







## Foreword

This has been a challenging year with many changes and increased demands upon us, but one in which we have achieved a great deal including taking forward our Trust status as "Essex Probation" on 1st April 2010.

The work with offenders under our supervision, as always, has continued to be delivered by a group of skilled, highly motivated and dedicated staff on behalf of our communities and victims in Essex. We have all continued to work hard to deliver to our strengths and make Essex Probation a leader in our field of work. Our performance has been maintained as 'Good', all year, on the Probation Trust Rating System (the national measure of targets met, which then compares each Area's improvement against that of the others before delivering a rating), with the Offender Manager Domain reaching 'Exceptional' (a score of 4) from the third quarter.

We have continued to be an innovative organisation, setting up new arrangements for delivery, extending the range of organisations we work with to include, for example, the military, and working with locality partners in a changing landscape.

At the same time, the volume of work and a focus on target measures has not detracted from our continued commitment to quality.

Our vision for the future is to work with our partners in Essex and beyond to deliver what is a shared responsibility: protecting the public and reducing re-offending.

**Mary Archer OBE**  
Chief Executive

**Bill Puddicombe**  
Chair of the Essex Probation Board



# 1 *Delivering Successfully*

Essex Probation will continue to be an effective organisation demonstrating the key characteristics of Quality, Innovation and Economy.

## **Reports, assessments and sentence planning deliver positive outcomes**

### **Ensure that courts receive good quality, timely sentencing advice, and show high levels of satisfaction with our contribution to the sentencing process.**

**Feedback from Sentencers**, both to Essex Probation and to the DOM's office from the Liaison Judge, suggests that the quality of our reports is good with few exceptions. Sentencers' satisfaction with the quality of reports is also indicated by the increase in the number of fast delivery and oral reports in Magistrates' and Crown Court. This demonstrates Sentencers' growing confidence in our ability to select the most appropriate report format and provide information and assessment of sufficient quality.

### **Continue to improve our effective use of the Offender Assessment System (OASys) to produce high-quality risk assessments to inform risk management and sentence planning.**

**Middle Managers and Staff Development Officers** have now all received OASys quality assurance training, and have delivered an abridged version of the training to their teams. The quality and timeliness of OASys continues to be assessed as part of the internal quality assurance process, with managers feeding back to their teams any areas of concern as well as evidence of good practice.

### **Increase our emphasis on outcomes and consistent delivery of sentence plans to achieve the greatest impact on offenders and reduce their reoffending.**

**Our quality assurance processes have been changed** to evidence achievement of outcomes that reduce reoffending. There have been improvements, but performance will be increased to make sure all outcomes are fully achieved by the end of a sentence.

We are engaging with women and benchmarking our services to make sure these provide equal impact for women offenders

### **Review our existing court report delivery arrangements against the nationally issued specification and implement changes which enable better use of resources and increased efficiency.**

**A Best Value Review was completed, at the request of the Director of Offender Management.**

The report concluded that the Trust meets the requirements of the specification, but identified some scope for improvement and cost efficiencies. The improvement plan has been approved by the Trust Business Development Committee and will be implemented during 2011-2012.

## Play a key role in promoting public protection

### Continue to play a lead role in protecting the public from reoffending, working in partnership with others and making best use of available resources.

**Revised national guidance was issued during the year** and internal processes have been reviewed to incorporate any changes. Staff are being trained in new procedures, but Essex Probation continues to perform appropriately against national performance indicators.

### Deliver quality offender management of high risk cases.

**We published the MAPPA Annual Report for Essex** in October 2010. There were no serious further offences committed by offenders managed at MAPPA Levels 2 and 3 in the reporting year. Essex Probation was not involved in the management of any Level 1 cases where Serious Further Offences were committed. The Board reviews performance, and, as part of routine management at local delivery unit level, we look at the findings of Serious Further Offence investigations to learn lessons and improve practice.

### Improve outcomes for the safeguarding of children in Essex and ensure quality delivery by working actively with partners in the Southend, Essex and Thurrock Safeguarding Children's Boards and Children's Trusts.

**We continue to work closely with our partners** and take the lead on safeguarding training arrangements across the three safeguarding Board areas. An internal audit with regard to our arrangements was positive and a joint audit with Southend arrangements highlighted some governance issues, but no significant issues specifically for Essex Probation.

## Increase the safety and well-being of victims of crime

### Continuously improve victim satisfaction with our service.

**Victim Satisfaction quarterly results** show 100% overall satisfaction with the service we provide. Victims' partners / ex-partners have received a satisfaction questionnaire since May 2010. All responses have been positive, so far. Improvements continue to be made to the service, in particular systems for referral and victim contact arrangements.

### Integrate victims into Offender Management practice.

**Our internal Victims Policy** has been re-written to clearly include integration of victims work into Offender Management practice. Outcomes will now be measured to provide evidence of progress with this policy.



# Reduce the likelihood of reoffending by those having the greatest impact on communities

## Deliver an effective and consistent service to Prolific and Priority Offenders (PPOs), with our partners.

Our work with partnership agencies continues, and PPO delivery will form part of the Integrated Offender Management (IOM) project as this develops.

## Deliver a premium service to PPOs.

Our PPO database has been reviewed. All external contacts are recorded to demonstrate the partnership's delivery of the premium service. Practice is monitored at quarterly PPO meetings.

## Work effectively with other organisations to deliver Integrated Offender Management (IOM).

Essex Police and Essex Probation are the lead agencies on the IOM project, but many other partners are also involved. The aim of the programme is to reduce reoffending by concentrating on the most problematic offenders, including non-statutory offenders, in order to reduce reoffending. The project is a long-term piece of work and will continue into 2011-12.

## Increase and adapt Alcohol Interventions in line with new national interventions guidance.

Our Alcohol provision has been fully reviewed and a range of interventions are now provided by partner agencies or directly by offender managers.

## Work effectively with other organisations to deliver services to Mentally Disordered Offenders.

Multi-agency work continues to consider how this might be developed further, to incorporate diversion schemes.

# Deliver continuous improvement to ensure we remain among the top performing Trusts

## Quality embedded in continuous performance outcomes.

The Performance Unit and internal inspection processes have been restructured to improve the monitoring of and focus on areas for improvement.

## **Deliver against contract targets and priorities.**

**We have achieved substantial improvements** in performance during 2010-11. The Trust is now rated 'Green – Good performance' and is among the top five Trusts for performance in a number of target areas.

## **Deliver change implementation to timescale.**

**A raft of business change programmes have been successfully delivered** during the year, to ensure that we can meet our performance and financial targets.

## **Delivering best value in all activities**

### **Act on the results of the National Specification, Benchmarking and Costing (SBC) programme, in relation to the Victim Information Service and Unpaid Work.**

**We have completed this work** and a Best Value report has been presented to the Business Development Committee. Improvements to the Victim Contact process, suggested in the report, have now been implemented. The Unpaid Work review had also revealed areas for improvement which the Director-Interventions is progressing.

### **Through the use of our Best Value Framework, identify best delivery providers, including outsourcing opportunities that positively increase efficiency and cost effectiveness.**

**Best Value reviews have taken place** for three operational areas. The reviews concluded that outsourcing would not provide an cost efficiency improvements at the present time.

## **Increase the effectiveness of interventions.**

**A national audit of interventions** will take place in July 2012. A bench-marking exercise on quality has already commenced. Interventions managers are making changes to practice where quality can be improved.

## **Capitalise on Opportunities for Innovation and Growth**

### **The Trust Board will identify opportunities to deliver improvements to services through innovation.**

**The Business Development Committee** is key to this process. The Committee has reviewed three areas of operation subject to Best Value reviews, making recommendations to the Board, and has engaged with opportunities as they emerge.



## **Anticipate and respond to commissioning requirements and changing markets.**

**Since the change of Government** (and with the backdrop of a financial recession and corresponding drive for reductions in public sector spending) the partnership and commissioning landscape has changed. Work regarding future possibilities is underway that will respond to NOMS commissioning requirements and create opportunities for Essex Probation.

## **Make effective use of Knowledge Management.**

Changes made to IT structures have already begun to pay dividends and reduce the burden on staff of having to cope with so much information.

# 2 *Strengthening Local Commissioning and Delivery*

## **Ensuring the objectives of Essex Probation and its strategic partners are aligned**

### **Fully engage with Commissioners to deliver agreed levels of service, focussed on local communities.**

**The Chief Executive meets regularly with Local Authority Chief Executives** to take forward service planning focussed on local communities. We are fully engaged with the strategic changes happening across all public sector commissioning bodies, to ensure offenders' needs are recognised in planning priorities.

### **Ensure Local Delivery Units (LDUs) identify and respond to local need.**

**LDUs are being reorganised** to deliver services to geographical areas that will ensure a better response to local need. Detailed information from our systems about reoffending has been made available to local partnership groups with the aim of improving understanding and more efficient targeting of joint resources.

## **Improve Sentencer confidence**

### **Improve Sentencer confidence in community sentences.**

**Regular Sentencer Engagement events** have taken place, with positive feedback from sentencers indicating an increased understanding of our work and confidence in what we deliver.

## **Increase the use of appropriate community sentences.**

**We have a strategy** to channel resources towards work that delivers the most impact. The use of appropriate community sentences is reviewed monthly in LDUs, and improvements in performance are being delivered. This work will continue into next year.

## **Work with the Confidence Action Team (Criminal Justice Board and Community Safety Partnerships) to develop the public engagement processes.**

**Joint working with the CAT continues in 2010-11.** However, the CAT within the Essex Criminal Justice Board is to be disbanded due to changes to the ECJB structure.

## **Work closely with Essex Police to develop 'Justice seen, Justice done'**

**This has not been an easy task**, with such a complex and large structure in place and the need for us to fully brief the police involved. However, the first meetings are planned.

# 3 *Developing the Organisation*

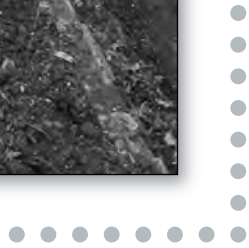
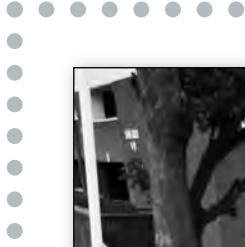
## **Ensure our organisational infrastructure enables us to meet our strategic objectives**

### **Structures deliver the management of organisational risk.**

**Risk Management is now a part of local delivery plans** which are regularly monitored and overseen by the Trust Audit Committee.

### **Ensure fair access and outcomes for offenders and staff through the Single Equality Scheme**

**We examine the impact of our policies and processes on all social groups** at quarterly Diversity Committee meetings, when HR and operational statistics are reviewed. No concerns have been raised, and staff diversity and gender representation remains consistent, despite joiners and leavers. A review of the Single Equality Scheme is being undertaken to reflect current priorities in Diversity.



# Ensuring our staff have the knowledge, skills and motivation to deliver constant improvement

## Deliver the Workforce Plan.

**Our Workforce Plan has been updated for the coming year** and will inform our decisions. There will be a continuous process during the year to ensure staffing levels are fit for purpose to meet the Trust's contract.

## Leadership

### Develop the role of the Board to maximise the value it adds to the organisation.

**Arrangements are in place** to ensure the Board continues to be familiar with the work of our service. Board members engage with Directors and others in taking work forward, utilising the skills and experience they bring to the role, to add value.

### Review Board structures, procedures and Standing Orders to ensure they match Trust requirements.

**Our structures, procedures and Standing Orders** have been brought into line with the Trust Governance Handbook and adopted by the Board. The Board is in the process of developing the Trust Strategic Plan for the next three years, which will be published during 2011-12.

## Strategy

### Review the management structure, ensuring that task allocation and reporting lines reflect corporate priorities and local need.

**Our Management structure has been reviewed** as part of the business planning process and appropriate changes made.

### Develop LDU structure to deliver 'Story of Place' and 'Total Place' visions.

**New structures are in place in LDUs** for local managers to deliver the vision of Total Place, now called "The Big Society". As these structures continue to develop, so too will the focus on locality delivery presented as part of our Trust application.

## People

### **Develop and deliver a Knowledge Management Strategy.**

**The Knowledge Management Strategy has been completed.** Improvements derived from the Strategy have started and will be completed during 2011-12.

### **Develop our staff to actively manage their own performance through training and performance reporting.**

**Appraisal review processes are in place** to ensure staff are reviewed on a quarterly basis. This review includes an individual performance scorecard, where appropriate, and detailed objectives given to staff in support of the Business Plan.

### **Review the New Qualification Framework to ensure we are delivering training in the most efficient and effective way.**

**This process has been completed.** The structure to deliver training is in place and the first candidates have commenced their courses. The first candidate is due to complete their training in August 2011.

### **Review and progress the MoJ Leadership and Management Framework**

**The review of this Framework,** and how it may fit with Management Development, is still under review.

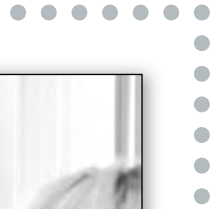
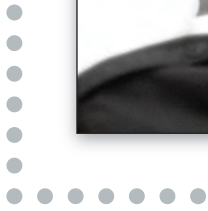
## Partnerships and Resources

### **Deliver specification, benchmarking and costing reviews and implement change processes to deliver a timely and efficient Savings Plan.**

**No further efficiency savings have been generated from the SBC reviews,** although changes to delivery are being progressed by Director leads. Savings plans have been generated from alternative sources to meet savings requirements.

### **Collaborate with other probation trusts to benchmark and develop cost-effective means of delivery.**

**We have an agreement for Benchmarking and Liaison** with another Probation Trust and this will be progressed in the future as required.



# Processes, Products and Services

## Create a rolling performance, planning and delivery framework.

The entire Performance Management Framework has undergone a root-and-branch analysis and improvements made to both quality and timeliness.

## Create feedback processes to engage our strategic partners and key stakeholders in planning processes.

A feedback process has been developed and will be implemented during 2011-12.

## 4 *Personal Data-Related Incidents*

### Reviewing our security.

There has been one personal data related incident during the year concerning two DVD recordings of an offender Programme. These were handed to a local newspaper. No offender details were made public, but an article describing how the disc was found and an overview of the contents was published.

The DVDs were returned to us by the Newspaper and, following an investigation, it was found that relevant security controls were not being followed. Our security arrangements for DVD recordings have been reviewed and instructions issued to prevent a reoccurrence



# Results: The Picture

## For Customers

Victim contact: victim or victim's family to be contacted within National Standard of 8 weeks from sentence in 85% of cases involving serious sexual or other violent offence where offender is sentenced to 12 months or more.

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
85%	83%	90%	98%	90%	98%	90%	99%

Achieve trust target for referrals to educational Awards

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
Starts 1127	1246	Referrals 1200	Referrals 1404	Referrals 1000	Referrals 1160	Referrals 750	Referrals 1767
Awards 234	282						
1127	111%	1127	117%	100%	116%	100%	236%

Unemployed offenders to find and keep employment or vocational training for 4 weeks or more during the course of their supervision.

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
Placed 350	394 (113%)	Placed 380	395 (104%)	Placed 326	337 (103%)	Placed 322	406 (126%)

Unemployed offenders in employment at termination of their order or licence

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
N/A	N/A	40%	53%	43%	51%	43%	52%

Percentage of offenders in settled/suitable accommodation at the end of sentence

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
85%	81%	75%	79%	77%	85%	79%	90%

## For people

Reduce sickness absence to an average of 9 days per staff year

07 - 08		08 - 09		09 - 10		10 - 11	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
9	12.8	9	8	9	8	9	8.4

## Key Performance Results

Parole Assessment Report timeliness for Parole eligible cases

07 - 08

Target	Actual
N/A	N/A

08 - 09

Target	Actual
90%	90%

09 - 10

Target	Actual
90%	88%

10 - 11

Target	Actual
90%	100%

Court reports completed before the court date

07 - 08

Target	Actual
N/A	N/A

08 - 09

Target	Actual
90%	97%

09 - 10

Target	Actual
90%	98%

10 - 11

Target	Actual
90%	99%

Breach action in accordance with National Standards (10 Working days)

07 - 08

Target	Actual
90%	86%

08 - 09

Target	Actual
90%	90%

09 - 10

Target	Actual
90%	98%

10 - 11

Target	Actual
90%	98%

% of orders and licences successfully completed

07 - 08

Target	Actual
70%	68%

08 - 09

Target	Actual
70%	74%

09 - 10

Target	Actual
73%	74%

10 - 11

Target	Actual
73%	76%

% of recall requests reaching NOMS within 24 hours of OM's decision

07 - 08

Target	Actual
N/A	N/A

08 - 09

Target	Actual
90%	90%

09 - 10

Target	Actual
90%	98%

10 - 11

Target	Actual
90%	100%

Completions of Unpaid Work

07 - 08

Target	Actual
1400	1504 (107%)

08 - 09

Target	Actual
1400	1834 (131%)

09 - 10

Target	Actual
1500	1947 (130%)

10 - 11

Target	Actual
1700	2194 (129%)

Unpaid Work completion rate

07 - 08

Target	Actual
N/A	N/A

08 - 09

Target	Actual
N/A	N/A

09 - 10

Target	Actual
N/A	N/A

10 - 11

Target	Actual
74%	77.4%

Lose no more than 5% Unpaid Work days due to stand downs

07 - 08

Target	Actual
5%	3%

08 - 09

Target	Actual
5%	2%

09 - 10

Target	Actual
5%	2%

10 - 11

Target	Actual
5%	0.7%

DRR completion rates

07 - 08

Target	Actual
320	346 (108%)

08 - 09

Target	Actual
344	347 (101%)

09 - 10

Target	Actual
344	270 (78%)

10 - 11

Target	Actual
254	139 (54.7%)

Achieve area target for completions of accredited programmes

07 - 08

Target	Actual
367	400 (109%)

08 - 09

Target	Actual
310	443 (143%)

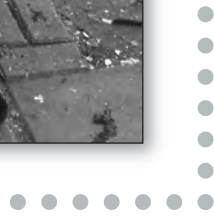
09 - 10

Target	Actual
460	601 (130%)

10 - 11

Target	Actual
375	411 (109%)

<b>Accredited Programme commencements</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	N/A	N/A	N/A	N/A	N/A	N/A	627	581 (93%)
<b>Accredited Programme completion rates</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	N/A	N/A	N/A	N/A	N/A	N/A	(65%)	411 (65%)
<b>Sex Offender programme completions</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	35	29 (83%)	41	41 (100%)	30	31 (103%)	35	49 (140%)
<b>Domestic Violence programme completions</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	66	72 (109%)	80	109 (136%)	80	129 (161%)	120	139 (115%)
<b>Domestic Violence programme completion Rate</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	N/A	N/A	N/A	N/A	N/A	N/A	63%	75%
<b>Alcohol Treatment Requirement completion Rate</b>	<b>07 - 08</b>		<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	N/A	N/A	N/A	N/A	N/A	N/A	50%	55.4%
<b>National Standards: 1. Public Protection 2. Offender Management 3. Interventions</b>	<b>08 - 09</b>		<b>09 - 10</b>		<b>10 - 11</b>			
	Target	Actual	Target	Actual	Target	Actual		
	90%	1. 91% 2. 84% 3. 61%	90%	1. 91% 2. 83% 3. 70%	90%	1. 95% 2. 91% 3. 85%		



Part 2

# Financial Review and Remuneration Report



## PART 2 – FINANCIAL REVIEW AND REMUNERATION REPORT

### FINANCIAL REVIEW

Essex Probation is commissioned by contract to deliver Probation services. The Trust Contract for 2010-11 represented a reduction in funding of 1.8% compared to the previous year. In real terms, accounting for inflationary and other pressures, the reduction has been 6.3%. An efficiency savings plan totalling £1.2 million was drawn up in order to meet the combined pressure of a reduction in funding and the on-going demand for services.

The financial climate has led to the Trust realising the benefits outlined in the application for Trust status, both earlier than envisaged and to a greater level. The new Coalition Government announced further savings targets for all Government Departments in May 2010. As a result, Essex Probation identified additional spending reductions of 1.3%. We have been flexible in approach and substituted or created new savings schemes and income sources while maintaining levels of performance.

Despite the significant level of savings to be delivered this year, Essex Probation has managed its finances completing the year 0.3% over budget.

These accounts have been reviewed and approved by the Essex Probation Board at its meeting on 23 June 2011

Mary Archer OBE  
Chief Executive and Accountable Officer for the Trust  
23 June 2011

## **Statutory Background**

With effect from 1<sup>st</sup> April 2010 the Essex Probation Board was dissolved and established as a Probation Trust under the Offender Management Act 2007. Under the act the new Trust has been set-up in order to support the strategic aims and current Public Service Agreement of the Ministry of Justice. Essex Probation has as its purpose the delivery of probation services under contract with the Secretary of State.

## **Accounts**

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

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

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

## **Principal Activities**

Essex Probation covers the Essex police area, as defined in Schedule 1 of the Police Act 1996, serving a population of 1.6 million. During the year, the Trust employed the full time equivalent of 456 staff, including secondees and agency staff. Essex Probation operates from 7 buildings and 1 Approved Premise across the Area. Essex Probation also employed staff on behalf of the Eastern Regional Training Consortium, for which Essex was the financial lead until the Consortium was disbanded on 31<sup>st</sup> October 2010. These staff were managed by Cambridge and Peterborough Probation Trust and operated from a joint training facility provided by HMP Highpoint.

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

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

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

The Chief Executive (CE) is a statutory office holder appointed by the appointed members. The CE is the Accountable Officer for the Trust and is accountable to the Chief Executive Officer of the National Offender Management Service in his position as the Principal Accountable Officer (PAO) for the Probation Trusts. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

## **Pension Liabilities**

Employees of the Trust are members of the Local Governments Pension Scheme. Details of pension arrangements are set out in Note 3 to the Accounts.

## **Appointments**

A Probation Trust shall consist of a Chairman and not less than four other members appointed by the Secretary of State. The Probation Trust shall have a Chief Executive appointed by the appointed members.

The terms of employment of the appointed members are for the Secretary of State to determine, though the terms of employment of the Chief Executive are for the appointed members to determine, with the approval of the Secretary of State.

The Secretary of State has directed that the first Chief Executive of Essex Probation is to be the person appointed by the Secretary of State on terms determined by the Secretary of State.

Board members, including the Chair are initially appointed for a term not exceeding three years, with the option to re-appoint for a further two terms of three years. The Secretary of State may give written notice of termination of service to Board members without a specified notice period. Board members may at any time resign office, giving written notice to the Secretary of State. There are no compensation liabilities for early termination of Board members contracts. The appointment terms of Board members of Probation Trusts are for the appointed members to determine.

Chief Executives are appointed as Crown Servants on a permanent basis and are subject to three calendar months notice in writing either way.

## **Public Interest**

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

The Trust observes the principles of the CBI 'Prompt Payment' Code and aims to pay all approved invoices within 30 days. In 2010-11, 98% of undisputed invoices were paid within 30 days (2009-10, 96%).

A register of Board member interests is published on the organisations website.

## **Management Board**

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

Ms Mary Archer OBE (Chief Executive), Mr William Puddicombe (Chair), and

Mr M Bates JP, Mr T Collin , Mrs J Durning, Mr R Everitt, Mrs C Mellow , Dr R Moore, Mr P Sheldrake, Mr P Wilcock, and Mr T Young.

The Remuneration Report contains information about the management boards' remuneration.

## **External Accountability**

Under paragraphs 13-14 of Schedule 1 of the Offender Management Act 2007, the Trust is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed an officer of the Commission as the external auditor for Essex Probation. Their Certificate and Report is included at pages 35 to 37.

**Post Balance Sheet Events**

There were no material events after the balance sheet date.

# REMUNERATION REPORT

## Remuneration

The remuneration for Board members is set by the Secretary of State for the home department, in the case of Chief Executives who are Crown employees; remuneration is determined by the Ministry of Justice through annual pay negotiation.

The pensions of Chief Executives are determined through the London Pension Fund Authority, which is part of the local Government pension scheme.

Chief Executives' performance pay is determined by the Director of Probation against criteria set by the Home Office. There is no performance element for other Board members. Up to 4% of Chief Executives' pensionable pay is determined by performance conditions.

Name	Role	Date Appointed *	2010-11			2009-10	
			Salary**	Bonus paid**	Benefits in Kind**	Salary*	Benefits in Kind**
			£000	£000	(to nearest £100)	£000	(to nearest £100)
Mary Archer OBE	Chief Executive	1/4/10	105-110	5-10	0	115-120	0
William Puddicombe	Chair	1/4/10	15-20	0	0	20-25	0
Martin Bates	Board member	1/4/10	0-5	0	0	0-5	0
Terry Collin	Board member	1/4/10	0-5	0	0	0-5	0
Jo Durning	Board member	1/4/10	0-5	0	0	0-5	0
Robert Everitt	Board member	1/4/10	0-5	0	0	0-5	0
Carol Mellow	Board member	1/4/10	0-5	0	0	0-5	0
Richard Moore	Board member	1/4/10	0-5	0	0	0-5	0
Roger Lucking	Board member	resigned	0	0	0	0-5	0
Peter Sheldrake	Board member	1/4/10	0-5	0	0	0-5	0
Peter Wilcock	Board member	1/4/10	0-5	0	0	0-5	0
Timothy Young	Board member	1/4/10	0-5	0	0	0-5	0

\* The Chief Executive, Chair and Board members were formally re-appointed to the Trust on 1<sup>st</sup> April 2010.

\*\*Remuneration is shown in bandings of £5,000. For 2010-11, salary information includes details of bonus payments reported as part of total salary for 2009-10.

## Pension Benefits

Name	Real increase in pension at age 65 £000	Total accrued pension at aged 65 at 31 March 2011 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010 £000	Real increase in CETV £000	Employer contribution to partnership pension account (to nearest £100)
Mary Archer	5 to 7.5 plus lump sum of 0 to -2.5	40 to 45 plus lump sum of 95 to 100	753	752	1	0

All Ministry of Justice appointed Board members receive non-pensionable remuneration of £15.40 per hour from 1<sup>st</sup> April 2007. The Board Chair receives an annual non-pensionable remuneration. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

These tables have been subject to audit.

Mary Archer OBE  
Chief Executive Accountable Officer for the Trust

23 June 2011

Debbie Came  
Director of Finance

23 June 2011

## STATEMENT OF ACCOUNTABLE OFFICERS' RESPONSIBILITIES

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

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

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

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the trust. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the trusts' 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 trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

## **STATEMENT ON THE SYSTEM OF INTERNAL CONTROL**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Essex 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 Managing Public Money.

As Accountable Officer for the Essex Probation I am accountable via the Regional Director of Offender Management to the Chief Executive of the National Offender Management Service. I meet regularly with the Regional Director of Offender Management to discuss issues relating to service delivery and the management of organisational risk. My responsibilities also extend to my role as Accountable Officer for the finances of the East of England Regional Training Consortium, until 31 October 2010 when the regional arrangement was disbanded.

### **The purpose of the system of internal control**

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental 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 Essex Probation for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Internal Audit is provided by NOMs Audit and Corporate Assurance Unit. The Internal Auditor has provided a positive opinion regarding the adequacy and effectiveness of Essex Probation arrangements for governance, risk management and internal control based on the work undertaken for the 12 months ended 31 March 2011. The control structures in place have been mostly effective however internal audit have identified two key recommendations:

- A single Partnership Strategy to combine the partnership themes within the Trust's strategic plan was required - A draft strategy has been produced for review by the Trust Board in June 2011.
- Improved controls for use of credit cards - Instructions on appropriate use have been issued and authorisation procedures are in place.

All further recommendations for improvement arising from work completed by the Internal Auditor are being progressed and monitored by the Audit Committee at each meeting.

### **Capacity to handle risk**

As Accountable Officer I have overall responsibility for ensuring risks are managed effectively. The Director of Finance takes the lead role for internal control and risk management co-ordination activities. The Audit Committee provide an oversight of risk management and focus for the process. The Risk Management Policy is reviewed every two years and last issued in July 2009. The policy takes account of internal audit recommendations and best practice guidance provided by the Home Office, Treasury and NOMS. It sets out the Boards approach to risk and defines the risk tolerances applied within the organisation. The policy is formally issued to all staff through an internal policy deployment system.

All new staff receive a briefing on organisational risk management as part of the Induction Programme. Operational staff at Essex Probation deal with the risk assessment and management of offenders on a daily basis and are therefore fully trained in risk management systems.

The Board receive an annual risk awareness update and all Board members, senior and middle managers have been involved in the process of identifying risks to corporate objectives during the planning process for 2010-11 and on an on-going basis.

All staff are kept apprised of corporate risk management systems and best practice through regular Area Manager Meetings. Risks are reviewed on a quarterly basis at a geographical level and control action taken by Managers with staff as appropriate.

The Audit Committee receives the notes from the NOMs Audit Committee, where issues of national and local risk are considered. The Audit Committee can escalate issues of concern directly to the national committee.

## **The risk and control framework**

### **Risk identification and evaluation**

The Senior Management Team meets to consider the plans and strategic direction of the organisation on an annual basis. A draft Business Plan is produced for consultation and further input by the Middle Manager Group. The draft Plan is presented to the Board for review and approval. Geographical management groups create objectives in order to contribute to the organisational objectives outlined in the Business Plan and service delivery targets within the Trust Contract. Objectives within the Trust Business Plan are assigned to individuals within the Senior Management Team and to local Managers for objectives devolved to Local Delivery Units.

At each level of planning, risks are identified and evaluated by assessing the degree of risk exposure (impact and likelihood) for each to determine the acceptable level of risk. The key risks are derived from a scoring system based on risk ratings and tolerances defined within the Risk Management Policy. These form the basis of the Risk Register which is managed and overseen by the Senior Management Team and Audit Committee.

### **Risk ownership**

Each risk on the Key Risk Register is allocated to a Director who is responsible for implementing an appropriate control strategy for that risk and reviewing progress. Action taken is summarised on the Risk Register to provide evidence and assurance to the Accountable Officer of effective management. Risks relating to local Delivery Units are managed by Delivery Unit Managers and recorded on local plans, including action taken.

A Director oversees risks associated with operational issues and has responsibility for Public Protection and liaison with other agencies.

### **Risk and internal controls monitoring and reporting**

Each quarter the Senior Management Team review the Risk Register as part of the performance review process and determine whether controls are in place and operating effectively. The Audit Committee and Board receive and review an up-dated Risk Register including management action to date. New risks may be identified during the performance review process, via internal or external audits or via the business tracker process which logs additional business objectives and changing priorities as they occur during the year. Risk Management is a standing item at each Audit Committee meeting.

During 2010-11, the key risks being managed by the organisation related to contractual issues for Approved Premise, securing resources and pension fund liabilities.

Essex Probation had one personal data-related incident during the year, relating to DVDs containing a recording of an offender programme. Our security arrangements for disposable media were reviewed and new instructions issued to prevent a reoccurrence.

## **Embedding risk management**

The last internal audit assessment of risk maturity in May 2010 assessed the organisation as having 'sound risk management and control'. A strategy for engaging with key stakeholders during the planning process has been drawn up for deployment in 2011-12.

## **Review of effectiveness**

As Accountable Officer, I also 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 and the executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors and inspectors in their management letter and other reports. I have been advised on the implications of the result of my review of effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The processes in place to maintain and review the effectiveness of the system of internal control are as follows:

- Regular meetings of the Board to consider the plans and strategic direction of the Trust. The Board convened on ten occasions in 2010-11.
- At each meeting the Board considers key areas of service and performance and receives reports from executive officers on achievement of aims and objectives. Sub-Committees of the Board oversee specific governance areas and report on progress to the Board.
- All policies and reports to the Board include an assessment of risk issues.
- The Audit Committee convened on five occasions during 2010-11, reporting to the Board on issues of Risk Management and Internal Control.
- Regular reports from the Internal Auditors are made (to standards defined in the Government Internal Standards) to the Audit Committee. Internal Audit provides a source of independent assurance and advice on best practice. These include an independent opinion from the Internal Auditor on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement.
- The Audit Committee receives evidence based reports from executive managers monitoring compliance with audit recommendations.
- External audit reported on a survey of staff and Board members called 'Your Business at Risk' which identified a good level of awareness of potential IT dangers compared to national results.
- Information security issues are reported to each Audit Committee
- Both Internal and External auditors attend Audit Committee meetings on a regular basis.
- Accountability sessions led by the Chief Executive have been in place since November 2003. These review performance and risk management in local delivery units at a cross functional and individual level and identify best practice and areas for improvement.
- A business tracker system is in place to ensure the Senior Management Team are advised of specific regulations or procedures laid down by central departments, responsibilities assigned and compliance monitored.
- An annual Business Plan is prepared including an assessment of the risks to achievement of the key objectives within the plan.

- A Contract with the Secretary of State for Justice via the regional Director of Offender Management sets out service delivery targets and local improvement objectives for 2010-11. A quarterly meeting between the Chief Executive and the Regional Offender Manager assesses performance against the contract.
- Quarterly review meetings are held with the Senior Management Team to monitor progress against key objectives, current initiatives, and compliance with extant external requirements.

A plan to address weaknesses and ensure continuous improvement of the system of internal control is in place. The following assurance activity is planned for 2011-12:

- Increased involvement of key stakeholders in business planning and risk assessment.
- Further joint internal audits with partner agencies to review and improve common outcomes.

Mary Archer OBE  
Chief Executive and Accountable Officer for the Trust

23 June 2011

Debbie Came  
Director of Finance

23 June 2011



# **Independent auditor's report to Members of Essex Probation Trust**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF ESSEX PROBATION TRUST**

I have audited the financial statements of Essex Probation Trust 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 Flow and the related notes. These financial statements have been prepared under the accounting policies set out in the Accounting Policies. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Members of the Board of Essex Probation Trust 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 Essex Probation Trust'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 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, Essex Probation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

### **Certificate**

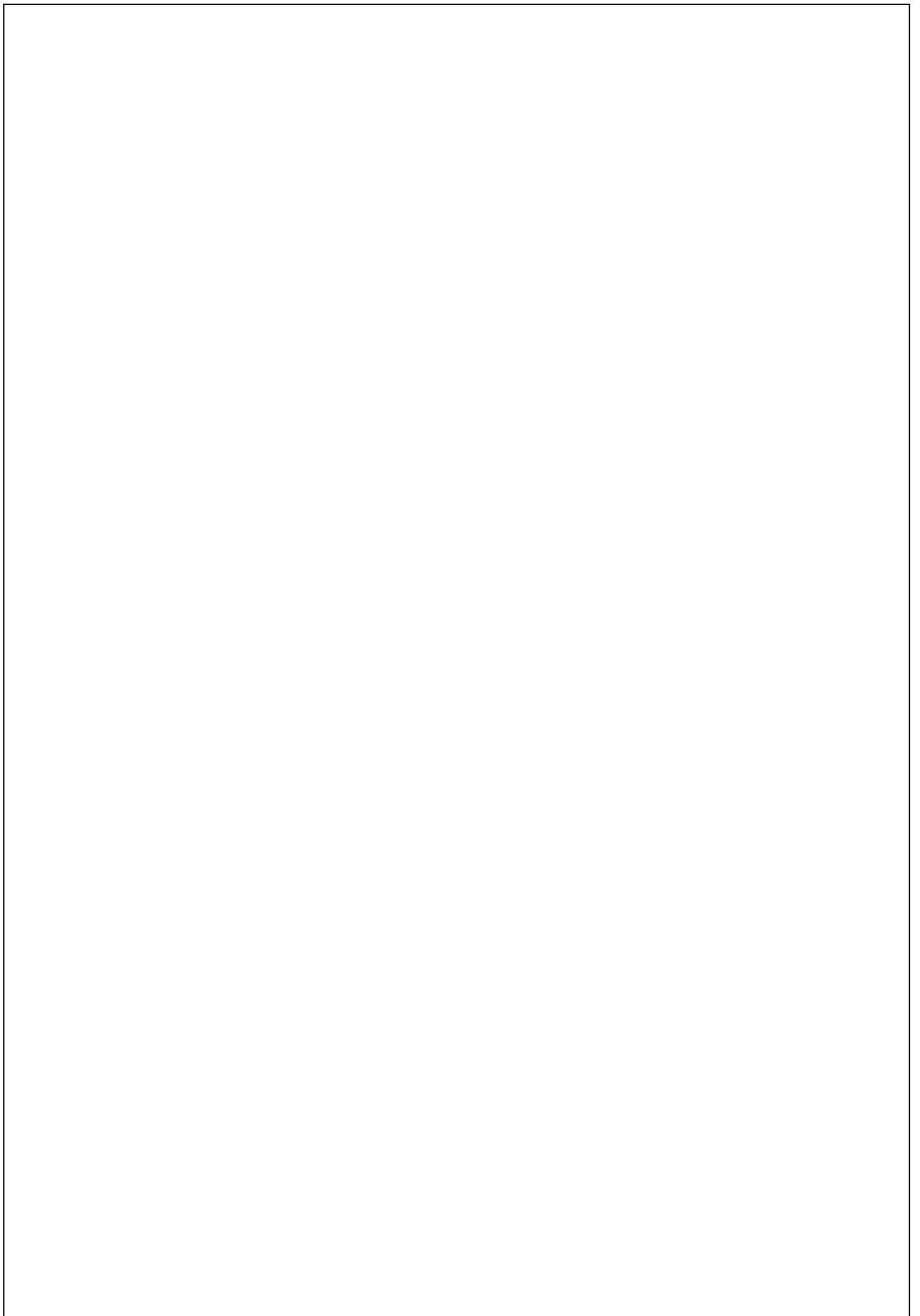
I certify that I have completed the audit of the accounts of Essex Probation Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Christine Connolly

Officer of the Audit Commission

Audit Commission  
3rd Floor  
Eastbrook  
Shaftesbury Road  
Cambridge CB2 8BF

23 June 2011



## Statement of Comprehensive Net Expenditure

		2010-2011	Restated 2009-2010
	Notes	£000	£000
<b>Administration Costs:</b>			
Staff costs	2(a)	14,237	13,953
Other administration costs	4	5,672	6,556
Negative past service cost	3(d)	(3,675)	0
Net NOMS Financing received in year	13	(49)	(652)
Income	7(a)	(20,193)	(20,956)
<b>Net Administration Costs</b>		<b>(4,008)</b>	<b>(1,099)</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>(4,008)</b>	<b>(1,099)</b>
Expected return on pension assets	3(e)	(2,607)	(1,997)
Interest on pension scheme liabilities	3(e)	3,535	3,207
<b>Net Operating Costs before taxation</b>		<b>(3,080)</b>	<b>111</b>
Taxation	6	0	0
<b>Net Operating Costs after taxation</b>		<b>(3,080)</b>	<b>111</b>
<b>Other Comprehensive Expenditure</b>			
	Notes	£000	£000
Net (gain)/loss on revaluation of Property Plant and Equipment	14(a)	(4)	(5)
Net (gain)/loss on revaluation of Intangibles	14(a)	0	(1)
Net (gain)/loss on revaluation of available for sales financial assets		0	0
Pension Actuarial (Gain)/Loss	13	(816)	5,416
<b>Total Comprehensive Expenditure for the year ended 31 March 2011</b>		<b>(3,900)</b>	<b>5,521</b>

All income and expenditure is derived from continuing operations.

The notes on pages 43 to 61 form part of these accounts.

## Statement of Financial Position as at 31 March 2011

Notes	2010-2011	Restated 2009-2010	Restated 2008-2009
	£000	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8	69	115
Intangible assets	8(a)	30	48
Financial Assets	19	0	0
Other receivables > 1 year	9(a)	0	5
<b>Total non-current assets</b>		<b>99</b>	<b>163</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)	2,292	454
Cash and cash equivalents	10	530	1,186
<b>Total current assets</b>		<b>2,822</b>	<b>2,167</b>
<b>Total assets</b>		<b>2,921</b>	<b>1,799</b>
<b>Current (liabilities)</b>			
Trade and other payables	11(a)	(1,390)	(1,646)
Taxation payable	11(a)	(989)	(458)
Financial Liabilities	19	0	0
Short-term Provisions	12	0	0
<b>Non current assets plus/less net current assets/(liabilities)</b>		<b>542</b>	<b>(305)</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)	(17,554)	(15,086)
<b>Total non-current (liabilities)</b>		<b>(17,554)</b>	<b>(15,086)</b>
<b>Assets less liabilities</b>		<b>(17,012)</b>	<b>(15,391)</b>
<b>Taxpayers' equity:</b>			
General fund	13	(17,033)	(15,402)
Revaluation reserve	14(a)	21	11
Donated asset reserve	14(b)	0	0
		<b>(17,012)</b>	<b>(15,391)</b>

The notes on pages 43 to 61 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 (Restated)</b>		(15,402)	11	0	(15,391)
Change In Accounting Policy		0	0	0	0
<b>Balance at 1 April 2009</b>		<b>(15,402)</b>	<b>11</b>	<b>0</b>	<b>(15,391)</b>

## Changes in taxpayers' equity for 2009-10

## Statement of Comprehensive Net Expenditure

Net Operating costs before taxation & interest	SoCNE	1,099			<b>1,099</b>
Expected return on pension assets	SoCNE	1,997			<b>1,997</b>
Interest on pension scheme liabilities	SoCNE	(3,207)			<b>(3,207)</b>
Taxation costs	SoCNE	0			<b>0</b>
<b>Operating income to be surrendered (interest received)</b>	13	0			<b>0</b>
Net asset transfers in/(out)	13	0			<b>0</b>
Transferred from revaluation reserve	13	0			<b>0</b>
Pension Actuarial (Loss)/Gain	13	(5,416)			<b>(5,416)</b>
Net gain/(loss) on revaluation of property, plant and equipment	14a		6		<b>6</b>
Donated Assets Reserve	14b			0	<b>0</b>
Income not appropriated in aid paid to Consolidated Fund		0			<b>0</b>
Machinery Of Government Changes		0			<b>0</b>
<b>Balance as at 31 March 2010</b>		<b>(20,929)</b>	<b>17</b>	<b>0</b>	<b>(20,912)</b>

## Changes in taxpayers' equity for 2010-11

## Statement of Comprehensive Net Expenditure

Net Operating costs before taxation & interest	SoCNE	4,008			<b>4,008</b>
Expected return on pension assets	SoCNE	2,607			<b>2,607</b>
Interest on pension scheme liabilities	SoCNE	(3,535)			<b>(3,535)</b>
Taxation costs	SoCNE	0			<b>0</b>
<b>Operating income to be surrendered (interest received)</b>	13	0			<b>0</b>
Net asset transfers in/(out)	13	0			<b>0</b>
Transferred from revaluation reserve	13	0			<b>0</b>
Pension Actuarial (Loss)/Gain	13	816			<b>816</b>
Net gain/(loss) on revaluation of property, plant and equipment	14a		4		<b>4</b>
Donated Assets Reserve	14b			0	<b>0</b>
Income not appropriated in aid paid to Consolidated Fund		0			<b>0</b>
Machinery Of Government Changes		0			<b>0</b>
<b>Balance as at 31 March 2011</b>		<b>(17,033)</b>	<b>21</b>	<b>0</b>	<b>(17,012)</b>

The notes on pages 43 to 61 form part of these accounts.

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

		2010-2011	Restated 2009-2010
	Notes	£000	£000
Net cash outflow from operating activities	15(a)	(1,232)	(1)
Capital expenditure and financial investment	15(b)	0	(59)
Financing	15(c)	49	587
<b>Increase / (decrease) in cash in the period</b>		<b>(1,183)</b>	<b>527</b>

---

The notes on pages 43 to 61 form part of these accounts.

## Accounting Policies

### Authorisation of Accounts

The Accounting Officer for the Probation Trust authorises these Financial Statements for issue on 21/06/2011. The Financial Statements have been approved by a resolution of the Essex Probation Board on 23rd June 2011.

### 1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector. Where the FRoM 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. Trusts are corporate bodies delivering services under contract to the Secretary of State for Justice. The SoCNE is shown net of contract income received for 2010-11. The comparatives have therefore been restated as if the former Boards were Trusts in 2009-10, and as a result the prior year financing of £19,881 has been restated as income.

HM Treasury and NAO have agreed the removal of the cost of capital charge from 2010-11 as Probation Trusts are no longer subject to a resource budgeting framework but deliver services under contract. This is a change in accounting policy and the comparatives have therefore been restated in line with IAS 1. The SOFP, Note 4 and Note 13 have been restated to exclude the cost of capital for 2009-10 - £569 and 2008-09 - £471.

The cost of early retirements is shown within Pension Costs in note 3 with effect from 1 April 2010 and excluded from Provisions for Liabilities and Charges in note 12 as reported in previous years accounts. Comparatives have been adjusted as follows:

With effect from 1 April 2010, the discount rate applied to the early retirement commitment will be that advised by the Pension Fund actuary and not the rate advised annually by HM Treasury, in accordance with the requirements of FRoM. The Actuary discount rate is specific to each employer taking into account the duration of liabilities. As a result the commitment shown is that calculated by the Pension Fund actuary and prior year comparatives have been restated to reflect a change in value and discount rate applied. Further information is provided in accounting policy 1.14 and Note 3j.

#### 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 £5,000, inclusive of any irrecoverable VAT element, where appropriate. With effect from October 2010, Essex Probation adopted a capitalisation threshold of £10,000 in line with Ministry of Justice policy. From this date only purchases over £10,000 have been capitalised. 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.

Pension costs have been prepared under International Accounting Standard 19. The Actuary has adopted the CIPFA guide "Financial Reporting Standard 17 - Calculation Guide for Local Authorities" when completing the figures.

**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 a real discount rate (net of inflation) of 2.6 per cent. This is the discount rate advised by the Pension Fund Actuary. This is a change in accounting policy from the Treasury discount rate and early retirement commitment value previously applied and prior year comparatives have been amended accordingly.

**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 the relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the SoCNE on a straight-line basis over the term of the lease.

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

**Finance Leases**

Finance lease rights and obligations are initially recognised at the commencement of the lease term as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments determined at the inception of the lease. Minimum lease payments are allocated between interest expense and reduction of the outstanding lease liability, according to the interest rate implicit in the lease or the HM Treasury rate where a rate could not 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 as grants (of any nominal type, classification, or attached conditions) are treated as financing rather than 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.

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

**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.

**1.18 Value Added Tax**

The Probation Trust is liable for VAT on the majority of services it provides. Input tax is recoverable to the extent that the associated costs are used in making taxable supplies in the course of business. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

**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.

**1.21 IFRS 8 Segmental Reporting**

The Trust reports their financial information to their own Management Board, based on their own individual structures, under IFRS 8 Segmental Reporting.

**1.22 Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset Current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle Current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**1.23 Trade and other receivables**

An analysis of trade and other receivables due within one year are shown below:

	0-3 months	3-6 months	6 + months	Total
Trade receivables	43	14	18	75
Receivables due from NOMS Agency	2,043			2,043
Receivables due from the Ministry of Justice - HQ	26			26
Receivables due from HM Courts Service (HMCS)	8			8
Other receivables	81			81
Prepayments and accrued income	59			59
<b>Total</b>	<b>2,260</b>	<b>14</b>	<b>18</b>	<b>2,292</b>

## Notes to the Accounts

## 2 Staff numbers and related costs

2(a) Total staff costs comprise:

	2010-2011			2009-2010
	£000	£000	£000	£000
	Permanently -			
	Total	employed staff	Others	Total
Wages and salaries	12,094	11,935	159	12,274
Social security costs	930	930	0	893
Other pension costs	1,856	1,856	0	1,361
<b>Sub Total</b>	<b>14,880</b>	<b>14,721</b>	<b>159</b>	<b>14,528</b>
Less recoveries in respect of outward secondments	(643)	(643)	0	(575)
<b>Total net admin costs</b>	<b>14,237</b>	<b>14,078</b>	<b>159</b>	<b>13,953</b>
Net programme costs	0	0	0	0
<b>Total Staff Costs</b>	<b>14,237</b>	<b>14,078</b>	<b>159</b>	<b>13,953</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.

NIL persons (2009-10: nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to ENIL (2009-10: ENIL).

## 2(b) Average number of persons employed

	2010-2011			2009-2010
	Permanently -			
	Total	employed staff	Others	Total
	456	447	9	465
	<b>456</b>	<b>447</b>	<b>9</b>	<b>465</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	0	1	0
3	£10,000 - £25,000	0	1	0
5	£25,000 - £50,000	0	2	0
6	£50,000 - £100,000	0	0	0
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>0</b>	<b>4</b>	<b>0</b>
10	<b>Total resource cost / £</b>	<b>0</b>	<b>90,034</b>	<b>0</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.

Essex Probation redundancy and other departure costs are not covered by the CSCS. Compensation terms are set out in the organisation's Staff Reduction Policy operational from January 2010. There were 4 exit packages agreed during 2010-11 (zero 2009-10). These related to the closure of the Regional Training Consortium on 31st October 2010. The cost of the departures while reported here are accounted for in Note 4 - Other staff related costs.

### 3 Pension Costs

Pension costs have been based on employee contributions and payments made between April 2010 and March 2011. Investment returns are calculated on actual returns March 2011 based on market index returns.

The expected rate of return on plan assets used by the Actuary is based on their assessment of market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class: Equities 7.5%, Government Bonds 4.4%, Other Bonds 5.1%, Property 6.5%, Cash/current assets 0.5% and other assets are dependent on the asset type.

The UK Government announced on 22 June 2010 that pension increases or revaluations for public sector schemes would be based on the Consumer Prices Index (CPI) measure of price inflation from 2011, rather than the Retail Prices Index (RPI) measure of price inflation. The Actuary has allowed for this change by assuming that over the long term CPI will be less than RPI by 0.5% per annum. This is a gain due to a change in scheme benefits of £3,675,000 and shown as Past Service Cost in Note 3(d/f).

- 3(a) A full actuarial valuation was carried out at 31 March 2010 by Paul Middleman (Fellow of the Institute and Faculty of Actuaries), Mercer Limited. For 2010-11, employers' contributions of £2,125,148 were payable to the LGPS (2009-10 £2,063,100). 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. All actuarial gains and losses are recognised immediately in the statement.

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 18.7% of salaries; and,  
Employer's contributions for 2011-12 will be 18.7% of salaries; and  
Employer's contributions for 2012-13 will be 18.7% of salaries.

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

	2010-2011 %	2009-2010 %
Inflation assumption	2.9%	3.3%
Rate of increase in salaries	4.4%	4.8%
Rate of increase for pensions in payment and deferred pensions	2.9%	3.3%
Discount rate	5.5%	5.6%

#### Mortality Assumptions

For current mortality rates, the Actuary assumption is based on a scheme specific analysis carried out as part of the last actuarial valuation, with the results being used to determine appropriate assumptions for funding purposes, based on the UK Self Administered Pension Scheme (SAPS) mortality tables. The assumptions also incorporate an updated mortality projections model published in November 2009 by the Continuous Mortality Investigation (CMI) of the UK Actuarial Profession, allowing for a long term improvement rate of 1% per annum.

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

	Expected long-term rate of return at 2010-2011		Restated Expected long-term rate of return at 2009-2010		Restated Expected long-term rate of return at 2008-2009	
	%	Value at 2010-2011 £000	%	Value at 2009-2010 £000	%	Value at 2008-2009 £000
Equities	7.5%	29,089	7.5%	27,903	7.5%	22,468
Government Bonds	4.4%	2,804	4.5%	3,266	4.0%	2,624
Other Bonds	5.1%	3,976	5.2%	4,134	6.0%	1,598
Property	6.5%	4,688	6.5%	3,845	6.5%	2,956
Cash/Liquidity	0.5%	1,298	0.5%	2,191	0.5%	513
<b>Total</b>	<b>0.0%</b>	<b>41,855</b>	<b>0.0%</b>	<b>41,339</b>	<b>0.0%</b>	<b>30,159</b>
<b>(Present value of scheme liabilities)</b>		(59,409)		(62,858)		(45,245)
<b>Surplus/ (Deficit) of the scheme</b>		(17,554)		(21,519)		(15,086)
<b>Net Pension Asset / (Liability)</b>		(17,554)		(21,519)		(15,086)

- 3(d) Pension Cost

	2010-2011 £000	2009-2010 £000
Current service cost	1,804	1,226
Past service cost (Gain in change from RPI to CPI)	(3,675)	0
Past service cost (Other)	0	14
Effect of Curtailment	52	121
Effect of Settlement	0	0
<b>Total operating charge</b>	<b>(1,819)</b>	<b>1,361</b>

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

	2010-2011 £000	2009-2010 £000	2008-2009 £000
Expected return on pension scheme assets	(2,607)	(1,997)	(2,485)
Interest on pension scheme liabilities	3,535	3,207	3,222
<b>Net return</b>	<b>928</b>	<b>1,210</b>	<b>737</b>

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

	2010-2011 £000	2009-2010 £000
<b>Opening present value of liabilities</b>	<b>62,858</b>	<b>45,245</b>
Current service cost	1,804	1,226
Interest cost	3,535	3,207
Contributions by Members	704	707
Actuarial (gains)/losses on liabilities *	(3,910)	14,621
Benefits paid	(1,959)	(2,283)
Past service cost (Gain in change from RPI to CPI)	(3,675)	0
Past service cost (Other)	0	14
Curtailments	52	121
Settlements	0	0
<b>Closing present value of liabilities</b>	<b>59,409</b>	<b>62,858</b>

\* Includes changes to actuarial assumptions

	2010-2011	Restated 2009-2010
<b>3(g) Changes to the fair value of assets during the year</b>	<b>£000</b>	<b>£000</b>
Opening fair value of assets	41,339	30,159
Expected return on assets	2,607	1,997
Actuarial gains/(losses) on assets	(2,894)	8,896
Contributions by the Employer	2,058	1,863
Contributions by Members	704	707
Benefits paid	(1,959)	(2,283)
Net increase from disposals and acquisitions	0	0
Curtailments	0	0
Settlements	0	0
<b>Closing fair value of assets</b>	<b>41,855</b>	<b>41,339</b>
<b>3(h) Actual return on assets</b>	<b>2010-2011</b>	<b>2009-2010</b>
	<b>£000</b>	<b>£000</b>
Expected return on assets	2,607	1,997
Actuarial gains/(losses) on assets	(2,894)	8,896
<b>Actual return on assets</b>	<b>(287)</b>	<b>10,893</b>

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

	2010-2011	Restated 2009-2010	Restated 2008-2009	Restated 2007-2008	Restated 2006-2007
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value of assets	41,855	41,339	30,159	36,867	37,688
Present value of liabilities	59,409	62,858	45,245	52,134	47,891
Surplus / (Deficit)	(17,554)	(21,519)	(15,086)	(15,267)	(10,203)
Experience gains / (losses) on scheme assets:	(2,894)	8,696	10,519	(4,096)	413
Experience gains / (losses) on scheme liabilities:	4,817	0	0	0	0
Percentage experience gains / (losses) on scheme assets:	-7%	21%	35%	-11%	1%
Percentage experience gains / (losses) on scheme liabilities:	8%	0%	0%	0%	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	Restated 2009-2010	Restated 2008-2009
Balance at 1 April	1,294	985	971
Additional amount required in the year	(117)	391	93
Amount not required written back	0	0	0
Amount utilised in the year	(83)	(82)	(79)
<b>Balance at 31 March</b>	<b>1,094</b>	<b>1,294</b>	<b>985</b>

The Probation Trust meets the additional costs of benefits beyond the normal Local Government Pension Scheme (LGPS) benefits in respect of employees who retire early by paying the required amounts annually to the LGPS over the period between early departure and normal retirement date. The Trust provides for this in full when the early retirement programme becomes binding on the Trust by establishing a provision for the estimated payments, discounted by the rate of 2.6%.

With effect from 1 April 2010, the discount rate applied to the early retirement provision will be as advised by the pension fund actuary and not the rate advised annually by HM Treasury. This is a change in accounting policy and the prior year balances have been restated by £-7,000 to reflect a real discount rate (net of inflation) of 2.3% for opening balances (from 2.2%) and closing balances restated for both 2008-09 and 2009-10 by £102,000 and £349,000 respectively to reflect the Actuary assessment of liability. Further information is provided in Accounting Policy note 1.2 and 1.14.

4 Other Administration Costs	2010-2011		Restated 2009-2010	
	£000	£000	£000	£000
Rentals under operating leases	0		4	
Interest charges	0		0	
Finance charges/(income) - pension costs	0		0	
Accommodation, maintenance and utilities	1,649		1,722	
Travel, subsistence and hospitality	366		365	
Professional services	355		459	
IT services	729		439	
Communications, office supplies and services	535		600	
Other staff related	675		995	
Offender Costs	788		929	
Other expenditure	587		557	
Auditors' remuneration and expenses	37		42	
		5,721		6,112
Non-cash items				
Depreciation of tangible non-current assets	43		46	
Amortisation of intangible non-current assets	18		7	
Impairment of non-current assets	0		0	
Profit on disposal of fixed assets	0		0	
Loss on disposal of fixed assets	7		0	
Early retirement provision provided for in year	(117)		391	
Other provisions provided for in year	0		0	
		(49)		444
<b>Total</b>		<b>5,672</b>		<b>6,556</b>

5 Programme Costs	2010-2011			2009-2010
	£000		£000	£000
5(a) Staff Costs	Total		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			0
<b>Total Programme Costs</b>	<b>0</b>			<b>0</b>

6 Taxation

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

Probation Trusts are corporate bodies under the Offender Management Act 2007 and therefore become liable for corporation tax on all taxable profits with effect from 1st April 2010. The Corporation Tax disclosed represents the tax due from Essex Probation. As part of the Ministry of Justice Tax Group comprising Probation Trusts and other MOJ non-departmental public bodies, Corporation Tax liability will be consolidated. No deferred taxation is provided by the Trust as this will be accounted as part of the MOJ group liability.

7 Income

	2010-2011	Restated 2009-2010	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>7(a) Administration Income</b>			
Income receivable from the Sponsoring Department	19,297	19,881	
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>19,297</b>	<b>19,881</b>
EU funding: direct contributions to Areas' activities		0	0
Income receivable: from other government bodies		350	281
Miscellaneous Income		<u>546</u>	<u>794</u>
		<b>20,193</b>	<b>20,956</b>
<b>Operating Income to be Surrendered</b>			
Interest received:			
From bank	0	0	
From car loans	0	0	
From other sources	<u>0</u>	<u>0</u>	
Total operating income to be surrendered		0	0
<b>Total Administration Income</b>		<b>20,193</b>	<b>20,956</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>		<b>20,193</b>	<b>20,956</b>

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	24	178	0	447	649
Additions	0	0	0	0	0
Donations	0	0	0	0	0
Net Transfers In/Out	0	0	0	0	0
Disposals	0	(8)	0	(144)	(152)
Revaluations	0	0	0	0	0
Indexation	3	11	0	6	20
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>27</b>	<b>181</b>	<b>0</b>	<b>309</b>	<b>517</b>
<b>Depreciation</b>					
At 1 April 2010	6	146	0	382	534
Charged in year	6	16	0	21	43
Net Transfers In/Out	0	0	0	0	0
Disposals	0	(7)	0	(138)	(145)
Revaluations	0	0	0	0	0
Indexation	1	10	0	5	16
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>13</b>	<b>165</b>	<b>0</b>	<b>270</b>	<b>448</b>
<b>Net Book Value at 31 March 2011</b>	<b>14</b>	<b>16</b>	<b>0</b>	<b>39</b>	<b>69</b>
<b>Net Book Value at 31 March 2010</b>	<b>18</b>	<b>32</b>	<b>0</b>	<b>65</b>	<b>115</b>
<b>Asset Financing:</b>					
Owned	14	16	0	39	69
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2011</b>	<b>14</b>	<b>16</b>	<b>0</b>	<b>39</b>	<b>69</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	6	170	0	443	619
Additions	18	0	0	0	18
Donations	0	0	0	0	0
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	(15)	(15)
Revaluations	0	0	0	0	0
Indexation	0	8	0	19	27
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>24</b>	<b>178</b>	<b>0</b>	<b>447</b>	<b>649</b>
<b>Depreciation</b>					
At 1 April 2009	4	120	0	357	481
Charged in year	2	19	0	25	46
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	(15)	(15)
Revaluations	0	0	0	0	0
Indexation	0	7	0	15	22
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>6</b>	<b>146</b>	<b>0</b>	<b>382</b>	<b>534</b>
<b>Net Book Value at 31 March 2010</b>	<b>18</b>	<b>32</b>	<b>0</b>	<b>65</b>	<b>115</b>
<b>Net Book Value at 31 March 2009</b>	<b>2</b>	<b>50</b>	<b>0</b>	<b>86</b>	<b>138</b>
<b>Asset Financing:</b>					
Owned	18	32	0	65	115
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2010</b>	<b>18</b>	<b>32</b>	<b>0</b>	<b>65</b>	<b>115</b>

Notes:

There are no donated assets.

## 8(a) Intangible assets

2010-2011					
	Development £000	Software £000	Licences £000	£000	Total £000
<b>Cost or valuation</b>					
At 1 April 2010	9	54	9	0	72
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	2	0	0	2
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>9</b>	<b>56</b>	<b>9</b>	<b>0</b>	<b>74</b>
<b>Amortisation</b>					
At 1 April 2010	0	24	0	0	24
Charged in year	3	12	3	0	18
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	2	0	0	2
Impairment	0	0	0	0	0
<b>At 31 March 2011</b>	<b>3</b>	<b>38</b>	<b>3</b>	<b>0</b>	<b>44</b>
<b>Net Book Value at 31 March 2011</b>	<b>6</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>30</b>
<b>Net Book Value at 31 March 2010</b>	<b>9</b>	<b>30</b>	<b>9</b>	<b>0</b>	<b>48</b>
<b>Asset Financing:</b>					
Owned	6	18	6	0	30
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2011</b>	<b>6</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>30</b>



Restated 2009-2010					
	Development £000	Software £000	Licences £000	£000	Total £000
<b>Cost or valuation</b>					
At 1 April 2009	0	32	0	0	32
Additions	9	23	9	0	41
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	(1)	0	0	(1)
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>9</b>	<b>54</b>	<b>9</b>	<b>0</b>	<b>72</b>
<b>Amortisation</b>					
At 1 April 2009	0	19	0	0	19
Charged in year	0	7	0	0	7
Net Transfers In/Out	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations	0	0	0	0	0
Indexation	0	(2)	0	0	(2)
Impairment	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Net Book Value at 31 March 2010</b>	<b>9</b>	<b>30</b>	<b>9</b>	<b>0</b>	<b>48</b>
<b>Net Book Value at 31 March 2009</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>13</b>
<b>Asset Financing:</b>					
Owned	9	30	9	0	48
Finance Lease	0	0	0	0	0
<b>Net Book Value at 31 March 2010</b>	<b>9</b>	<b>30</b>	<b>9</b>	<b>0</b>	<b>48</b>

## 8(b) Impairments

There have been no impairment charges in 2010-11. Adjustments to previous years impairment losses are reported in Note14(a).

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
75	64	146
0	66	71
0	0	0
0	1	71
2,043	146	48
26	99	94
0	0	0
8	0	2
0	0	0
0	0	0
81	63	24
59	15	1
<b>2,292</b>	<b>454</b>	<b>457</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	5
0	0	0
<b>0</b>	<b>0</b>	<b>5</b>
<b>2,292</b>	<b>454</b>	<b>462</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
Total

2010-2011	Restated	
	2010-2011	2009-2010
£000	£000	
2,077	326	
62	0	
0	0	
0	0	
2,139	326	
153	128	
<b>2,292</b>	<b>454</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

-
-
-

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	1,713	1,186	1,141
Net change in cash balances	(1,183)	527	45
<b>Balance at 31 March</b>	<b>530</b>	<b>1,713</b>	<b>1,186</b>
The following balances at 31 March are held at:			
Office of HM Paymaster General	0	0	0
Commercial banks and cash in hand	530	1,713	1,186
<b>Balance at 31 March</b>	<b>530</b>	<b>1,713</b>	<b>1,186</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	989	0	0
Corporation Tax	0	0	0
Other taxation and social security	0	461	458
Trade payables	657	623	679
Other payables	81	121	518
Accruals and deferred income	75	81	107
Staff payables	320	280	214
Bank overdraft	0	0	0
Payables due to Probation Trusts	31	3	23
Payables due to NOMS Agency	199	113	13
Payables due to the Ministry of Justice - HQ	2	4	24
Payables due to the Ministry of Justice - Other	0	0	0
Payables due to HM Courts Service (HMCS)	25	37	3
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	0	0	0
Long Term Liabilities due within one year	0	0	0
Operating Income to be surrendered (Interest received)	0	0	65
Fixed asset accruals	0	0	0
	<b>2,379</b>	<b>1,723</b>	<b>2,104</b>

**Amounts falling due after more than one Year:**

Staff Payables	0	0	0
Other Payables	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>2,379</b>	<b>1,723</b>	<b>2,104</b>

11(b) Intra-Government Balances

	Amounts falling due within one Year:	
	2010-2011	Restated 2009-2010
	£000	£000
Balances with other central government bodies (inc parent dept)	1,246	618
Balances with local authorities	38	82
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	43	39
Subtotal: intra-government balances	1,327	739
Balances with bodies external to government	1,052	984
<b>Total</b>	<b>2,379</b>	<b>1,723</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>

12 Provisions for Liabilities and Charges

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



13 General Fund

	2010-2011	2009-2010	2008-2009
	£000	£000	£000
Balance at 1 April	(20,929)	(15,402)	(14,769)
Financing activities:			
Financing	0	133	200
Training Consortia financing received from NOMS in the capacity as Lead Area	0	519	990
Training Consortia financing from NOMS received by the Area	0	0	0
Training Consortia financing received from the Areas within their consortia	49	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	0	0
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	3,031	(763)	(2,319)
Operating income to be surrendered (Interest received)	0	0	(65)
Net asset transfers in/(out)	0	0	0
Transferred from revaluation reserve	0	0	0
Actuarial gains and losses	816	(5,416)	561
Changes in Accounting policy		0	0
<b>Balance at 31 March</b>	<b>(17,033)</b>	<b>(20,929)</b>	<b>(15,402)</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	17	11	3
Arising on revaluations of PPE + Intangibles during the year (net)	4	6	8
Transferred to General Fund	0	0	0
Changes in Accounting policy	0	0	0
<b>Balance at 31 March</b>	<b>21</b>	<b>17</b>	<b>11</b>

The revaluation of PPE and intangibles during the year is:

	£000's
Property, plant and equipment	1
Information Technology	2
Vehicles	1
Total	4

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	Restated 2009-2010
	£000	£000
Statement of Comprehensive Net Expenditure	3,031	(763)
Adjustments for non-cash transactions	(49)	444
(Increase)/Decrease in receivables	(1,838)	8
Increase/(Decrease) in payables	656	(381)
less movements in payables relating to items not passing through the SoCNE	0	65
Adjustments for pension funding	(2,949)	708
Use of provisions	(83)	(82)
<b>Net cash outflow from operating activities</b>	<b>(1,232)</b>	<b>(1)</b>

15(b) Analysis of capital expenditure and financial investment

	2010-2011	2009-2010
	£000	£000
Non-current asset additions	0	(59)
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>0</b>	<b>(59)</b>

15(c) Analysis of financing

	2010-2011	Restated 2009-2010
	£000	£000
Net NOMS Financing received in year (excluding Training Consortia)	0	133
Training Consortia financing received by the Lead Area from NOMS	0	519
Training Consortia financing received by the non-lead Area from NOMS	0	0
Training Consortia financing received from the area within their consortia	49	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	0
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)	0	(65)
<b>Net financing</b>	<b>49</b>	<b>587</b>

16 Capital Commitments

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

Committed  
 Authorised but not contracted  
**Total**

	2010-2011	2009-2010
	£000	£000
	0	0
	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:**

Other:  
 Lease payments not later than 1 year  
 Lease payments later than 1 year and not later than 5 years  
 Lease payments later than 5 years  
**Total**

	2010-2011	2009-2010
	£000	£000
	0	4
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>4</b>

None

**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:**

Other:  
 Lease payments not later than 1 year  
 Lease payments later than 1 year and not later than 5 years  
 Lease payments later than 5 years  
**Total**

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

**EXAMPLE ONLY MUST BE OVERWRITTEN OR DELETED**

Trusts should use this narrative box to provide further finance lease information if required.

18 Other financial commitments

None.

Not later than one year:  
 Later than one year but not later than 5 years:  
 Later than five years:  
**Total**

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

19 Financial Assets/Liabilities

None

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. Essex Probation does not hold any financial instruments of a complex or significant medium to long term financial risk.

21 Contingent Liabilities

None

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

The Probation Trust has registered for Corporation Tax with effect from 1 April 2010. The commitment for 2010-11 has been assessed as nil however, further guidance is awaited from HMRC regarding the status of Corporation Tax for Probation Trusts. Any tax liability is due before 1 January 2012.

	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)						
Indemnities (listed)						
Letter of comfort (listed)						
None.						

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	1	0	4	1
Fruitless payments	0	0	0	0
Stores losses	0	0	0	0
Special payments	5	9	16	7
<b>Total</b>	<b>6</b>	<b>9</b>	<b>20</b>	<b>8</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>

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 Trust. Further details of significant related parties are shown in Note 24a below.

25 **Third-party assets**

The Essex Probation Trust Fund is administered solely by the Essex Probation and provides educational, employment and resettlement opportunities for offenders resident in the County of Essex which would otherwise not be available, and thereby assist in their re-integration into society. The funds do not represent assets of the Trust and have not been included within the Balance Sheet nor are they subject to Audit. The accounts for the Essex Probation Trust Fund year commences and finishes on 1 January and 31 December respectively. The total value of the accumulated fund at 31 December 2010 stood at £79,246 compared to £83,151 as at 31 December 2009. This is a reduction of £3,905 compared to the previous year and reflects an excess of expenditure over income of £7,812 together with an increase in the value of investments during the year of £3,907.

	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

#### 24a Related party transactions

Essex County Council provided financial and other support services including legal advice to Essex Probation during the year, to the value £239,000. The services provided included the County Council investing surplus cash balances on behalf of the Probation Trust. These amounts are invested in the name of the County Council with approved financial institutions. The Trust also participates in the Local Government Pension Scheme which is administered by Essex County Council.

The Trust contributes to the Youth Offending Service in Essex (YOS) which is the inter-agency arrangement to provide services for young offenders. The other key partners in this arrangement are Local authorities, Police and the Health bodies. During 2010-11 the Trust seconded a number of staff to the YOS, valued at £158,798 and contributed £161,444 towards the pooled costs of the YOS.

The Trust also engages in Partnership contracts with voluntary and other organisations to provide services to offenders. In total approximately £346,000 was spent on these schemes as follows: Foundation Training Centre £302,000 and Rainbow Services £44,000.

The Trust provides staff and commissioned services on behalf of the local Drug and Alcohol Action Team (DAAT) - a joint commissioning group of local Health bodies. In 2010-11 approximately £67,000 was re-charged to the DAAT.

Essex Probation and Essex Police are jointly responsible for local Multi-agency Public Protection Arrangements (MAPPA) and Integrated Offender Management in Essex. The Trust contributed £68,094 to Essex Police, towards the cost of the partnership in 2010-11.

During the year Essex Probation developed schemes to deliver unpaid work to the benefit of local communities, in conjunction with Essex County Council. £31,500 was received from Essex County Council and spent for this purpose.

Essex Probation under the Essex Against Domestic Violence County Strategy employs Women Safety Workers and Domestic Violence co-ordinators. The DV coordinators work closely with the 14 Local Community Safety Partnerships (CSP's) domestic violence forums in developing their action plans, implementation of a domestic violence strategy for the CSP's in their area and report progress on strategic priorities. The Women Safety workers based in Women Refuges provide support and assistance to victims of domestic violence. Essex Probation spent £234,000 on these roles of which £55,492 was contributed by the CSP's, £3,000 Essex Police and £18,283 Essex County Council, £19,761 Southend Unitary and £31,434 Thurrock Council. Essex Probation contributed £106,000 towards the costs of CSP's in 2010-11.

Essex Probation also manages two resource allocations on behalf of other organisations:

- (i) Office for Criminal Justice reform (CJS) £243,112 - providing management and administrative support to the Criminal Justice Board for Essex.
- (ii) Cambridgeshire and Peterborough Probation Trust acted as the lead Trust for management issues relating to the regional Training Consortium. Essex Probation continued to account for and oversee the finances of the Consortium on behalf of the region until 31st October 2010 when the Consortium arrangement was disbanded. Essex Probation received £448,000 from other Trusts and the National Offender Management Service to provide staffing and infrastructure to support regional training.

**Essex Probation  
Operating Segments Report 2010-11**

Essex Probation's primary objective is to provide assistance to the courts in determining the appropriate sentences to pass and the supervision and rehabilitation of offenders following sentence. Management information including financial reporting reflects the key elements of service provided and is split primarily between Offender Management of offenders and the delivery of Interventions to offenders during the course of their sentence.

Operating segments are:

**Interventions** providing programmes designed to reduce re-offending.

**Offender Management** delivering the sentence of the courts - protection of the public, reduction of re-offending and services to victims.

**Central Services** support the operational service and include the cost of estates and IT systems. A proportion of services are provided in partnership with other organisations and are reported separately.

**Secondees** are staff employed by Essex Probation but seconded to other organisations within the National Offender Management Service. The receiving organisation reimburses Essex Probation accordingly.

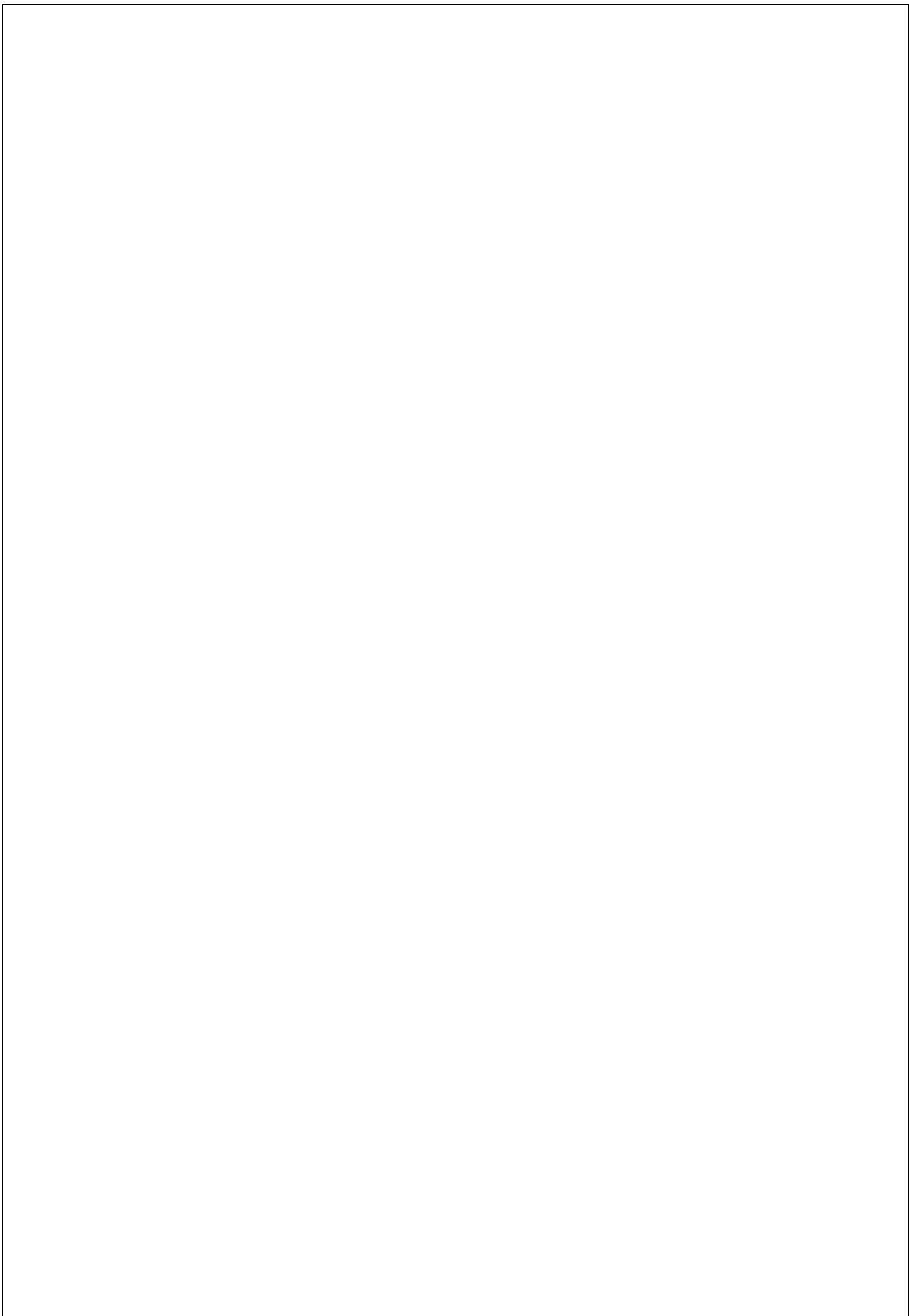
**External Services** are provided in partnership with other organisations and are reported separately. These include interventions provided by and to external organisations.

The finances of the **Regional Training Consortium** are managed on behalf of the Probation Trusts within the Region, with Essex employing staff and providing the financial lead. The Regional Training Consortium was disbanded on 31st October 2010.

**Income** is received for services provided to other organisations including secondments and the Regional Training Consortium as well as contributions from partner agencies for joint initiatives.

	2010-11 Outturn £000	2010-11 Total Assets £000	Restated	
			2009-10 Outturn £000	2009-10 Total Assets £000
<b>EXPENDITURE</b>				
Interventions	3,604	38	3,680	64
Offender Management	9,698	49	9,687	72
Central Services	6,618	12	5,900	27
Secondees	233	0	184	0
External Services	1,360	0	1,559	0
Regional Training Consortium	448	0	740	0
<b>Total Gross Expenditure</b>	<b>21,961</b>	<b>99</b>	<b>21,751</b>	<b>163</b>
<b>INCOME</b>	(21,402)	0	(22,685)	0
<b>Net Expenditure on Essex Probation</b>	<b>559</b>	<b>99</b>	<b>(934)</b>	<b>163</b>
<b>Reconciliation of Net Expenditure to Statement of Comprehensive Net Expenditure:</b>				
Net Operating Cost after taxation	(3,080)		111	
Net Expenditure on Essex Probation	559		(934)	
<b>Difference</b>	<b>(3,639)</b>		<b>(823)</b>	
<b>Accounting Adjustments to general fund*:</b>				
IAS19 Pension Fund	85		(103)	
Past service pension cost adjustment	(3,675)		0	
Financing from NOMs	(49)		(652)	
Capital financing	0		(68)	
	<b>(3,639)</b>		<b>(823)</b>	
<b>Reconciliation of Total Assets to Note 8:</b>				
Property Plant and equipment		69		115
Intangible Assets		30		48
		<b>99</b>		<b>163</b>


\* These adjustments are made to report the full value of assets and liabilities to the Board in the annual Statement of accounts and to comply with International Financial Reporting Standards. Internal reporting to the Board compares expenditure and income to the annual budget comprising Contract income received from National Offender Management Service and other income sources.



## 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

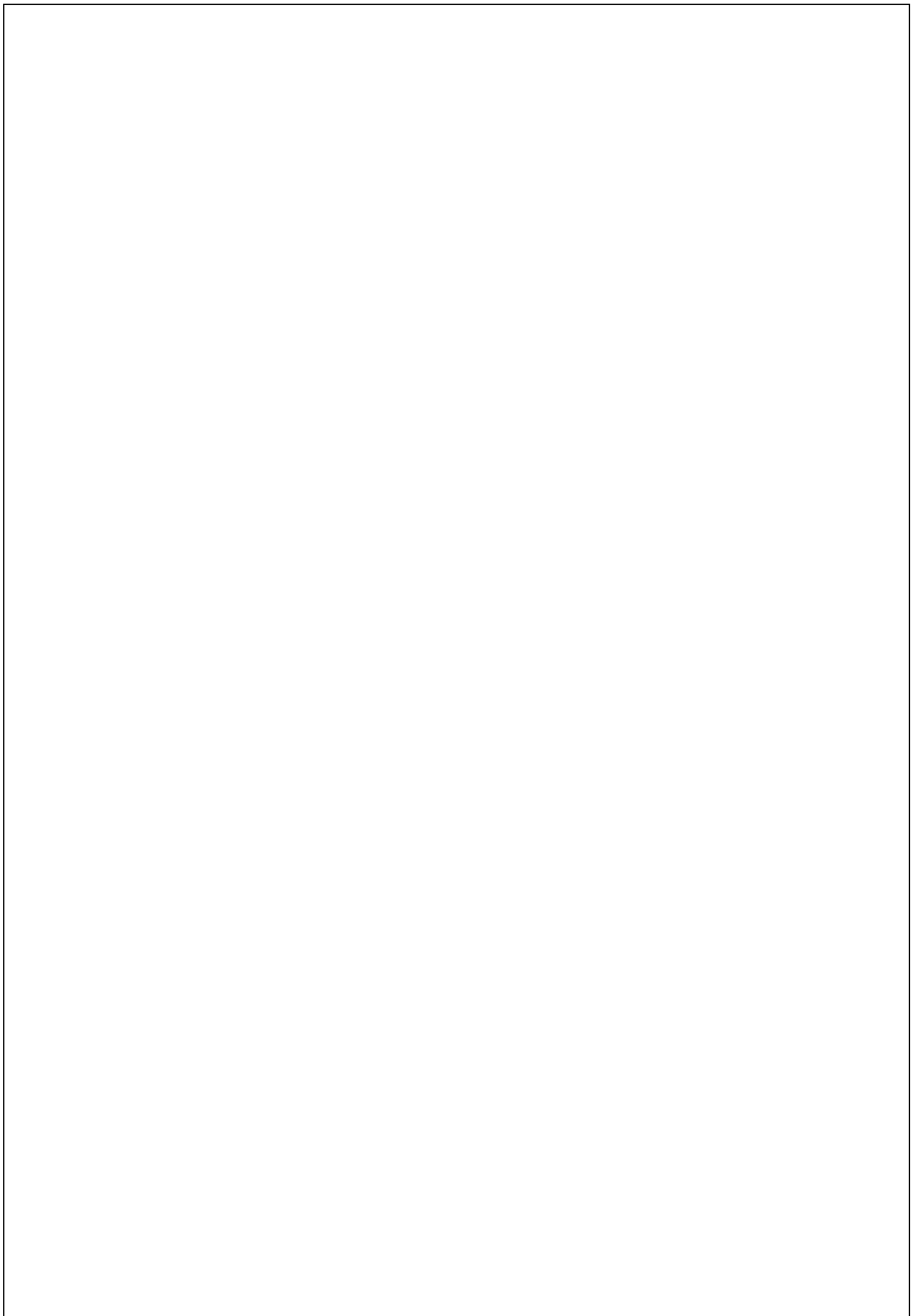
On behalf of the Secretary of State for the Ministry of Justice

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



**Board Members**  
**April 2010 – March 2011**

Bill Puddicombe (Chair)  
Martin Bates  
Terry Collin  
Jo Durning  
Robert Everitt  
Carol Mellow  
Richard Moore  
Peter Sheldrake  
Peter Wilcock  
Timothy Young  
Mary Archer OBE, Chief Executive

Bernadette Barber (Board Secretary)

Essex Probation  
Cullen Mill  
49 Braintree Rd  
Witham  
Essex CM8 2DD  
01376 501626  
[www.essexprobation.org.uk](http://www.essexprobation.org.uk)

**NOMS**

**Aims**

To protect the public  
To reduce re-offending  
To provide for the proper punishment  
of offenders  
To ensure that offenders are aware of  
the effects of their crimes on their  
victims and on the public  
To rehabilitate offenders