



West Mercia Probation Board

# ANNUAL REPORT

2007-08

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# Introduction

## **Aims of the National Probation Service**

- 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; and
- To rehabilitate offenders

# Management Commentary Part 1: Operational and Performance Review

## **A. Enablers**

Enablers cover those aspects of the organisation which support the achievement of results. Whilst separated into five separate elements they are inevitably inter-connected in terms of organisation structure and impact.

### **Leadership**

#### **Arrangements for the new Board**

A new Board Chair and nine new Board Members took up post on 1 April 2007. One of the first decisions the new Board made was to apply to become one of the first wave of Boards to be granted Trust status. Much of the Board's work during the course of the year has focused on the transition to Trust status.

#### **Chief Officer Leadership**

It was a difficult year for the organisation in terms of leadership due to the Chief Officer being seconded from April 2007 to October 2007. He worked on the national development of a very successful regional project, Connect, an initiative working with short sentence prisoners. As a result of this national development, West Mercia had an interim Chief for the period when the new Chair and Board came into being. This was at a time when new strategies were being developed for the year ahead and in addition, the decision had been made to pursue Trust status.

During this potentially disruptive and difficult period, the Board and Chief Officer Group ensured that the area continued to deliver against services contracted via the service level agreement with the Regional Offender Manager (ROM) and to deliver against performance targets.

There has also been considerable attention to working with our partners, staff and the wider community during the transition to Trust period to promote the benefits and changes that this would result in.

The success of the work undertaken by the Chief, Chair and Board can be recognised through the achievement of Trust status from April 2008; the successful renegotiation of the contract with the ROM and the achievement of targets and performance bonus for the year.

### **Policy and Strategy**

#### **Offender Management**

Our priority has been the continued roll-out of the offender management model, which now incorporates Indeterminate Public Protection (IPP). This requires more co-ordinated and consistent planning of work with offenders during their sentence, whether in custody or the community. A single probation service based offender manager is responsible for sentence planning throughout. We have worked very closely at senior management level with colleagues across the region in both prison and probation to put in place effective systems across both services. The region continues to be identified nationally as an example of a good working relationship between the two services. Evidence from monitoring shows that staff in the two services are working effectively together to make the model work.

## **Interventions**

- A new accredited programme, Controlling Anger and Learning to Manage it (CALM) was introduced during the course of the year and is now being delivered area wide.
- We have increased, to 25%, the amount of work we do where offenders are supervised directly by community groups.
- We have launched a successful environmental project in Shropshire called Planet Earth. This is delivered in partnership with the Regional Offender Manager, Crime Concern and the University of Aston.
- We now have intensive supervision projects available for prolific and priority offenders in all counties in the area. These provide constructive and rehabilitative programmes for offenders.
- Our STEP into employment project worked with over 1700 offenders during the year and nearly 800 offenders completed skills courses. As part of the project we now have a Community Link Worker, responsible for signposting offenders into training and employment, in every location. STEP staff also achieved the Matrix Quality Award for information, advice and guidance.

## **People Management**

### **Chief Officer Group**

A review of how senior manager resources could best be deployed led to the recruitment of two further Assistant Chief Officers to head up Human Resources and Business Services & Organisational Development. Specialist skills and knowledge were sought externally to bring to the area a stronger emphasis on business processes and efficiency.

### **Sickness Absence**

A revised sickness absence policy and procedure was rolled out across the area via briefings to all management staff. As a consequence there is a more structured approach to responding to staff absence. However, work will continue to reduce the level of sickness absence. During the course of the year the amount of sick days taken reduced in some months to below the required levels but overall has ended the year above the target of 9 days on an average of 11.83 days per person for the year.

## **Partnerships and Resources**

- We continued to work closely with a number of partnership agencies promoting strong links with the community. This includes our work in partnership with Youth Support Services on the prolific offender programme. Youth Support Services provide mentoring and community re-integration provision for these offenders who are responsible for a high volume of crime within the area.
- A high proportion of our budget, relative to other probation areas, is spent on partnerships in supporting re-integration of offenders back into the community. We positively promote the concept of working in partnership with the community. This approach was one of the key factors contributing towards our acceptance as one of the first wave trusts.

- Regional collaboration continued around the Community Sex Offender Unit which is now well established and providing positive outcomes in terms of completion of sex offender programmes across the region.
- As a rural area we continue to develop land based partnerships that provide work and training for offenders in agriculture. We have also formed several other new partnerships this year, for example, with a furniture recycling scheme in South Shropshire and Tick Wood, a sustainable wood project in Shropshire.
- Having been selected to become a Trust next year, we held the first of a series of stakeholder consultation events to discuss ways of working with our stakeholders to meet local needs. Key themes raised at this event were accommodation issues and alcohol abuse. These will be followed up at a further event next year.
- We have worked closely with colleagues in other criminal justice agencies at a local level in order to achieve roll out of national CJSSS programme. CJSSS provides speedier justice by the prompt throughput of cases through court without the need for unnecessary adjournments and delays. Collaboration between all the agencies involved resulted in a very successful roll out with each of the operational areas being recognised and achieving awards.
- We are working closely with local strategic partnerships on targets for reducing re-offending in local area agreements.

## **Processes**

### **Pre-Sentence Report Timeliness**

This continues to be high priority. Resourcing issues during the course of the year have been problematic. Nevertheless, at the end of year we achieved 98% of standard delivery reports (SDRs) to Courts within the timescales set by them. We also continue to improve on the provision of reports that are fast delivery by targeting, at court, those cases where information can be provided to the court without the need for an adjournment for a full standard delivery report. This in turn helps us make best use of our resources and supports our ability to achieve targets in respect of the more demanding SDRs.

### **Multi Agency Public Protection Arrangements (MAPPA)**

Following a review in the previous year new multi-agency funding arrangements for MAPPA have come into place. In addition we have recruited a second MAPPA co-ordinator and two administrators who now operate as a MAPPA unit co-located with the public protection unit at Police headquarters. Further work is to be done on developing these arrangements and identifying and exploiting the opportunities for more effective co-working particularly between police and probation in the management of these cases.

### **Risk of Harm Inspection**

During January 2008 West Mercia was subject to a Risk of Harm inspection by HM Inspectorate of Probation. This was part of a national programme of inspection and, for West Mercia, preceded the fuller Offender Management inspection due to take place in September 2008. Results indicated significant improvement in processes since the Effective Supervision inspection in autumn 2005. Results also identified clear areas for improvement which will be developed prior to the Offender Management Inspection.

## B. Results

### Summary of Achievements 2007-08

- One of only six areas to be selected to become a first wave Trust.
- Achieved green status on the Integrated Probation Performance Framework (IPPF), which translates to 'good performance'.
- Achieved the target of over 90% in the performance bonus scheme which qualifies us for an achievers bonus.
- Effective roll-out of phase III of the offender management model.
- National recognition for the effective roll-out of CJSSS across the area.

### Customer Results

#### Work with Courts

West Mercia Probation Area has continued to prioritise work with courts as our customers. Our programme of liaison forums in all bench areas have continued to be well attended and achieved positive feedback as has the area wide forum steering group consisting of representatives from benches, legal advisors and probation staff. We also organise shadowing opportunities and a conference for newly appointed Magistrates.

#### 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 offender where offender is sentenced to 12 months or more.

*Target:* 85%

*Achieved:* 94% (to end of September 2007)

#### Basic Skills

Number of skills for life referrals achieved against target - 115%

*Target:* 871

*Achieved:* 998

Number of unemployed offenders gaining employment

*Target:* No target

*Achieved:* 198

Number of offenders placed in employment that is retained for four weeks against target – 94%

*Target:* 270

*Achieved:* 254

### People Results

In addition to the performance targets West Mercia Probation Area held a very successful staff conference at Ludlow Racecourse to which all employees were invited. The conference celebrated the centenary of the probation service. Geese Theatre Company gave a production comparing probation now and 100 years ago. Speakers included Mark Johnson, ex-offender from Kidderminster, now best selling author who spoke about his experience of being an offender

and how he turned his life around and Diane Baderin, Head of Diversity and Inclusion for Surrey and Borders Partnership NHS Trust, who spoke about diversity in probation through the ages. The conference finished with the annual awards ceremony and the High Sheriffs' awards.

## **Race Equality**

Contribution to achieving regionally set employment targets for minority ethnic staff (including white Irish and white others) – 10.64%

Proportion of race and ethnic monitoring data on staff and offenders which is returned on time and using the correct (Census 2001) classifications.

*Target:* 95%

*Achieved:* 100%

## **Staff Sickness**

Reduce sickness absence in the National Probation Service to an average of 9 days per member of staff per year.

*Target:* 9 days

*Achieved:* 11.83 days

## **Key Performance Results**

### **Reduce the rate of re-offending whilst under the supervision of probation**

Percentage of offenders proven to have re-offended

*Predicted rate:* 9.8%

*Actual rate:* 10.9%

### **Offenders who pose a high risk of harm**

Risk assessments, risk management plans and OASys sentence plans are completed on high risk offenders within 5 working days of the commencement of the order or release into the community.

*Target:* 90%

*Achieved:* 95%

### **Prolific and other priority offenders**

Risk assessments and OASys sentence plans are completed on Prolific and Other Priority Offenders (PPOs) within 5 working days of the commencement of the order or release into the community.

*Target:* 90%

*Achieved:* 98%

## **Reports to Courts**

90% of PSRs to be completed within the required time, i.e.

- On the day requested for fast delivery PSRs to Magistrates' courts – 99%
- Within 15 working days for standard delivery PSRs to Magistrates' courts, except where the offender is remanded in custody in which case the timescale is 10 working days – 76%
- By the date set by the commissioning court – 98%

40% of PSRs for Magistrates' Courts to be fast delivery

*Target:* No target

*Achieved:* 24%

### **Unpaid Work**

Number of successful completions of unpaid work against target – 115%

*Target:* 828

*Achieved:* 950

Stand-downs not to exceed required target

*Target:* 8%

*Achieved:* 7%

### **Enforcement**

Initiate breach proceedings in accordance with National Standards within 10 working days

*Target:* 90%

*Achieved:* 91%

### **Compliance**

The proportion of arranged appointments which the offender attends in the first 26 weeks

*Target:* 85%

*Achieved:* 83%

The proportion of cases that reach the six month stage without requiring breach action (no second unacceptable failure to comply with an order, no third unacceptable failure to comply with a licence)

*Target:* 70%

*Achieved:* 70%

The proportion of orders and licences that terminate successfully

*Orders:* 66%

*Licences:* 93%

### **DTTOs/DRRs**

Number of successful DTTO/DRR completions

*Target:* No target

*Achieved:* 101

Number of DTTO/DRR commencements against target – 95%

*Target:* 290

*Achieved:* 275

Percentage of offenders who are retained in DRR/DTTO for 12 weeks

*Target:* 75%

*Achieved:* 87%

## Accredited Programmes

Number of accredited programme completions against target, including contribution to regional targets on sex offender treatment programme completions and domestic violence programme completions– 101%

*Target:* 345

*Achieved:* 313

General offending programmes

*Target:* 305

*Achieved:* 267

Community Sex Offender Group

*Target:* 25

*Achieved:* 28

Integrated Domestic Violence Programme

*Target:* 15

*Achieved:* 18

## C. Workload and Activity Statistics

<b>Orders</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>
Life Sentence	10	7	4	8
Stat Post-release supervision	663	648	694	558
Community Order	-	1612	2162	2307
Indeterminate Public Protection	-	-	-	31
Community Rehabilitation Order	1108	514	87	41
Community Punishment Order	961	567	113	54
Drug Treatment and Testing Order	194	61	5	1
Suspended Sentence Order	-	205	713	878
<b>TOTAL</b>	<b>3306</b>	<b>3721</b>	<b>3839</b>	<b>3878</b>

<b>Caseload</b>	<b>At 31.03.2005</b>	<b>At 31.03.2006</b>	<b>At 31.03.2007</b>	<b>At 31.03.2008</b>
Life Sentence	126	128	128	126
Stat post release supervision	-	-	470	408
Community Order	-	1206	1716	1847
Indeterminate Public Protection	-	-	-	54
Community Rehabilitation Order	1151	658	207	81
Community Punishment Order	754	376	104	69
Drug Treatment and Testing Order	163	49	4	2
Suspended Sentence Order	-	162	582	827
<b>TOTAL</b>	<b>2555</b>	<b>2793</b>	<b>3294</b>	<b>3414</b>

<b>Amount of PSRs written</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>
Crown Court	927	1097	953	1056
Magistrates Court	2055	1811	1940	1718
<b>TOTAL</b>	<b>2982</b>	<b>2908</b>	<b>2893</b>	<b>2774</b>
<b>Amount of SSRs/FDRs written</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>
Crown Court	10	27	23	-
Magistrates Court	737	1024	603	-
<b>TOTAL</b>	<b>747</b>	<b>1051</b>	<b>626</b>	<b>892</b>

<b>Community Punishment Hours</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>
Amount of hours ordered	138,110	167,980	146,613	195,200
Amount of hours worked	63%	119,418	132,938 (91%)	133,800
<b>Victims</b>				
Total number of victims contacted within 8 weeks of sentence	220	260	128 (April-Dec)	N/A

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

Mr James Kelly – Chair

Mr Keith Austin

Mrs Libhin Bromley, JP

His Honour Judge Alistair McCreath

Mr David Chantler

Mr Peter Davidson

Mr Martin Foley, JP

Mrs Elaine Hickman, JP

Mr Ken Hockenhull

Mr Derek Muhl

Mr Leon Murray

Mrs Bridget Nisbet

Mrs Valerie Reynolds

Mr Andrew Strong

West Mercia Probation Area

Head Office

Stourbank House

90 Mill Street

Kidderminster DY11 6XA

# Management Commentary Part 2: Financial Review & Remuneration Report

## **Statutory Background**

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

## **Accounts**

Each board is required under Schedule 1, paragraph 16(1) of the 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 16(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**

West Mercia Probation Board covers the West Mercia police area, as defined in Schedule 1 of the Police Act 1996, serving a population of approximately 1.1 million. During the year, the board employed some 410 full time staff that worked from 12 buildings and 1 hostel across the area.

Each board 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 Officer (CO) is a statutory office holder appointed by the Secretary of State. The CO is the Accountable Officer for the board and is accountable to the Director of Probation in his position as the Principal Accountable Officer (PAO) for the Probation Services. The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

## Pension Liabilities

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

## Appointments

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

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

For six months, from mid April to mid October the Chief Officer David Chantler was seconded to the Home Office during this time a Senior Civil Servant Roger McGarva took over as Chief Officer at West Mercia. This transfer was treated as cost neutral and had a nil effect on the remuneration budget.

## Remuneration

Name	Role	2007-08		2006-07	
		Salary £000	Benefits in Kind (to nearest £100)	Salary £000	Benefits in Kind (to nearest £100)
David Chantler	Chief Officer	80-90	None	75-80	None
James Kelly	Chair	15-20	None	N/A	None
K Austin	Board Member	0-5	None	N/A	N/A
L Bromley	Board Member	0-5	None	0-5	None
P Davidson	Board Member	0-5	None	N/A	N/A
M Foley	Board Member	0-5	None	0-5	None
K Franklin	Board Member	0-5	None	N/A	None
E Hickman	Board Member	0-5	None	N/A	None
K Hockenhull	Board Member	0-5	None	0-5	None
D Muhl	Board Member	0-5	None	N/A	None

L Murray	Board Member	0-5	None	N/A	None
B Nisbet	Board Member	0-5	None	N/A	None
V Reynolds	Board Member	0-5	None	5-10	None
A Strong	Board Member	0-5	None	N/A	None

## Pension Benefits

Name	Total accrued pension at aged 65 at 31 March 2008 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31 March 2008	CETV at 31 March 2007	Real increase in CETV	Employer Contribution to partnership pension account
	£000	£000	£000	£000	£000	(to nearest £100)
David Chantler	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-5	526	480	22	-

<sup>1</sup> CETV at 1/1/2008

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

Board Members are initially appointed for a three year period, which may be extended for a further 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, Chief Officers are appointed as Crown Servants on a permanent basis and are subject to three calendar months notice in writing either way.

The Pensions of Chief Officers are determined through the London Pension Fund authority, which is part of the Local Government Pension Scheme.

Chief Officer's performance pay is determined by the Director of Probation against criteria set by the Ministry of Justice. There is no performance element for other Board members.

Up to 4% of Chief Officer pensionable pay is determined by performance conditions.

Although not strictly relevant to this reporting period but in the view of openness and transparency it is necessary to report that the above arrangements come to an end on 31<sup>st</sup> March 08. From the 1<sup>st</sup> April 08 the West Mercia Trust replaces the Board and has different remuneration policies which will be detailed in next year's statement.

*David Chantler*

Chief Executive and Accountable Officer for the Trust  
18th June 2008

## **Public Interest**

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

The board observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2007-08 79.89% of undisputed invoices were paid within 30 days (*comparative: 2006-07 73.12%*).

## **Management**

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

Mr Roger McGarva (16<sup>th</sup> April to 16<sup>th</sup> October) and Mr David Chantler for the remainder of the year (Chief Officer) and Mr James Kelly (Chair), and

Mr K Austin, Mrs L Bromley, Mr P Davidson, Mr M Foley, Mr K Franklin (resigned) Mrs E Hickman, Mr K Hockenhull, Mr D Muhl, Mr L Murray, Mrs D Nesbet, Mrs V Reynolds and Mr A Strong (as members).

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

## **External Accountability**

Under paragraphs 16-17 of Schedule 1 of the Criminal Justice and Court Services Act 2000, the board is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts. The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed the District Auditor as the external auditor for the West Mercia Probation Board. Their Certificate and Report is included at page 23.

David Chantler,  
Chief Executive and Accountable Officer for the Trust  
18 June 2008

Mike Weaver  
Treasurer to the Trust  
18 June 2008

## Post Balance Sheet Events

As reported in last years accounts West Mercia was selected as one of 13 areas to proceed to the next stage of the selection process to become a first wave Trust. Having passed all further stages West Mercia has, as from 1<sup>st</sup> April 2008 become one the six areas to transfer to Trust Status.

## Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 17(1) (b) of the Criminal Justice and Court Services Act 2000, the Secretary of State has directed the West Mercia Probation Board to prepare for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the board during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the board and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Chief Officer as Accountable Officer was 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 appointed the Chief Officer as the Accountable Officer of the board.

As at 1<sup>st</sup> April 2008 the West Mercia Probation Board became the West Mercia Probation Trust and the former Chief Officer as the Accountable Officer became the Chief Executive from this date. In preparation of the final set of accounts of the West Mercia Probation Board, the Chief Executive has discharged the duties and responsibilities as the Accountable Officer.

The responsibilities of the Accountable Officer (which is equivalent to that of an Accounting Officer), including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the boards' assets, are set out in the Accountable Officers' Memorandum issued by the Secretary of State. The Accounting Officer's Memorandum is published in *Managing Public Money* produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and boards' Accountable Officers, together with their respective responsibilities, is set out in writing.

## Statement on Internal Control

### Scope of responsibility

Following the closure of the West Mercia Probation Board on 31 March 2008, its assets and liabilities were transferred to West Mercia Probation Trust as its successor body. As Accountable Officer for the former Probation Board and as Accountable Officer for the Probation Trust, it was my responsibility to complete the final accounts for West Mercia Probation Board.

As Accountable Officer, I have had responsibility for maintaining a sound system of internal control that supported the achievement of West Mercia Probation Board's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I was personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. During the year in question the Accountable Officer role was carried out temporarily by an

Interim Chief Officer whilst the permanent Chief Officer was on secondment to the Home Office, later the Ministry of Justice (this covered the period 16<sup>th</sup> April to 16<sup>th</sup> October).

As Accountable Officer, I reported directly to the Director of Probation, who is also responsible for the other 41 probation chief officers and so brings probation service accounts together in his office. He, through the Chief Executive of NOMS is, in turn, responsible to Parliament and to Ministers in consolidating the probation accounts within the ministerial accounts (in the period of this report this moved from the Home Office to the Ministry of Justice).

The Accountable Officers were also responsible for the professional functioning of the service which is monitored and inspected by HMIP whose Chief Inspector reports to the Secretary of State.

Though both of these lines and in particular through performance monitoring, serious further incidence reporting and national standards monitoring, Ministers and Parliament can be aware of the management of risk within this probation area and of the efficient use of public resources.

We were assisted in this process by the Internal Audit functions of this Area and of the National Offender Management Service, which provides a capacity to review and investigate and through the respective Audit Committees fora in which to raise issues which may emerge.

In publishing our business plan we share with NOMS/Ministry of Justice our most significant business risks.

As Accountable Officer for West Mercia I have also been Accountable Officer for "Connect", the regional resettlement programme for short sentence prisoners. Connect has its own Regional Project Board, consisting of representatives of the four regional probation areas and the prison service, and my position was secured by being a member of that Board as the "host chief". The Board reported regularly to the West Mercia Board, and was subject to audit from Ministry of Justice Internal Audit and from Government Office (GO) and European Auditors. As was reported on the Statement of Internal Control 2006-2007 Connect was found to be well controlled and to have received a very positive Article 4 Report from GO. Subsequently that Audit was selected for a spot Audit of the GO Auditors and was repeated by the European Auditors. Again the positive findings were re-confirmed and the work found to be entirely satisfactory. Following the ending of the European Social Fund money that had been deployed on this project various other short term streams of finance were used to maintain the project until March 31<sup>st</sup> 2008. Accumulated under spends have allowed the project to be maintained into financial year 2008/2009 pending decisions on further long term funding by the Ministry of Justice as part of their Integrated Offender Management Pilot Programme. At the time of writing this money had not been secured and the final operational phase of Connect will close down in mid June with a non operational hangover of three further months for the project to be closed down administratively. The small carry over previously referred to has meant that the main project closed down with no financial exposure to any of the partners.

### **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 in West Mercia Probation Area for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

Leadership in the risk management process is embodied in the Chief Officer taking personal responsibility for the maintenance of the Risk Log. This is presented to the Board at each of its meetings, together with a review of movements during the preceding period (usually a month). The same reports are taken to the Audit Committee for study and consideration in greater depth and this is also reported to the main Board in the minutes of the Audit Committee.

During the course of the year under review the Interim Chief Officer reviewed the operation of Risk Log and made changes to the process which were consistent with his experience of operating the Risk processes within NOMS Head Office.

Because of the high level of exposure to risk from our singular information system (IOSS) we had also maintained a subsidiary log for IT issues, but the particular risk posed by IOSS was eliminated with the introduction of its replacement Delius in February 2008. In place of a unique and anachronistic system we now operate a similar system to those used by two of the largest Areas, London and Greater Manchester.

An Audit review of the Risk management processes of West Mercia Probation Area had been carried out in March 2007 and the finding then was that they were adequately controlled, with two recommendations made readily accepted and implemented as part of the response of the Interim Chief Officer as cited earlier.

Staff are equipped to manage risk primarily through the introduction of the separate registers for Interventions and Offender Management to ensure that the processes are embedded in the day to day practice of the two operating arms of the service.

We have continued to be clear and to make explicit statements of responsibilities undertaken by individuals when they accept their budgets at the start of the year and to provide support and explanation as they take those responsibilities on. This builds upon lessons learnt in previous years in relation to exposure to the actions of key individuals and has been further tightened with the appointment of the Head of Business Services and Organisational Development.

During the year the Audit Committee was closely involved in managing the risk created by two particular incidents

1. The turn off, for several days at a time, of IT services to three of our sites in a period of around two weeks due to errors by Steria, the MoJ's national contractor or their sub contractors. In relation to this we did receive an extension of the period in which we had to submit performance information to MoJ, but were unsuccessful in pursuing compensation as all penalty payments are retained at the centre. This is something that we will continue to pursue as a Trust, with a changed relationship to the contractor.
2. The receipt of a "less than adequately controlled" Audit Report from Internal Audit on our Commissioning and Contracting activities. A full management response has been made and a new Commissioning Plan is being formulated for implementation later this year, when the detailed issues identified have been rectified through the current structures. This will take into account issues of size and viability and what will be required by the Trust that we will be by then.
3. In addition the Area has fully implemented the requirements of being part of the GSI community (Government Secure Intranet) but is becoming increasingly frustrated by the limitations placed on operations through this system being in fixed locations undermining our ability to work in remote locations. We have responded fully to central concern regarding Information Security by circulating these to staff through Update our electronic internal staff bulletin with standards and expectations of behaviours in relation to handling information.

### **The risk and control framework**

Any member of the service, including members of the Board may identify a business risk. However as the initial consideration of the potential risk would take place within normal operational arrangements in the first place, those that cannot be resolved in "normal processes" are most likely to be proposed for inclusion by senior managers or by the Board.

We actively work to keep the identified risks to those crucial few that would endanger the operational or financial performance of the Area or significantly affect its reputation.

Once the C.O. as chief risk manager has accepted a risk, likelihood and impact scores are assigned and a risk manager designated. Increasing with organisational split this is likely, if not the C.O. to be the respective ACO or Head of ICT.

The progress of the risk is reviewed regularly by the C.O., both at the review dates set in the log, and, in practice more frequently on a monthly basis as such a review is necessary for preparing for a Board meeting, and many risks are inter-related and cannot be considered in isolation any way.

By aligning risk management processes with the organisational structure, allowing the C.O. and Board to have the oversight, risk management is embedded in the activity of the organisation.

Increasingly the West Mercia Probation Board has been involved in cooperative endeavours with other Probation Areas in the region and this report has referred to a way in which risk has been handled in Connect as one example. However there are other examples for instance the regional training consortium and the RSOU. Risk is managed in these fora through the Regional Partnership Board and in relation to joint work with prisons through the Regional Project Board. All four probation areas in the region are represented on these bodies. As we have prepared to become a Trust and looked forward to further, wider partnerships, we have established a programme of stakeholder events in which the whole sector can consider matters jointly. Having held two of these consultative events we now have a model for a more formalised structure based on the four Local Authority areas of West Mercia.

### **Significant Control Issues**

Referring back to the Connect Project, its closing balances were at risk from the move into Administration of Carter and Carter a commercial operation to which the LSC had contracted the delivery of Employer Mentoring, and from whom we held a “tier 2” contract. At the time of writing this SIC the outcome of this is uncertain although we have recently received assurances that the outstanding money will be paid directly by the LSC but the money has not yet been received. I have reported the matter to the Director of Probation and to Internal Audit, in the first instance, but may if this matter is not satisfactorily resolved have to involve External Audit. The sum involved is significant, in the order of £30,000 but is within the closing balances of the Connect Project, so none of the co-operating Areas are exposed to actual risk by this commercial failure. However there has been the loss of an opportunity in that our bid for further Employer Mentoring Funds fell upon the Carter & Carter failure.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Area service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. I have also had the opportunity, this year to discuss the operation of the systems with the Interim C.O. and with the newly appointed External Auditors, and so have had additional external scrutiny to assist me with my assessments.

I have received a number of reports from Internal Audit as agreed in the Audit Plan agreed at the end of the previous year. I am pleased to have received “well controlled” findings in relation to Devolved Budgets and Financial Systems

<b>Audit</b>	<b>Conclusion</b>	<b>Category 1 recs</b>	<b>Category 2 recs</b>	<b>Category 3 recs</b>
Devolved budgets	Well controlled		1	
Finance Systems	Well Controlled		2	7
Risk management	Adequately controlled		1	
Unpaid Work	Adequately controlled		2	3
Telford Regularity Review	Adequately controlled		2	6
Contracts and Commissioning	Less than adequately controlled	1		

The ROM has commissioned an audit of Offender Management during the period under review, but the report has only just been received. However, despite not being able to fully analyse it I can report the finding was adequately controlled and that it came with an accompanying comment that this was the best in the region.

The Board receives the Risk Log at each meeting, together with a synopsis of movements in risk assessment and agrees any deregistration of Risk.

The Risk Log is considered at a high level by the Board and at the following Audit and Scrutiny Committee Meeting, so that more detailed consideration can be made.

In a reverse process, reports from Internal Audit are considered first by the Audit Committee and then reported to the Board with comments and suggestions from Audit Committee, including transmission of reviews from Internal and External audit.

I have also had the benefit of an HMIP report on the management of the Risk of Harm. This was part of a national initiative to inspect those areas which had not yet had their full OM inspections. I am pleased to report that we had an overall rating of 67%, the national average, with no "alert case" and one example written up as a national example of good practice.

In relation to other HMIP reports, in which we do not feature, the Board receives a synopsis prepared by the relevant ACO and members can access a full copy through the secretariat.

In addition to these audit reports there have also been reviews of practice undertaken on a regional basis, which allows us to benchmark our work, for example on the cost of offender travel.

I have benefited from the assistance of the Regional Manager in providing a review of the action plan to improve Unpaid Work systems and practices in the Worcester office. This action plan is on course and his assistance has been helpful in having an external benchmark.

I have had the opportunity to assess the quality of our work on public protection with the inclusion of National Standards achievement in the Performance Report prepared on a quarterly basis for the Director of Probation. West Mercia has consistently been in the highest band of achievement, i.e. the second band, as no Area has yet achieved the top band. At the time of writing, based on the first three quarters information in the IPPF, West Mercia was rated as Green overall on performance and green on all individual components of performance except Interventions where we were amber. We have achieved this high level of performance whilst remaining within budget.

#### **Footnote**

This note is an update on the current position regarding the outstanding debt of around £30,000 for the Employer Mentoring Project which was being managed by Carter and Carter.

We have received payment from Carter and Carter for the part of the amount owed, this now leaves an amount outstanding of just under £16,000. Confirmation has now been received from the Learning Skills Council that the invoice will be paid upon the submission of the original purchase order number issued to Carter and Carter.

**David Chantler**

**Chief Executive West Mercia Probation Trust  
18<sup>th</sup> June 2008**

**Independent auditor’s report to the members of West Mercia Probation Board**







## ACCOUNTS OF LOCAL PROBATION BOARDS IN ENGLAND AND WALES

### ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 16(2) AND 17(1) OF SCHEDULE 1 TO THE CRIMINAL JUSTICE AND COURT SERVICES ACT 2000

1. This direction applies to the Local Probation Boards listed in the attached Appendix 1.
2. The accounts shall be prepared so as:
  - To give a true and fair view of the state of affairs of the board as at the financial year-end and of the net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000;
  - To provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Each board shall prepare a statement of accounts for the financial year ended 31 March 2008 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM treasury and which is in force for the relevant financial year. In addition boards are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the board is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
4. Compliance with the requirements of the FReM will in all but exceptional circumstances be necessary for the accounts to give a true and fair view. Any material departure from either the FReM or the NPS Finance manual should be discussed in the first instance with NOMS Finance.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.



John McGovern

On behalf of the Secretary of State for the Home Department

19 May 2008

## Annex G - Appendix 1

42 Probation Boards:

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

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

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

1. There is no requirement to prepare Schedule 1.  
(Schedule 1 is a requirement specific to government departments and certain other public bodies funded by directly voted parliamentary grant).
2. Monies received as grant in aid should be treated as financing and not as income.  
(Most bodies covered by FReM do not receive grant in aid, and are financed by voted parliamentary grant. This clarifies the correct treatment for the Probation boards. Some public bodies account for grant in aid as income).
3. There is no requirement to prepare Schedule 5.  
(This expenditure will however be attributed to Departmental Aims and Objectives in the Ministry of Justices' resource accounts).
4. The salary and pension entitlements of key managers should be appropriately disclosed.  
(Department Yellow reflects Cabinet Office guidance on the application of the Greenbury code to departmental resource accounts. The example disclosure for departments is not directly applicable to local probation boards. Nevertheless, boards should make disclosures, which meet the spirit of the Greenbury code.)
5. Items will be added to or deleted from the above list only with the agreement of HM Treasury.