### **Leadership**

The Offender Management Inspection recognised strong leadership in TVP, with mission, vision and values understood within the organisation. Other indications of leadership, which were assessed through our annual EFQM (European Foundation for Quality Management) self assessment, using the European Excellence Model (EEM), in October 2010 showed:

- Success has not been achieved at the cost of quality
- Business improvement is showing real results
- Increased delegation to local LDUs has improved performance and accountability at a local level
- Performance monitoring and management using the new performance review group has been used effectively to improve performance
- Partnership working is more 'joined up'
- Communication of strategic objectives has improved, as has two-way communication between senior managers and all other staff.

The Corporate Director of Operations devised an improvement plan as a result of the 2010 inspection. This plan fed into the strategic and business plans and provided additional impetus for improvements in performance.

#### **Policy and Strategy**

TVP's three year strategy and annual business plans are available on the website ([www.thamesvalleyprobation.gov.uk](http://www.thamesvalleyprobation.gov.uk)).

The strategy clearly sets out where TVP was and where it wanted to be in three years' time, emphasising the importance of an effective organisational culture, which promotes best practice and reduces re-offending in the Thames Valley and takes account of the needs of TVP's key stakeholders.

To deliver the aims within the strategic and business plans, the corporate management team has clear roles and responsibilities that tie in with the strategic priorities of the organisation and the deployment of policies to achieve this. In addition, the Board and corporate directors have workshops every two months to examine and develop policy on priority issues.

TVP has developed and implemented a business development strategy with models, processes and information that ensures provision of productive services that work effectively in partnership with all sectors.

It is our aim to implement best value for operational and support services, ensuring effective service delivery and best use of public money.

TVP regularly engages with key stakeholders such as sentencers and other partners. There is also a range of mechanisms for engaging offenders, such as a victims and an offenders' survey.

TVP routinely uses and reviews performance data at all levels, and alongside this, other learning activities take place, such as audits, surveys and professional discussions within development groups.

### **People Management (to include Health & Safety Legislation)**

Through its EEM self-assessment, TVP has shown a steady improvement in the total score generated by the model. The final score for 2010 was 558/1000 (equating to 5\* recognition) compared to 379 in 2007, 447 in 2008 and 468 in 2009.

TVP has in place a range of Human Resource policies and processes, which support the business plan and are available on the TVP intranet, which was overhauled in 2010 to give better, clearer and more up-to-date guidance to staff. The single equality scheme was revised in September 2010 and both this and a 12-page summary version are available on both the website and intranet.

Training needs are developed from the business plan and individual needs are identified through the appraisal process. The appraisal process was changed to make objectives and priorities clearer, to reduce bureaucracy and to draw out staff's training needs and personal improvements.

Much work went on during 2010 to revise the organisation's vision and values. All staff, through briefings and team meetings, were asked to contribute to a review of our values and the way we operate. The results were collated and have been formatted into a booklet. Called '*Our Organisation, Our Values, Our Behaviour*' it will be distributed to all existing and new staff in 2011.

### **Partnerships and Resources**

TVP has a Stakeholder Engagement Plan and a Partnership Strategy, which identify the primary partners and the relationship management of them.

Each Local Delivery Unit (LDU) has been allocated partnership money and has one Partnership Manager. This flexibility allows each LDU Director to respond to the needs in their particular local area. There is also extensive partnership work within the various interventions, where the management of these partnerships is devolved to the lowest possible level.

Data collection and performance monitoring and management are all devolved to the LDU level. This makes LDU directors able to provide data for the highlighting of offender needs to be addressed locally, enabling them to play their full part in the prioritisation of offender need within the national indicators.

In 2010-11 the range of partnership activity in which TVP was engaged fell into three broad categories, as follows:

- *Public protection activity*, for example, multi-agency public protection arrangements (MAPPA), domestic abuse multi-agency risk assessment conferences (MARAC), secondment of staff to HM

Prison Service (HMPS), support to youth offending teams or services (YOT/YOS), and contracted approved premises services.

- *Reoffending reduction activity*, for example, integrated offender management of prolific and other priority offenders (PPO) by Community Safety Partnerships (CSPs), treatment of offenders misusing drugs and alcohol, access to community based offender treatment, education, training and employment (ETE), welfare, accommodation and health services.
- *Community confidence activity*, for example, neighbourhood level delivery of offender punishment and reparation through community payback including local authority service level agreements.

Budgets are monitored on a monthly basis by the corporate management team, LDU directors, other budget managers and the finance team following the production of the monthly management accounts. The Corporate Director of Finance provides an update to the Board at each of its meetings and, at least quarterly, each budget manager meets with a finance officer to undertake a budget and forecast review. For the last three years, TVP has operated within budget and has been effective in its planning of spend and activity.

## **Processes**

TVP designs processes and ways of working to implement either national or local policy and in order to help it achieve defined standards and targets. Processes are in place for both operational and support services, and in some instances, TVP has involved customers and stakeholders in process design in order to better meet their needs e.g. with HM Court Services (now HM Courts and Tribunals Service).

Operationally, a process mapping system, How2, was introduced on March 1, 2010, How2 is an electronic intelligent operations manual, which outlines all steps staff need to follow for every process to do with offender management. The system has been well received by staff and interim evaluation has shown it is well used, improving efficiencies of time, activity and quality of work. Improved staff confidence in the quality and relevance of information stored on How2 has contributed to overall effectiveness.

The Thames Valley Quality Improvement Performance System (TV QuIPS) was first introduced during 2007-8, and this has continued to be developed, with auditing and reviews improved during 2010-11. The system allows the monitoring of the accuracy and quality of risk assessment to provide managers with more 'current' performance information. It incorporates other measures to support performance against the OMI (Offender Management Inspection) action plan and national probation targets.

Revamped arrangements in relation to diversity, in the form of a high level Diversity Monitoring Group and an operational Diversity In Service Delivery Group, have provided the basis for a more responsive and inclusive service delivery model that dovetails with the IOM (Integrated Offender Management) development.

## **B. Results**

### **Customer Results**

<b>Performance Indicator</b>	<b>Description</b>	<b>2010/11 Result</b>	<b>2010/11 Target</b>
<b>IPPF1 NS Public Protection</b>	The proportion of National Standards that are being complied with, in relation to public protection.	96.5%	90%
<b>IPPF3 NS Offender</b>	The proportion of National Standards that are being complied with, in relation to offender management.	94.1%	90%

<b>Management</b>			
<b>IPPF2 NS Interventions</b>	The proportion of National Standards that are being complied with, in relation to interventions.	85.0%	90%
<b>IPPF 13 Approved Premises Audit</b>	The average audit score of all Approved Premises within TVP.	30.0%	Possible Maximum: 30
<b>OM7 Victim contact</b>	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.	99.6%	90%
<b>INT 9 Employment at termination</b>	The percentage of offenders in employment at termination of their order or licence to be at least 40%.	52.5%	43%
<b>INT 8 Sustained employment</b>	The number of offenders who find and sustain employment.	107.7%	100%
<b>OM17 Accommodation at termination</b>	The percentage of offenders in settled and suitable accommodation at the end of their order or licence.	84.1%	72%

## **People Results**

<b>Performance Indicator</b>	<b>Description</b>	<b>2010/11 Result</b>	<b>2010/11 Target</b>
<b>IPPF8 Sickness absence</b>	Reduce sickness absence in the National Probation Service to an average of 9 days per member of staff per year (national target is 10 days).	9.6 days	9 days
<b>IPPF14 Staff Diversity</b>	The percentage of staff from ethnic minority backgrounds.	11.9%	10%

## **Key Performance Results**

<b>Performance Indicator</b>	<b>Description</b>	<b>2010/11 Result</b>	<b>2010/11 Target</b>
<b>OM40 (incl RIC) Court report timeliness</b>	The percentage of Pre-sentence Reports (PSRs) completed within the timescales set by the Court.	99.4%	90%
<b>OM3 End to end enforcement</b>	To achieve an average of 35 working days from the relevant unacceptable failure to comply to resolution of the case; and to resolve 60% of breaches of Community Orders within 25 working days of relevant failure to comply.	65.3%	60%
<b>OM4 License recall requests</b>	100% of Licence recall requests to reach NOMS Post Release Section within 24 hours of the decision by the Offender Manager.	98.9%	90%
<b>OM5 Enforcement</b>	The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply.	94.0%	90%
<b>OM8</b>	The percentage of Tier 2 (where appropriate) and Tier 3		

<b>Performance Indicator</b>	<b>Description</b>	<b>2010/11 Result</b>	<b>2010/11 Target</b>
<b>Tier 2 &amp; 3 OASys timeliness</b>	cases in which OASys assessments were completed or updated within the appropriate timescales.	93.9%	90%
<b>OM14 OM Phase 2 &amp; 3 OASys Timeliness</b>	The percentage of prisoners subject to OM Phase 2 & 3 for whom OASys assessments were completed or updated within the appropriate timescales.	92.0%	90%
<b>OM15 Parole assessment report timeliness</b>	The percentage of parole eligible cases in which the Parole Assessment Report was provided within the required timescale.	100%	90%
<b>OM 20 Order or license successfully completed</b>	The percentage of Orders & Licences successfully completed to be not less than 70%.	72.1%	70%
<b>OM35 Tier 4 &amp; PPO OASys timeliness</b>	The percentage of Tier 4 and PPO cases in which OASys assessments were completed or updated within the appropriate timescales.	92.1%	90%
<b>OM39 OASys Tier 2, 3, 4 &amp; PPO final reviews</b>	At least 90% of all final reviews (terminations) to be completed within the appropriate timescales for all Tier 2 (where appropriate), 3, 4 and PPO offenders	91.1%	90%
<b>INT 13 Sex offender programme Completion rate</b>	The number of accredited sex offender programme completions to be at least 60.	85.6%	80%
<b>INT 14 Domestic violence programme completion</b>	The number of accredited domestic violence programme completions to be at least 120.	72.6%	70%
<b>INT 15 Accredited OBP completion rate (excl. SOTP and DV)</b>	The number of accredited offending behaviour programme completions to be at least 200 (excluding sex offender and domestic violence).	67.7%	70%
<b>INT 4 Accredited OBP starts</b>	The percentage of accredited programme starts that meet the OGRS eligibility criteria where relevant to be at least 85%.	98.5%	85%
<b>INT 16 ATR performance</b>	The number of Alcohol Treatment Requirements (ATR) completions to be at least 50.	76.3%	50%
<b>INT 11 Community payback stand-downs</b>	The percentage of Unpaid Work offender days which are lost because of stand-downs on the day to be less than 4%.	3.95%	Less than 4%
<b>INT 17 DRR performance</b>	The percentage of DRRs that are successfully completed.	52.3%	45%
<b>INT 18 Community payback completion rate</b>	The percentage of unpaid work requirements that are successfully completed.	70.2%	73.0%
<b>IPPF4 OMI Risk of Harm</b>	Assessed score following an Offender Management Inspection.	71.0%	66%

Performance Indicator	Description	2010/11 Result	2010/11 Target
<b>IPPF5 OMI Assessment and Sentence Planning</b>	Assessed score following an Offender Management Inspection.	74%	72%
<b>IPPF6 OMI Interventions</b>	Assessed score following an Offender Management Inspection.	75%	72%

### **C. Workload and Activity Statistics**

#### **Commencements by Order Type 2010-11**

<b>Order Type</b>	<b>No.</b>		
Adult Statutory Through Care	464		
Community Punishment & Rehabilitation (Punishment)	6		
Community Punishment & Rehabilitation (Rehabilitation)	5		
Community Order	3,702		
Community Punishment Order	14		
Community Rehabilitation Order	7		
CPO for Breach	6		
Deferred Sentence	2		
Discretionary Conditional Release (post Oct 92)	16		
Extended Public Protection	20		
Extended Supervision for Violent Offender	1		
Indeterminate Public Protection	16		
Life Imprisonment	9		
S105. Post Release Licence	6		
Standard Determinate Custody (CJA)	423		
Suspended Sentence Order	1,473		
Young Lifer	3		
Young Offender Institution	234		
Young Offender Statutory Through Care	131		
Youth Rehabilitation Order	90		
<b>Total</b>	<b>6,628</b>		
<b>Commencements</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
Orders	5305	5,194	5,843
Licences	1266	1,209	1,201
<b>Total</b>	<b>6,571</b>	<b>6,403</b>	<b>7,044</b>

#### **Reports written by Court & Report Type 2010-11**

<b>Report Type</b>	<b>Crown Court</b>	<b>Magistrates' Court</b>	<b>Youth Court</b>	<b>Total</b>
Standard Delivery	1,135	1,297	1	2433

Fast Delivery	725	2,069	5	2799
Oral	107	1,858	-	1965
Addendum/Deferred Report	63	64	-	127
Deferred Sentence Report	4	20	-	24
Further Assessment	9	27	-	36
No Contact Report	1	18	-	19
Report on Appeal	1	6	-	7
<b>Total</b>	<b>2045</b>	<b>5359</b>	<b>6</b>	<b>7410</b>

### Unpaid Work Hours

<i>Unpaid Work Hours Ordered and Worked</i>	<i>2010-11</i>	<i>2009-10</i>
Ordered	419,327	376,621
Worked	285,251	197,765

### Caseload

<i>Order Type</i>	<i>2010-11</i>	<i>2009-10</i>
Adult Statutory Through Care	1067	1154
Community Punishment & Rehabilitation (Punishment)	4	22
Community Punishment & Rehabilitation (Rehabilitation)	8	22
Community Order	2561	2607
Community Punishment Order	31	59
Community Rehabilitation Order	5	21
CPO for Breach	3	7
Deferred Sentences	2	
Detention & Training Order	2	4
Discretionary Conditional Release (post Oct 92)	134	177
Drug Treatment & Testing Order	-	-
Extended Public Protection	67	70
Extended Supervision for Sex Offender	16	22
Extended Supervision for Violent Offender	3	3
Indeterminate Public Protection	188	177
Life Imprisonment	284	288
Psychiatric Order	1	2
S105. Post Release Licence	3	11
Standard Determinate Custody (CJA)	762	633
Suspended Sentence Order	1190	1119
Voluntary Through Care	-	-
Young Lifer	5	3
Young Offender Institution	82	93
Young Offender Statutory Through Care	258	282
Youth Rehabilitation Order	44	10
<b>Total</b>	<b>6270</b>	<b>6786</b>

## **D. Names of Board Members & Official Contact Address**

Thames Valley Probation Head Office,  
Kingsclere Road, Bicester, Oxon  
OX26 2QD  
01869 255300

**Board Secretary:** Richard Lawrence-Wilson

**Board Members:**

Malcolm Fearn (Chair)

Gerry Marshall (Chief Executive)

Hirak Chakravarty

Michael Day

Arif Hussain

Ian Menzies-Conacher

Michael Nolan

Phillip Perlin

Sue Seager

Her Honour Judge Zoe Smith

# Management Commentary

## Part 2: Financial Review & Remuneration Report

### **Statutory Background**

Thames Valley Probation Trust (known as Thames Valley Probation) came into existence on April 1, 2010. Its powers and duties stem from the Offender Management Act 2007. It is one of 35 Probation Trusts in England & Wales and received funding from the National Offender Management Service (NOMS), to whom we are accountable for our performance and delivery.

Thames Valley Probation is responsible for overseeing offenders released from prison on licence and those on community sentences or suspended sentences made by judges and magistrates in the courts.

### **Accounts**

Thames Valley Probation's Trust Board is required under Schedule 1, paragraph 13(1) of the Act to keep proper accounts and proper records in relation to the accounts and prepare, in respect of each financial year, a statement of accounts.

### **Principal Activities**

TVP covers the same boundary areas as Thames Valley Police, as defined in Schedule 1 of the Police Act 1996, serving a population of about 2,200,000. During the year, the Trust employed some 600 full time equivalent staff who worked from 14 office sites, 5 approved premises and 6 Prisons across the area.

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

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

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

### **Pension Liabilities**

Employees of the trust are eligible to join the Local Government Pension Scheme As at March 31, 2011, 82% of full time equivalent employees were contributing members of the

Local Government Pension Scheme. Details of pension arrangements are set out in Note 3 to the Accounts.

### **Appointments**

Following the granting of trust status, the Chief Executive (CE) is no longer a statutory office holder appointed by the Secretary of State but is appointed by the Trust Board's members.

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

The Lord Chancellor appointed Her Honour Judge Zoe Smith to the Trust Board from among judges of the Crown Court. The emoluments of this appointee are paid from the Lord Chancellor's Department.

### **Public Interest**

The Trust Board operates a policy of equal opportunities, regardless of gender, race, disability, sexuality, age, ethnicity or sexual orientation.

The Trust Board observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2010-11, 73% of undisputed invoices were paid within 30 days (2009-10: 93%).

### **Management**

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

Gerald Marshall (Chief Executive), Malcolm Fearn (Chair), and

Hirak Chakravarty, Michael Day, Arif Hussain, Ian Menzies-Conacher, Michael Nolan, Phillip Perlin, Sue Seager and Her Honour Judge Zoe Smith (as members).

The Remuneration Report contains information about the Management Board's remuneration.

### **External Accountability**

The Trust is required to prepare a statement of accounts for the financial year ended March 31, 2011 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual (FReM) issued by HM Treasury and which is in force for the relevant financial year.

The Audit Commission has appointed the District Auditor as the external auditor for the Thames Valley Probation Trust Board. Their Certificate and Report is included at pages 21 to 24.

### **Post Balance Sheet Events**

There are no material post balance sheet events to report.

## Segmental report

The net operating costs for TVP analysed by appropriate business segments are reported below.

Net operating costs represent the direct costs for each segment less any third party income generated by that segment. For the purposes of this report, overheads including premises and information technology are not allocated to the individual operating segments, but are within central support costs. For example, the premises costs relating to the commercial estate for TVP are reported under Finance & Estates.

Net assets are not reported by segment as the total assets held by TVP are not material.

	<b>Net Operating Costs</b>			
	<b>2010-11</b>		<b>2009-10</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
<b>Local Delivery Units</b>	11,551	52.76%	10,90	40.54
<b>Community Payback</b>	2,101	9.60%	2,132	7.92
<b>Programmes</b>	1,987	9.07%	1,885	7
<b>Approved Premises</b>	2,649	12.10%	2,735	10.16
<b>Finance &amp; Estates</b>	2,554	11.66%	2,324	8.63
<b>Non-cash – Pensions, Provisions,</b>	-3,431	-15.67%	1,598	5.94
<b>Other</b>	4,485	20.48%	5,333	19.81
<b>Sub Total</b>	<b>21,896</b>	<b>100.00%</b>	<b>26,915</b>	<b>100</b>
<b>NOMS Contract Income</b>	-25,947		-25,461	
<b>Total</b>	<b>-4,051</b>		<b>1,454</b>	

These amounts agree to the Statement of Comprehensive Net Expenditure (on page 25), net of Pension Actuarial gain or loss.

## Remuneration Report

Name	Role	2010-11			2009-10		
		Salary	Bonuses	Benefits in Kind	Salary	Bonuses	Benefits in Kind
		£000		(to nearest £100)	£000		(to nearest £100)
Gerald Marshall	Chief Executive	90-95	None	None	90-95	0-5	None
Malcolm Fearn	Chair	15-20	None	None	15-20	None	None
Yashpaul Anderson	Board Member	None	None	None	0-5	None	None
Hirak Chakravarty	Board Member	0-5	None	None	0-5	None	None
Michael Day	Board Member	0-5	None	None	0-5	None	None
Ian Menzies-Conacher	Board Member	0-5	None	None	0-5	None	None
Arif Hussain	Board Member	0-5	None	None	0-5	None	None
Michael Nolan	Board Member	0-5	None	None	0-5	None	None
Phillip Perlin	Board Member	0-5	None	None	0-5	None	None
Honor Juniper	Board Member	None	None	None	0-5	None	None
Sue Seager	Board Member	0-5	None	None	0-5	None	None
HH Judge Zoe Smith	Board Member	0-5	None	None	0-5	None	None

## Pension Benefits

Name	Real increase in pension & related lump sum at age 65	Total accrued pension at aged 65 at 31 March 2011 & related lump sum	CETV at 31 March 2011	CETV at 31 March 2010	Real increase in CETV	Employer Contribution to partnership pension account
	£000	£000	£000	£000	£000	(to nearest £100)
Gerald Marshall Chief Executive	0.0 - 2.5 Plus lump sum of 0.0 - 2.5	40 - 45 Plus lump sum of 115 - 120	1005.5	999.8	5.7	£13,900

All Ministry of Justice appointed Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2009, with the exception of the Chair and Chief Executive. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred. The emoluments of Her Honour Judge Zoe Smith are paid from the Lord Chancellor's Department.

With the exception of the Chief Executive, no other Board member received any pension benefits.

*Gerald Marshall*  
Chief Executive and  
Accountable Officer for the Board

*James Wilson*  
Finance Director and  
Treasurer to the Board

June 2011

June 2011

## 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 Thames Valley Probation Trust Board 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 board 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 board 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 judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain material departures in the financial statements, and
- Prepare the financial statements on a going concern basis.

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the Board. 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 boards' assets, are set out in the Accountable Officers' Memorandum issued by the Secretary of State and published in *Managing Public Money* produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and boards' Accountable Officers, together with their respective responsibilities, is set out in writing.

# **Statement on the System of Internal Control**

## **Scope and Responsibility**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Thames Valley Probation policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. An internal audit function is provided by the National Offender Management Service. This structure is also supported by a Board and Audit Committee created through the Offender Management Act 2007.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Thames Valley Probation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Thames Valley Probation for the year ended March 31, 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## **Capacity to Handle Risk**

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

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

## **The Risk and Control Framework**

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

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

## **Review of Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive manager with responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. 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 Audit Committee and where weaknesses have been identified actions have been planned to ensure continuous improvement of the system is in place.

Some of the key processes which have been in place for a number of years are as follows:

- Board and Audit Committee regular review of risks and progress against identified weaknesses.
- Management control through reporting, review, processes, procedures, training, supervision and appraisal.
- Quarterly Business Planning and Review process which is embedded throughout the organisation which includes organisational risk.
- Internal Audit independent assessment based on a plan agreed nationally and locally and report to the Audit Committee. External Audit independent assessment and report to the Audit Committee and Board.
- National monitoring of performance and expenditure by NOMS and reported to the Chief Executive and Board Chair.
- HMIP reviews reported to the Chief Executive and Board Chair.
- The Business Process Improvement function undertakes a series of Value For Money projects across the organisation to identify efficiency savings with a link to business process re-engineering.
- The use of organisational risk software, which ensures that current timely reports on risk are available to assist the management of the organisation and for the Audit Committee and Board.
- A risk evaluation of all business items takes place at all corporate management team and senior management group meetings

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

## **Information Security**

We have reviewed our information security arrangements and aim to implement good practice in this area.

The Board has an information security policy which is published to all staff. This policy sets out the organisation's and each individual's responsibility to protect information against unauthorised disclosure, transfer, modification, or destruction whether accidental or intentional. In addition to the policy there are information security guidelines, which give an introduction to information security, and a leaflet designed to raise awareness of the issues. There are also data protection act guidelines, which broadly set out the requirements of the act and both corporate and individual responsibilities as prescribed by the act. New members of staff are informed of these policies and guidelines as part of their induction.

There is an Information Security Forum chaired by the manager of the performance and information unit which meets quarterly to consider future developments in information security. There are regular office inspections to ensure that staff are complying with the information security policy and guidelines, the results of which are reported to the relevant line manager and considered by the Information Security Forum and published on the intranet.

I also undertake a self assessment of our information security arrangements as part of the re-accreditation submission to access the government secure intranet (GSI), and I believe our arrangements to be adequately managed.

Internal audit recently followed up an audit of information security and concluded that the two minor recommendations made had been implemented.

Although this does not eliminate all risk, the major areas of residual risk lie with NOMS and are not in the control of the local Board.

*Gerald Marshall*

Chief Executive and Accountable Officer for the Board

May 2011

## **Independent Auditor's Report To The Members Of The Board Of Thames Valley Probation**

I have audited the financial statements of Thames Valley Probation for the year ended 31 March 2011 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies. I have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers [and related narrative notes] on page 16 and
- the table of pension benefits of senior managers [and related narrative notes] on page 16.

This report is made solely to the Members of the Board of Thames Valley Probation in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

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

### **Opinion on regularity**

In my opinion, 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.

### **Opinion on accounting statements**

In my opinion the financial statements:

- give a true and fair view of the state of Thames Valley Probation's affairs as at 31 March 2011 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made thereunder by the Secretary of State.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited subject to audit has been properly prepared in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made thereunder by the Secretary of State; and
- the information given in the annual report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the Statement on Internal Control on which I report to you if, in my opinion the Statement on Internal Control does not reflect compliance with HM Treasury's Financial Reporting Manual and the National Offender Management Services Finance Manual.

## **Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Trust's responsibilities**

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its 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 under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Trust has made proper arrangements 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 relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Basis of conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for Probation Trusts published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit commission in October 2010, I am satisfied that, in all significant respects, Thames Valley Probation put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

## **Certificate**

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

M. West

Officer of the Audit Commission

Unit 5 Isis Business Centre

Horspath Road, Cowley

Oxford OX42RD

*Signed 21 July, 2011*

## Statement of Comprehensive Net Expenditure

		2010-2011	2009-2010
	Notes	£000	£000
<b>Administration Costs:</b>			
Staff costs	2(a)	22,211	20,409
Negative past service costs	3(d)	(7,486)	0
Other administration costs	4	7,006	6,655
Income	7(a)	(27,143)	(26,689)
<b>Net Administration Costs</b>		<b>(5,412)</b>	<b>375</b>
<b>Programme Costs:</b>			
Staff costs	5(a)	0	0
Programme costs	5(b)	0	0
Income	7(b)	0	0
<b>Net Programme Costs</b>		<b>0</b>	<b>0</b>
<b>Net Operating Costs</b>		<b>(5,412)</b>	<b>375</b>
Expected return on pension assets	3(e)	(2,828)	(2,005)
Interest on pension scheme liabilities	3(e)	4,175	3,084
<b>Net Operating Costs before taxation</b>		<b>(4,065)</b>	<b>1,454</b>
Taxation	6	14	0
<b>Net Operating Costs after taxation</b>		<b>(4,051)</b>	<b>1,454</b>
<b>Other Comprehensive Expenditure</b>			
	Notes	2010-2011	2009-2010
		£000	£000
Net gain/(loss) on revaluation of Property Plant and Equipment	14(a)	3	4
Net gain/(loss) on revaluation of Intangibles	14(a)	0	0
Net gain/(loss) on revaluation of available for sales financial assets		0	0
Pension Actuarial Loss/(Gain)	13	(14,857)	19,118
<b>Total Comprehensive Expenditure for the year ended 31 March 2011</b>		<b>(18,905)</b>	<b>20,576</b>

All income and expenditure is derived from continuing operations.

The notes on pages 29 to 43 form part of these accounts.

## Statement of Financial Position as at 31 Mar 2011

	Notes	2010-2011	2009-2010
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8	137	92
Intangible assets	8(a)	0	0
Financial Assets	19	0	0
Other receivables > 1 year	9(a)	0	0
<b>Total non-current assets</b>		<b>137</b>	<b>92</b>
<b>Current assets</b>			
Assets classified as held for sale	9(c)	0	0
Financial Assets	19	0	0
Trade and other receivables	9(a)	2,589	599
Cash and cash equivalents	10	598	2,027
<b>Total current assets</b>		<b>3,187</b>	<b>2,626</b>
<b>Total assets</b>		<b>3,324</b>	<b>2,718</b>
<b>Current (liabilities)</b>			
Trade and other payables	11(a)	(1,673)	(1,654)
Taxation payable	11(a)	(801)	(413)
Financial Liabilities	19	0	0
Short-term Provisions	12	(542)	(385)
<b>Non current assets plus/less net current assets/(liabilities)</b>		<b>308</b>	<b>266</b>
<b>Non-current (liabilities)</b>			
Other payables > 1 year	11(b)	0	0
Provisions for liabilities and charges	12	0	0
Financial Liabilities	19	0	0
Pension Liability	3(c)/3(j)	(15,997)	(34,868)
<b>Total non-current (liabilities)</b>		<b>(15,997)</b>	<b>(34,868)</b>
<b>Assets less liabilities</b>		<b>(15,689)</b>	<b>(34,602)</b>
<b>Taxpayers' equity:</b>			
General fund	13	(15,704)	(34,614)
Revaluation reserve	14(a)	15	12
Donated asset reserve	14(b)	0	0
		<b>(15,689)</b>	<b>(34,602)</b>

The notes on pages 29 to 43 form part of these accounts.

(Signed) \_\_\_\_\_

(Date) \_\_\_\_\_

(Treasurer)

(Signed) \_\_\_\_\_

(Date) \_\_\_\_\_

## Statement of Changes in Taxpayers Equity as at 31 March 2011

	Notes	General Fund £'000s	Revaluation Reserve £'000s	Donated Asset Reserve £'000s	Total £'000s
<b>Balance at 31 March 2009</b>		(14,209)	8	0	(14,201)
Change In Accounting Policy		0	0	0	0
<b>Balance at 1 April 2009</b>		<b>(14,209)</b>	<b>8</b>	<b>0</b>	<b>(14,201)</b>

## Changes in taxpayers' equity for 2009-10

## Statement of Comprehensive Net Expenditure

Net Operating costs before taxation & interest	SoCNE	(375)			(375)
Expected return on pension assets	SoCNE	2,005			2,005
Interest on pension scheme liabilities	SoCNE	(3,084)			(3,084)
Taxation costs	SoCNE	0			0
Negative Past Service Cost	SoCNE	0			0
<b>Operating income to be surrendered (interest received)</b>	13	(2)			(2)
Net NOMS Financing received in year	13	169			169
Auditor's remuneration	13	0			0
Net asset transfers in/(out)	13	0			0
Transferred from revaluation reserve	13	0			0
Pension Actuarial (Loss)/Gain	13	(19,118)			(19,118)
Net gain/(loss) on revaluation of property, plant and equipment	14a		4		4
Donated Assets Reserve	14b			0	0
Income not appropriated in aid paid to Consolidated Fund		0			0
Machinery Of Government Changes		0			0
<b>Balance as at 31 March 2010</b>		<b>(34,614)</b>	<b>12</b>	<b>0</b>	<b>(34,602)</b>

## Changes in taxpayers' equity for 2010-11

## Statement of Comprehensive Net Expenditure

Net Operating costs before taxation & interest	SoCNE	(2,074)			(2,074)
Expected return on pension assets	SoCNE	2,828			2,828
Interest on pension scheme liabilities	SoCNE	(4,175)			(4,175)
Taxation costs	SoCNE	(14)			(14)
Negative Past Service Cost	SoCNE	7,486			7,486
<b>Operating income to be surrendered (interest received)</b>	13	0			0
Net NOMS Financing received in year	13	2			2
Auditor's remuneration	13	0			0
Net asset transfers in/(out)	13	0			0
Transferred from revaluation reserve	13	0			0
Pension Actuarial (Loss)/Gain	13	14,857			14,857
Net gain/(loss) on revaluation of property, plant and equipment	14a		3		3
Donated Assets Reserve	14b			0	0
Income not appropriated in aid paid to Consolidated Fund		0			0
Machinery Of Government Changes		0			0
<b>Balance as at 31 March 2011</b>		<b>(15,704)</b>	<b>15</b>	<b>0</b>	<b>(15,689)</b>

The notes on pages 29 to 43 form part of these accounts.

## Statement of Cashflow for the period ended 31 March 2011

	Notes	2010-2011 £000	2009-2010 £000
Net cash outflow from operating activities	15(a)	(1,371)	(98)
Capital expenditure and financial investment	15(b)	(58)	0
Financing	15(c)	0	124
<b>Increase / (decrease) in cash in the period</b>		<b>(1,429)</b>	<b>26</b>

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The notes on pages 29 to 43 form part of these accounts.

## Accounting Policies

### Authorisation of Accounts

The Accounting Officer for the Probation Trust authorises these Financial Statements for issue on June 13, 2011

### 1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial reporting Standards (IFRS) 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's 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 on an accruals basis under the historical cost convention modified to account for the revaluation of non-current assets.

#### 1.2 Comparatives

With effect from the 1 April 2010, the former Probation Boards were dissolved and established as Probation Trusts under the Offender Management Act 2007. The comparatives have therefore been restated as if the former Boards were Trusts in 2009-10, and as a result, the prior year income has been restated. Where Boards have merged into one Trust, the prior year accounts must add balances brought forwards. Trusts must apply their current accounting policies and if different at all from the precursor Board then opening balances will need to be adjusted accordingly.

HM Treasury and NAO have agreed that the removal of the cost of capital charge for 2010-11 onwards is a change in accounting policy and the comparatives have therefore been restated in line with IAS 1. This will involve restating the SOFP for 2009-10 and 2008-09, to exclude cost of capital.

#### 1.3 Going concern

The Statement of Financial Position at 31 March 2011 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 of which the Trusts are part. 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 Probation Trust 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 2011-12 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.

#### 1.4 Tangible non-current Assets

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

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within Note 4 (a), other administration costs under "accommodation, maintenance & utilities". The charge to the Probation Trust does not represent the full cost incurred by NOMS.

#### 1.5 Depreciation

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

Asset lives are normally in the following ranges:

Vehicles - 5 to 7 years;  
Office Machinery, Fixtures and Fittings and IT Equipment - 3 to 5 years.

#### 1.6 Impairment

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

#### 1.7 Intangible Non-current Assets

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

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

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

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

The intangible assets are amortised using the straight-line method over its anticipated useful life. The useful lives of the software range from 3 to 10 years.

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

#### 1.8 Donated Assets

Donated tangible non-current 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 SoCNE.

#### 1.9 Non-current assets held for resale

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

#### 1.10 Inventories

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

#### 1.11 Operating Income

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

Operating income is income that relates directly to the operating activities of the Probation Trust. This comprises 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 Area can earn interest from various sources but under the Criminal Justice and Court Services Act 2000, 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.

**1.12 Administration and Programme Expenditure**

The SoCNE 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 HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice.

**1.13 Pensions**

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in these accounts). Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury.

The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures. Where the actual asset values at 31 March 2011 are materially different to those estimates and the impact on the Probation Trust's share of the asset values are material, a disclosure (within this section) reflecting the extent of the material difference has been made.

**1.14 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 Trust's policy is to provide in full for this cost when the early retirement programme has been announced and is binding on the Trust. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the pension rate of 5.5%.

**1.15 Leases**

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

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

**Finance Leases**

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

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

**Operating Leases**

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

**Operating Leases – Incentives**

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

**IFRIC 4 Determining Whether an Arrangement Contains a Lease**

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

**1.16 Grants Receivable**

Monies received from NOMS have been treated as income and are recognised in the accounts by directly crediting the General Fund and are also reflected elsewhere in the statements for example in the Cash Flow statement.

**1.17 Provisions**

The Probation Trust provides for legal or constructive obligations which are of uncertain timing or amount at the date of the statement of financial position 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.

**1.18 Value Added Tax**

Probation Trusts supply the Ministry of Justice with probation services. By letter dated 5 March 2008 from HMRC Policy to the Home Office, it was considered that the services being provided would fall within the scope of VAT. Depending upon their exact nature these services are treated as either Taxable or Exempt. Input tax is treated as being recoverable where appropriate, and partial exemption rules have been considered in the assessment of input tax in relation to Exempt Supplies and activities that are considered outside the scope for VAT.

**1.19 Cash and Cash Equivalents**

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

**1.20 Financial Instruments**

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

## Notes to the Accounts

## 2 Staff numbers and related costs

## 2(a) Total staff costs comprise:

	2010-2011			2009-2010
	£000	£000	£000	£000
	<b>Total</b>	<b>Permanently - employed staff</b>	<b>Others</b>	<b>Total</b>
Wages and salaries	18,269	17,592	677	18,574
Social security costs	1,329	1,329	0	1,337
Other pension costs	4,264	4,264	0	2,262
<b>Sub Total</b>	<b>23,862</b>	<b>23,185</b>	<b>677</b>	<b>22,173</b>
Less recoveries in respect of outward secondments	(1,651)	(1,651)	0	(1,764)
<b>Total net admin costs</b>	<b>22,211</b>	<b>21,534</b>	<b>677</b>	<b>20,409</b>
Net programme costs	0	0	0	0
<b>Total Staff Costs</b>	<b>22,211</b>	<b>21,534</b>	<b>677</b>	<b>20,409</b>

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Area's share of the underlying assets and liabilities are shown below in Note 3.

Twenty eight persons (2009-10: four persons) retired early on redundancy grounds; the total additional accrued pension liabilities in the year amounted to £172,000 (2009-10: £46,000). Three persons (2009-10: one person) retired early on ill-health grounds.

## 2(b) Average number of persons employed

	2010-2011			2009-2010
	Total	Permanently - employed staff	Others	Total
	594	573	21	642
	<b>594</b>	<b>573</b>	<b>21</b>	<b>642</b>

## 2(c) Reporting of Civil Service and other compensation schemes - exit packages

Comparative data to be shown (in brackets) for previous year

1 Exit Packages cost band	Number of Compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2 <£10,000	2	11	13
3 £10,000 - £25,000	0	9	9
5 £25,000 - £50,000	0	4	4
6 £50,000 - £100,000	1	1	2
7 £100,000 - £150,000	0	0	0
8 £150,000 - £200,000	0	0	0
9 <b>Total number of exit packages by type</b>	<b>3</b>	<b>25</b>	<b>28</b>
10 <b>Total resource cost / £</b>	<b>70,419</b>	<b>386,133</b>	<b>456,552</b>

Redundancy and other departure cost have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit cost are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 3 Pension Costs

Pension benefits are provided through the Local Government Pension Scheme (LGPS). This is a statutory fully funded scheme which provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of either 1/80th or 1/60th of pensionable salary for each year of service, in addition to a lump sum which is payable on retirement. Members have paid contributions of between 5.5% and 7.5% of pensionable earnings for the year to the 31 March 2011. Pensions payments are increased in line with the Consumer Prices Index. On death, pensions are payable to the surviving nominated dependant. On death in service the scheme pays a lump sum benefit and also provides a service enhancement on the nominated dependant's pension. Ill health retirement can result in early and enhanced payments of benefit dependant upon future reasonable prospect of alternative and gainful employment. In this case, pensions are brought into payment immediately. Scheme Administration is by the Royal Borough of Windsor and Maidenhead. Actuaries Barnett Waddingham used in the IAS19 calculations, an estimate of the number of employees, deferred pensioners, pensioners and new early retirements, and employer and employee contributions and actual fund assets and fund returns as at 31 March 2011.

The expected return on assets is based on the long-term future expected investments return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields. As future pension increases are expected to be based on CPI rather than RPI Barnett Waddingham has made a further assumption about CPI which is that it will be 0.8% below RPI ie 2.7%. The capitalised gain from the change in pension increase policy from RPI to CPI is calculated at £7,486,000.

- 3(a) A Triennial Actuarial Valuation was carried out at 31 March 2010 by Barnett Waddingham. For 2010-11, employers' contributions of £2,141,000 were payable to the LGPS (2009-10 £2,145,000) at a rate of 14%. 14% of salaries being 12.3% actual service costs and 1.7% deficit recovery element. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership accounts are excluded under IAS 19

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

Employer's contributions for 2010-11 were 14% of salaries; and,  
Employer's contributions for 2011-12 will be 14% of salaries; and  
Employer's contributions for 2012-13 will be 14% of salaries.

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

	2010-2011	2009-2010
	%	%
Inflation assumption	2.7%	3.9%
Rate of increase in salaries	4.8%	5.4%
Rate of increase for pensions in payment and deferred pensions	2.7%	3.9%
Discount rate	5.5%	5.5%

**Mortality Assumptions**

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

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

	Expected long-term rate of return at 2010-2011	Value at 2010-2011	Expected long-term rate of return at 2009-2010	Value at 2009-2010	Expected long-term rate of return at 2008-2009	Value at 2008-2009
	%	£000	%	£000	%	£000
Equities	7.8%	14,821	7.9%	10,746	7.4%	19,289
Government Bonds	4.4%	0	4.5%	6,121	4.0%	2,946
Other Bonds	5.5%	12,909	5.5%	7,482	6.5%	4,528
Property	5.9%	3,825	6.0%	8,162	5.5%	3,349
Other	8.0%	16,256	8.0%	10,883	3.0%	900
<b>Total</b>		<b>47,811</b>		<b>43,394</b>		<b>31,012</b>
<b>(Present value of scheme liabilities)</b>		<b>(63,319)</b>		<b>(77,775)</b>		<b>(45,072)</b>
<b>Surplus/ (Deficit) of the scheme</b>		<b>(15,508)</b>		<b>(34,381)</b>		<b>(14,060)</b>
<b>Net Pension Asset / (Liability)</b>		<b>(15,508)</b>		<b>(34,381)</b>		<b>(14,060)</b>

- 3(d) Pension Cost

	2010-2011	2009-2010
	£000	£000
Current service cost	4,264	2,223
Past service cost (Gain in change from RPI to CPI)	(7,486)	0
Past service cost (Other)	0	0
Effect of Curtailment	0	46
Effect of Settlement	0	0
<b>Total operating charge</b>	<b>(3,222)</b>	<b>2,269</b>

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

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Expected return on pension scheme assets	(2,828)	(2,005)	0
Interest on pension scheme liabilities	4,175	3,084	87
<b>Net return</b>	<b>1,347</b>	<b>1,079</b>	<b>87</b>

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

	2010-2011	2009-2010
	£000	£000
<b>Opening present value of liabilities</b>	<b>77,775</b>	<b>45,072</b>
Current service cost	4,264	2,223
Interest cost	4,175	3,084
Contributions by Members	1,014	1,023
Actuarial (gains)/losses on liabilities *	(14,626)	27,620
Benefits paid	(1,797)	(1,293)
Past service cost (Gain in change from RPI to CPI)	(7,486)	0
Past service cost (Other)	0	0
Curtailments	0	46
Settlements	0	0
<b>Closing present value of liabilities</b>	<b>63,319</b>	<b>77,775</b>

\* Includes changes to actuarial assumptions

3(g) Changes to the fair value of assets during the year	2010-2011 £000	2009-2010 £000
Opening fair value of assets	43,394	31,012
Expected return on assets	2,828	2,005
Actuarial gains/(losses) on assets	231	8,502
Contributions by the Employer	2,141	2,145
Contributions by Members	1,014	1,023
Benefits paid	(1,797)	(1,293)
Net increase from disposals and acquisitions	0	0
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	47,811	43,394

3(h) Actual return on assets	2010-2011 £000	2009-2010 £000
Expected return on assets	2,828	2,005
Actuarial gains/(losses) on assets	231	8,502
Actual return on assets	3,059	10,507

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

	2010-2011 £000	2009-2010 £000	2008-2009 £000	2007-2008 £000	2006-2007 £000
Fair value of assets	47,811	43,394	31,012	42,637	45,658
Present value of liabilities	63,319	77,775	45,072	47,292	53,126
Surplus / (Deficit)	(15,508)	(34,381)	(14,060)	(4,655)	(7,468)
Experience gains / (losses) on scheme assets:	0	0	0	(1,807)	0
Experience gains / (losses) on scheme liabilities:	3,217	0	0	3,305	0
Percentage experience gains / (losses) on scheme assets:	0%	0%	0%	-4%	0%
Percentage experience gains / (losses) on scheme liabilities:	5%	0%	0%	7%	0%

## 3(j) Additional Early Retirements and pension commitments added years

In addition to the pension liability note 3 (c) is an element for early retirement and pension commitments as follows:

	2010-2011	2009-2010	2008-2009
Balance at 1 April	487	602	577
Additional amount required in the year	57	(61)	77
Amount not required written back	0	0	0
Amount utilised in the year	(55)	(54)	(52)
Balance at 31 March	489	487	602

The Probation Area 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 Area provides for this in full when the early retirement programme becomes binding on the Area by establishing a provision for the estimated payments discounted by the Treasury discount rate of 5.5 per cent in real terms. The figures have not been prepared on the basis of a separate actuarial valuation but rather by reference to the ONS website Mortality tables for England and Wales 2007 - 2009. Each year the liability will be updated to reflect actual mortality experience. A prior period adjustment of £118,767 has been required due to the change in discount rate applied, resulting in a restatement of the opening balance.

4 Other Administration Costs	2010-2011		2009-2010	
	£000	£000	£000	£000
Rentals under operating leases	0		0	
Interest charges	0		0	
Finance charges/(income) - pension costs	1,347		1,079	
Accommodation, maintenance and utilities	2,326		2,289	
Travel, subsistence and hospitality	743		718	
Professional services	320		319	
IT services	997		703	
Communications, office supplies and services	637		910	
Other staff related	146		283	
Offender Costs	1,032		1,014	
Other expenditure	130		39	
Auditors' remuneration and expenses	35		41	
		7,713		7,395
Non-cash items				
Depreciation of tangible non-current assets	16		15	
Amortisation of intangible non-current assets	0		0	
Impairment of non-current assets	0		0	
Profit on disposal of fixed assets	0		0	
Loss on disposal of fixed assets	0		0	
Early retirement provision provided for in year	57		(61)	
Other provisions provided for in year	567		385	
		640		339
<b>Total</b>		<b>8,353</b>		<b>7,734</b>

The Other provisions provided for in year are Short Term provisions.

5 Programme Costs	2010-2011			2009-2010
	Total	£000	£000	£000
5(a) Staff Costs				
		Permanently -		
		Employed staff	Others	Total
Wages and salaries	0	0	0	0
Social security costs	0	0	0	0
Other pension costs	0	0	0	0
<b>Sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Less recoveries in respect of outward secondments	0	0	0	0
<b>Net programme staff costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5(b) Other Programme Costs				
Current expenditure	0			0
<b>Total Programme Costs</b>	<b>0</b>			<b>0</b>

## 6 Taxation

	2010-2011	2009-2010
	£000	£000
UK corporation tax	14	0
	<u>0</u>	<u>0</u>
<b>Total</b>	<u>14</u>	<u>0</u>

The corporation tax charge for the year has been calculated. No deferred tax asset or liability exists as at March 31, 2011.

## 7 Income

	2010-2011	2009-2010		
	£000	£000	£000	£000
<b>7(a) Administration Income</b>				
Income receivable from the Sponsoring Department	25,947		25,461	
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	<u>0</u>		<u>0</u>	
		<b>25,947</b>		<b>25,461</b>
EU funding: direct contributions to Areas' activities		0		0
Income receivable: from other government bodies		708		601
Miscellaneous Income		<u>488</u>		<u>625</u>
		<b>27,143</b>		<b>26,687</b>
<b>Operating Income to be Surrendered</b>				
Interest received:				
From bank	0		2	
From car loans	0		0	
From other sources	<u>0</u>		<u>0</u>	
Total operating income to be surrendered		<u>0</u>		<u>2</u>
<b>Total Administration Income</b>		<b>27,143</b>		<b>26,689</b>
<b>7(b) Programme Income</b>				
EU funding	0		0	
Other programme income	<u>0</u>		<u>0</u>	
<b>Total Programme Income</b>		<b>0</b>		<b>0</b>
<b>Total Operating Income</b>		<u><b>27,143</b></u>		<u><b>26,689</b></u>

## 8 Property, plant and equipment

2010-2011

	Information Technology £000	Plant & Equipment £000	Furniture and Fittings £000	Vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2010	0	0	0	107	107
Additions	0	0	0	58	58
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	0	0	3	3
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168</b>	<b>168</b>
<b>Depreciation</b>					
At 1 April 2010	0	0	0	15	15
Charged in year	0	0	0	16	16
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>31</b>
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>137</b>
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>92</b>
<b>Asset Financing:</b>					
Owned	0	0	0	137	137
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>137</b>

Note:

There are no donated assets.

2009-2010

	Information Technology £000	Plant & Equipment £000	Furniture and Fittings £000	Vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2009	0	0	0	114	114
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	(11)	(11)
Revaluations	0	0	0	0	0
Indexation	0	0	0	4	4
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>107</b>
<b>Depreciation</b>					
At 1 April 2009	0	0	0	11	11
Charged in year	0	0	0	15	15
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	(11)	(11)
Revaluations	0	0	0	0	0
Indexation	0	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>15</b>
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>92</b>
<b>Net Book Value at 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>103</b>
<b>Asset Financing:</b>					
Owned	0	0	0	92	92
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>92</b>

Notes:

There are no donated assets.

## 8(a) Intangible assets

	2010-2011				Total £000
	Development	Software	Licences	[insert type]	
	£000	£000	£000	£000	
<b>Cost or valuation</b>					
At 1 April 2010	0	0	0	0	0
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	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>					
At 1 April 2010	0	0	0	0	0
Charged in year	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	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned	0	0	0	0	0
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



	2009-2010				Total £000
	Development	Software	Licences	[insert type]	
	£000	£000	£000	£000	
<b>Cost or valuation</b>					
At 1 April 2009	0	0	0	0	0
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	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>					
At 1 April 2009	0	0	0	0	0
Charged in year	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	0	0	0	0
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned	0	0	0	0	0
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 8(b) Impairments

The total impairment charge for the year is £NIL.

## 9 Trade receivables and other current assets

## 9(a) Analysis by type

## Amounts falling due within one Year:

Trade receivables
VAT
Deposits and advances
Receivables due from Probation Trusts
Receivables due from NOMS Agency
Receivables due from the Ministry of Justice - HQ
Receivables due from the Ministry of Justice - Other
Receivables due from HM Courts Service (HMCS)
Receivables due from the Tribunals Service (TS)
Receivables due from the Office of Public Guardian (OPG)
Other receivables
Prepayments and accrued income

2010-2011	2009-2010	2008-2009
£000	£000	£000
112	86	128
0	145	81
0	0	0
1	7	0
2,392	160	396
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
(2)	(1)	8
86	202	97
<b>2,589</b>	<b>599</b>	<b>710</b>

## Amounts falling due after more than one Year:

Trade receivables
Deposits and advances
Other receivables
Prepayments and accrued income

0	0	0
0	0	0
0	0	0
0	0	0
<b>0</b>	<b>0</b>	<b>0</b>
<b>2,589</b>	<b>599</b>	<b>710</b>

## Total

## 9(b) Intra-Government Balances

## Amounts falling due within one Year:

Balances with other central government bodies (inc parent dept)
Balances with local authorities
Balances with NHS Trusts
Balances with public corporations and trading funds
Subtotal: intra-government balances
Balances with bodies external to government
<b>Total</b>

2010-2011	2009-2010
£000	£000
2,401	312
72	80
0	0
0	0
2,473	392
116	207
<b>2,589</b>	<b>599</b>

## Amounts falling due after more than one Year:

2010-2011	2009-2010
£000	£000
0	0
0	0
0	0
0	0
0	0
0	0
<b>0</b>	<b>0</b>

## 9(c) Assets held for resale

None
None
None

2010-2011	2009-2010	2008-2009
£000	£000	£000
0	0	0
0	0	0
0	0	0
<b>0</b>	<b>0</b>	<b>0</b>

## 10 Cash at Bank and in hand

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	2,027	2,001	169
Net change in cash balances	(1,429)	26	1,832
<b>Balance at 31 March</b>	<b>598</b>	<b>2,027</b>	<b>2,001</b>
The following balances at 31 March are held at:			
Office of HM Paymaster General	0	0	0
Commercial banks and cash in hand	598	2,027	2,001
<b>Balance at 31 March</b>	<b>598</b>	<b>2,027</b>	<b>2,001</b>

## 11 Trade payables and other current liabilities

## 11(a) Analysis by type

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
<b>Amounts falling due within one Year:</b>			
VAT	373	0	0
Corporation Tax	14	0	0
Other taxation and social security	414	413	432
Trade payables	283	326	421
Other payables	64	70	91
Accruals and deferred income	432	492	534
Staff payables	367	348	392
Bank overdraft	0	0	0
Payables due to Probation Trusts	18	2	29
Payables due to NOMS Agency	257	155	0
Payables due to the Ministry of Justice - HQ	0	0	0
Payables due to the Ministry of Justice - Other	0	0	0
Payables due to HM Courts Service (HMCS)	0	0	0
Payables due to the Tribunals Service (TS)	0	0	0
Payables due to the Office of Public Guardian (OPG)	0	0	0
Unpaid pension contributions due to the pension scheme	252	259	269
Long Term Liabilities due within one year	0	0	0
Operating Income to be surrendered (Interest received)	0	2	45
Fixed asset accruals	0	0	0
	<b>2,474</b>	<b>2,067</b>	<b>2,213</b>
<b>Amounts falling due after more than one Year:</b>			
Staff Payables	0	0	0
Other Payables	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>2,474</b>	<b>2,067</b>	<b>2,213</b>

## 11(b) Intra-Government Balances

	Amounts falling due within one Year:		Amounts falling due after more than one Year:	
	2010-2011	2009-2010	2010-2011	2009-2010
	£000	£000	£000	£000
Balances with other central government bodies (inc parent dept)	1,085	581	0	0
Balances with local authorities	189	38	0	0
Balances with NHS Trusts	8	0	0	0
Balances with public corporations and trading funds	0	0	0	0
Subtotal: intra-government balances	1,282	619	0	0
Balances with bodies external to government	1,192	1,448	0	0
<b>Total</b>	<b>2,474</b>	<b>2,067</b>	<b>0</b>	<b>0</b>

## 12 Provisions for Liabilities and Charges

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	385	140	0
Provided in the year	567	385	140
Provisions not required written back	0	0	0
Provisions utilised in the year	(410)	(140)	0
<b>Balance at 31 March</b>	<b>542</b>	<b>385</b>	<b>140</b>

All Provisions are < 1yr within the SoFP. The Provisions relate to staff restructuring costs. These costs were approved by the Thames Valley Probation Trust in March 2011 and it is expected that the majority of these costs will be paid in 2011/12.

## 13 General Fund

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	(34,614)	(14,209)	(6,292)
Financing activities:			
Financing	2	129	181
Training Consortia financing received from NOMS in the capacity as Lead Area	0	0	0
Training Consortia financing from NOMS received by the Area	0	0	0
Training Consortia financing received from the Areas within their consortia	0	0	0
Training Consortia financing transferred from the Lead Area to the Areas within their consortia	0	0	0
Training Consortia financing received from their Lead Area	0	40	63
Training Consortia financing transferred to their Lead Area	0	0	0
Training Consortia financing received by the Area from another non-lead Area	0	0	0
Training Consortia financing transferred from the Area to another non-lead Area	0	0	0
Net transfers from Operating Activities:			
Statement of Comprehensive Net Expenditure	4,051	(1,454)	233
Operating income to be surrendered (Interest received)	0	(2)	(45)
Auditors' remuneration	0	0	0
Net asset transfers in/(out)	0	0	0
Transferred from revaluation reserve	0	0	0
Actuarial gains and losses	14,857	(19,118)	(8,349)
Changes in Accounting policy		0	0
<b>Balance at 31 March</b>	<b>(15,704)</b>	<b>(34,614)</b>	<b>(14,209)</b>

## 14 Reserves

## 14(a) Revaluation Reserve

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

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	12	8	7
Arising on revaluations of PPE + Intangibles during the year (net)	3	4	1
Transferred to General Fund	0	0	0
Changes in Accounting policy	0	0	0
<b>Balance at 31 March</b>	<b>15</b>	<b>12</b>	<b>8</b>

## 14(b) Donated Asset Reserve

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	0	0	0
Additions during the year	0	0	0
Revaluations	0	0	0
Release to the SoCNE	0	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>

There are no donated assets.

## 15 Notes to the Cash Flow Statement

## 15(a) Reconciliation of operating cost to operating cash flows

	2010-2011	2009-2010
	£000	£000
Statement of Comprehensive Net Expenditure	4,051	(1,454)
Adjustments for non-cash transactions	640	339
(Increase)/Decrease in receivables	(1,990)	111
Increase/(Decrease) in payables	407	(146)
less movements in payables relating to items not passing through the SoCNE	2	43
Adjustments for pension funding	(4,016)	1,203
Use of provisions	(465)	(194)
<b>Net cash outflow from operating activities</b>	<b>(1,371)</b>	<b>(98)</b>

## 15(b) Analysis of capital expenditure and financial investment

	2010-2011	2009-2010
	£000	£000
Non-current asset additions	(58)	0
Minus opening balance for non-current asset accruals	0	0
Plus closing balance for non-current asset accruals	0	0
Plus proceeds of disposal of non-current assets	0	0
<b>Net cash outflow from investing activities</b>	<b>(58)</b>	<b>0</b>

## 15(c) Analysis of financing

	2010-2011	2009-2010
	£000	£000
Net NOMS Financing received in year (excluding Training Consortia)	2	129
Training Consortia financing received by the Lead Area from NOMS	0	0
Training Consortia financing received by the non-lead Area from NOMS	0	0
Training Consortia financing received from the area within their consortia	0	0
Training Consortia financing transferred from the Lead Area to the area within their consortia	0	0
Training Consortia financing received from their Lead Area	0	40
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)	(2)	(45)
<b>Net financing</b>	<b>0</b>	<b>124</b>

**16 Capital Commitments**

Capital commitments at 31 March for which no provision has been made:

	2010-2011	2009-2010
	£000	£000
Committed	0	0
Authorised but not contracted	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**17 Commitments Under Leases****Operating Leases**

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

**Obligations under operating leases comprise:**

	2010-2011	2009-2010
	£000	£000
Other:		
Lease payments not later than 1 year	0	0
Lease payments later than 1 year and not later than 5 years	0	0
Lease payments later than 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Finance Leases**

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

**Obligations under finance leases comprise:**

	2010-2011	2009-2010
	£000	£000
Other:		
Lease payments not later than 1 year	0	0
Lease payments later than 1 year and not later than 5 years	0	0
Lease payments later than 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**18 Other financial commitments**

There are no financial commitments.

	2010-2011	2009-2010
	£000	£000
Not later than one year:	0	0
Later than one year but not later than 5 years:	0	0
Later than five years:	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**19 Financial Assets/Liabilities**

No financial assets or liabilities are held.

**20 Financial Instruments**

As the cash requirements of the Area 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 Area's expected purchase and usage requirements as well as cash, receivables and payables, although it is felt that the Area is exposed to little credit, liquidity or market risk, .

**21 Contingent Liabilities**

No material contingent liabilities exist at the balance sheet date.

## 22 Contingent Liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

The Board has not entered into any quantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

	1 April 2010 £000	Increase in Year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 Mar 2011 £000	Amount to be reported to Parliament by departmental Minute
Guarantees (listed)	0	0	0	0	0	0
Indemnities (listed)	0	0	0	0	0	0
Letter of comfort (listed)	0	0	0	0	0	0

## 23 Losses and Special Payments

Losses Statement	2010-2011		2009-2010	
	Number of Cases	Total Value £000	Number of Cases	Total Value £000
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Details of cases over £250,000</u>				
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

There were no losses or special payments during the financial year.

## 24 Related party transactions

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

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

## 25 Third-party assets

There were no third party assets at the balance sheet date.

	2010-2011 £000	2009-2010 £000
Balance at 1 April	0	0
Funds paid in during the year	0	0
Funds paid out during the year	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

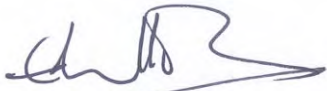
## 26 Events after the Reporting Period

There are no events after the reporting period disclosure in the accounts

## **ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES**

### **ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 13(1) and 14(2) OF SCHEDULE 1 TO THE OFFENDER MANAGEMENT ACT 2007**

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2011 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM Treasury and which is in force for the relevant financial year.
3. The accounts shall be prepared so as to:
  - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
  - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them;
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with the Probation Finance Manual which is in force for the relevant financial year and all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 5<sup>th</sup> May 2010.



Edward Kirby

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

3 May 2011

## Appendix 1

### 35 Probation Trusts:

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