



**West Mercia Probation Trust**

# **ANNUAL REPORT**

**2009-2010**

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# Introduction

## **Aims of the 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

This Annual Report is structured according to the European Excellence Model (EEM) and it covers:-

(A) Enablers which are 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.

(B) Results that were obtained in the reporting year.

## **A. Enablers**

### **Leadership**

West Mercia Probation Area became a Trust in April 2008 after having been selected to become one of the six first wave trusts. Subsequently, the formation of the NOMS agency has meant that expectations of trusts developed further and the criteria for trust status was changed. During the course of the year we were required to re-apply for trust status and considerable work was undertaken to put together the re-application and gather evidence to support our bid. The Chief Executive, Senior Management Team and Board produced very clear documentation describing the area's strategy and plans moving forward over the next three year period. In November 2009 the re-application was submitted and we were successful, achieving one of the highest scores in the country. Other areas have chosen to merge in order to achieve Trust status and from 1 April 2010 the existing 42 areas will be replaced with 35 Trusts.

Whilst delivering significant organisational change during the year we have also managed to improve performance across the board. Throughout the year a great deal of effort was made to ensure that the results of the Integrated Probation Performance Framework improved from our amber status of last year. By the end of this financial year the on-going improvements in performance resulted in us achieving green star status and a place in NOMS performance band 4, ie, outstanding performance. It is our staff that have delivered these results and credit must go to them for this excellent improvement in performance.

With the creation of 35 Trusts a new service contract has been established to deliver probation services. As one of the six first wave trusts, notice was given by NOMS on the existing contract with the new contract being signed for the next two years.

### **Policy and Strategy**

A Strategic Plan for 2009-2013 was developed in consultation with our stakeholders and partners, which built on our experience of being one of the first wave trusts. The strategy positions us as the main provider of offender management ensuring that offenders receive a good standard of seamless, cohesive and relevant services and that the Order of the Court is carried out. It also involves us taking a prime responsibility for developing the wider Criminal Justice sector to increase the opportunities that are open to offenders in the community and to link them to wider crime reduction aims such as getting offenders into sustainable employment.

## **Offender Management**

During the course of the year we introduced four Local Delivery Units (LDUs) to replace the five former operational units. Each LDU has a Head of Service covering all aspects of Offender Management, including links with our key partners and the local community. The LDUs will develop more autonomy to shape their services to fit what is required in their particular area. They are based on the main local government units in West Mercia and this will allow them to work closely with the Local Area Agreement agenda in each area and to develop close working relations with the Crime and Disorder Partnerships.

The Local Delivery Unit model is based on a structure identified at national level following a review of all probation areas. We adopted this model as one which reflects our wish to be closely identified with our local communities and to work closely with our partners in commissioning services of benefit to offenders and the wider community.

## **Interventions**

- We delivered the full range of accredited programmes to offenders:-
  - Controlling Anger and Learning to Manage it
  - Thinking Skills Programme which replaced Enhanced Thinking Skills this year
  - One-to-One Thinking Skills
  - Offender Substance Abuse Programme
  - Drink Impaired Drivers Programme
  - Integrated Domestic Abuse Programme
  - Community Sex Offender Programme
  
- We exceeded our completion targets on the integrated domestic abuse programme, the community sex offender programme and accredited offender behaviour programmes. We achieved 55 community sex offender programme completions against our target of 25 which equates to 220%.
  
- We achieved 105% of completions on the Integrated Domestic Abuse Programme whilst bringing the waiting list down to a manageable level.
  
- We started a pilot for the Low Intensity Alcohol Programme in Telford and Shrewsbury which will continue next year.
  
- We achieved double the targeted completions on alcohol treatment requirements and will be carrying out a best value review of delivery of this intervention.
  
- We provided over 174,000 hours of Community Payback work by offenders. This is an increase of over 10% on 2008-09.
  
- Our Approved Premises, Braley House, maintained the green star rating in the improvement audit and continued to have a high level of occupancy (92%) during the course of the year.
  
- Our STEP into employment project referred 960 offenders into a wide range of training and learning which helped us to exceed our target of offenders finding sustainable employment at the end of the order.
  
- The percentage of unpaid work offender days which are lost because of stand-downs on the day remained at a low level of 1.71%.

### **Work with Courts**

We continue to prioritise work with courts as our customers. Our programme of liaison forums in all bench areas have been 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.

## **People Management**

### **Reduction in Staffing**

We are now at the end of a one year programme of managed redundancies. The focus was upon reductions in Head Office services in an attempt to try and preserve operational staffing. Whilst we face financial cuts in the year ahead with all other public sector organisations we will seek to maintain staffing levels as far as possible and will keep the situation under review as details about future finance emerge.

### **Sickness Absence**

The level of sickness absence has continued to drop during the course of the year. The year has ended on an average of 8.5 days per person, exceeding the target of 10.5 days per person by 2 days, which is an excellent result.

### **Staff Conference**

We held our annual staff conference at Worcester Rugby Club to which all employees were invited. The conference looked back at our first year of being a Trust and what we had learnt and then focused on delivering our Strategic Plan through to 2013. The conference finished with the annual awards ceremony and the High Sheriffs' awards. This year the winner of the Individual High Sheriff's Award was Kelly Bond who was nominated for her commitment to the sports project in Telford. The winning team was the Multi Agency Public Protection Team (MAPPA) who were nominated for their continued strong service in a critical area of work. In particular the achievement of no Serious Further Offences in the MAPPA process this year.

## **Partnerships and Resources**

We continued our proactive and innovative approach to working in partnership and, as a Trust, we have used the opportunity to develop new ways of working with offenders by engaging with the wider community.

- We have recognised the need for enhanced commissioning capabilities. To help with this, we have entered into a contract with Excalibur Procurement Services Ltd, following a full tendering process, to support our commissioning needs.
- Financial pressures for all probation services require new ways of working. We continue to be committed to developing services through the voluntary sector and to enhance this further we have started a tendering process to commission a preferred strategic partner from the voluntary sector. Right at the end of the year, following an exhaustive tendering process, we appointed Youth Support Services (YSS) to be our preferred partner. YSS will help us develop new and innovative ways of working with offenders in the community.
- Regional collaboration continued around the Community Sex Offender Unit which is 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 are working closely with local strategic partnerships on delivering on public service agreements including targets for reducing adult re-offending.

## **Processes**

- During the year we have upgraded the finance system and have introduced a new Human Resources system as part of our strategy for reducing head office costs. The two new packages can be integrated and processes will be reviewed next year to improve efficiency.
- Video conferencing technology was acquired during the year with installation to take place next year. It is anticipated that the use of this technology will improve efficiency and reduce costs.
- The requirement to re-apply for Trust status enabled us to review a number of key management processes which led to process improvements and enhancements. These include the following:-
  - Best Value Manual
  - Performance Management Framework
  - Delegated Budget Management Framework

## B. Results

### Summary of Achievements 2009-2010

- Achieved Green Star on the Integrated Probation Performance Framework (IPPF)
- Best performing area overall in the West of Midlands region
- Over 174,000 hours of Community Payback performed – an increase of 10% from the previous year
- Exceeded all targets for completions of accredited programmes

### Customer Results

Performance Indicator	Description	Target 2009-10	Result 2009-10
OM7 Victim Contact	The percentage of victims who are contacted within eight weeks of an offender receiving 12 months or more for a serious sexual or violent offence.	90%	99.4%
OM19 Referrals to education	Number of skills for life referrals achieved against target	871	956
INT9 Offenders in employment	The percentage of offenders in employment at termination of order or licence	40%	45.5%
INT8 Offenders in sustained employment	Number of offenders placed in employment that is retained for four weeks	250	261

### People Results

Performance Indicator	Description	Target 2009-10	Result 2009-10
IPPF8 Sickness Absence	Reduce sickness absence in the National Probation Service to an average of 10.5 days per member of staff per year.	10.5 days	8.5 days
IPPF14 Staff Diversity	Contribution to achieving regionally set employment targets for minority ethnic staff (including white Irish and white others)	No target	7.0%

### Key Performance Results

Performance Indicator	Description	Target 2009-10	Result 2009-10
OM1 Court report timeliness	The percentage of Pre-sentence Reports (PSRs) (excluding RICs) completed within the timescales set by the Court	90%	99.3%
OM2 RIC PSRs for Magistrates Courts	The percentage of RIC PSRs for Magistrates Courts completed within 10 working days	90%	94.4%
FDR percentage of total reports	40% of PSRs for Magistrates' Courts to be fast delivery	40%	45.2%
OM5 Enforcement	The percentage of cases in which initiation of breach proceedings took place within 10 working days of the relevant unacceptable failure to comply	90%	96.5%

OM8 Tier 2,3 Oasys timeliness	Oasys assessments completed or updated within the appropriate timescales for all Tier 2 (where appropriate) and Tier 3 offenders	90%	96.4%
OM15 Parole Assessment Report timeliness	The percentage of parole eligible cases in which the Parole Assessment Report was provided within the required timescales	90%	100%
OM16 Risk Management Plan timeliness	Medium/high/very high risk of harm offenders have a completed Risk Management Plan within the appropriate timescales	90%	94.1%
OM17 Accommodation at termination	The percentage of offenders in settled and suitable accommodation at the end of their order or licence	75%	85.9%
OM20 Order or licence successfully completed	The percentage of orders and licences successfully completed against target	70%	76.5%
OM31 Appointments attended	The percentage of arranged appointments which the offender attends in the first 26 weeks of the order or licence	85%	92.2%
OM35 Tier 4 and PPO offender assessments	Risk assessments and Oasys sentence plans completed on Prolific and Priority Offenders within 5 working days of the commencement of the order or release into the community	90%	98.4%
OM39 Oasys Tier 2, 3, 4 and PPO Final Reviews	Oasys final reviews (terminations) to be completed within the appropriate timescales for all Tier 2,3, 4 and PPO offenders	90%	96.3%
INT1 Sex offender programme performance	The number of accredited sex offender programme completions against target	25	55
INT2 Integrated Domestic Violence Programme	The number of accredited domestic violence programme completions against target	40	42
INT3 Accredited general offending behaviour programmes	The number of accredited offending behaviour programme completions (excluding sex offender and domestic violence) against target	240	243
INT5 Unpaid work performance	The number of unpaid work completions against target	840	1230
INT6 DRR performance	The number of Drug Rehabilitation completions against target	115	198
INT7 Alcohol Treatment Requirement performance	The number of Alcohol Treatment Requirements (ATR) completions to be at least 20	53	114
INT11 Unpaid work stand-downs	The percentage of unpaid work offender days which are lost because of stand-downs on the day against target	5%	1.71%

### C. Workload and Activity Statistics

<b>Orders</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Life Sentence	4	8	2	7
Stat Post-release supervision	694	558	562	668
Community Order	2162	2307	2589	2255
Indeterminate Public Protection	-	31	14	16
Community Rehabilitation Order	87	41	29	13
Community Punishment Order	113	54	37	26
Drug Treatment and Testing Order	5	1	0	0
Suspended Sentence Order	713	878	829	872
<b>TOTAL</b>	<b>3839</b>	<b>3878</b>	<b>4062</b>	<b>3857</b>

<b>Caseload</b>	<b>At 31.03.2007</b>	<b>At 31.03.2008</b>	<b>At 31.03.2009</b>	<b>At 31.03.2010</b>
Life Sentence	128	126	126	120
Stat post release supervision	470	408	488	525
Community Order	1716	1847	1919	1869
Indeterminate Public Protection	-	54	75	92
Community Rehabilitation Order	207	81	50	29
Community Punishment Order	104	69	37	24
Custody	-	-	-	763
Suspended Sentence Order	582	827	758	761
<b>TOTAL</b>	<b>3294</b>	<b>3414</b>	<b>3453</b>	<b>4192</b>

<b>Amount of PSRs written</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Crown Court	953	1056	1026	959
Magistrates Court	1940	1718	1438	992
<b>TOTAL</b>	<b>2893</b>	<b>2774</b>	<b>2464</b>	<b>1951</b>
<b>Amount of SSRs/FDRs written</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Crown Court	23	-	23	113
Magistrates Court	603	-	1151	1477
<b>TOTAL</b>	<b>626</b>	<b>892</b>	<b>1174</b>	<b>1590</b>

<b>Community Punishment Hours</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Amount of hours ordered	146,613	195,200	216,500	243,000
Amount of hours worked	132,938 (91%)	133,800	145,400	174,500
<b>Victims</b>				
Total number of victims contacted within 8 weeks of sentence	128 (April-Dec)	N/A	103 (April-Dec)	133 (April-Dec)

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

Mr James Kelly – Chair

Mr Keith Austin, JP

Mrs Libhin Bromley, JP

Mr David Chantler

Mr Peter Davidson

Mr Martin Foley, JP

Mrs Elaine Hickman, JP

Mr Ken Hockenhull

Mr Derek Muhl

Mr Leon Murray, MBE,JP,DL

Mrs Bridget Nisbet, JP

Mrs Valerie Reynolds

Mr Andrew Strong

West Mercia Probation Trust

Head Office

Stourbank House

90 Mill Street

Kidderminster DY11 6XA

# **Management Commentary Part 2:**

## **Financial Review & Remuneration Report**

### **Statutory Background**

With effect from 1<sup>st</sup> April 2008 the West Mercia Probation Board was dissolved and established as a Probation Trust under the Offender Management Act 2007. Under the act the new Trust has been set-up in order to support the strategic aims and current Public Service Agreement of the Ministry of Justice. The West Mercia Probation Trust has as their purpose the delivery of probation service 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, and

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

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

### **Principal Activities**

West Mercia Probation Trust 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 369 full time staff that worked from 12 buildings and 1 hostel across the area.

Each area 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 and as the first Chief Executive to the Trust was appointed by the Secretary of State. Future Chief Executives will be appointed by the appointed members. The CE is the Accountable Officer for the Trust and is accountable to the Chief Executive of NOMS who in turn is responsible to Parliament and to Ministers in consolidating the probation accounts within the ministerial accounts.

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**

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

The terms of employment of the appointed members are for the Secretary of State to determine. The Chief Executives terms of employment are determined by the Trust.

There is no requirement for a Trust to have a judge appointed by the Lord Chancellor on the board.

## **Public Interest**

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

The Trust observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2009-10 89.49% of undisputed invoices were paid within 30 days (*comparative: 2008-09 84.86%*).

## **Management**

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

Mr David Chantler (Chief Executive) and Mr James Kelly (Chair), and Mr K Austin, Mrs L Bromley, Mr P Davidson, Mr M Foley, Mrs E Hickman, Mr K Hockenhall, Mr D Muhl, Mr L Murray, Mrs D Nisbet, Mrs V Reynolds and Mr A Strong (as members).

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 the District Auditor as the external auditor for the West Mercia Probation Trust. Their Certificate and Report is included from page 23 to 26.

## **Post Balance Sheet Events**

There were no material events after the balance sheet date.

David Chantler,  
Chief Executive and Accountable Officer for the Trust  
Date: - 16<sup>th</sup> June 2010

Mike Weaver,  
Treasurer to the Trust  
Date: - 16<sup>th</sup> June 2010

## Remuneration Report

		2009-10		2008-09	
Name	Role	Salary £000	Benefits in Kind (to nearest £100)	Salary £000	Benefits in Kind (to nearest £100)
David Chantler	Chief Officer	95-100	None	80-85	None
James Kelly	Chair	15-20	None	15-20	None
K Austin	Board Member	0-5	None	0-5	None
L Bromley	Board Member	0-5	None	0-5	None
P Davidson	Board Member	0-5	None	0-5	None
M Foley	Board Member	0-5	None	0-5	None
E Hickman	Board Member	0-5	None	0-5	None
K Hockenhall	Board Member	0-5	None	0-5	None
D Muhl	Board Member	0-5	None	0-5	None
L Murray	Board Member	0-5	None	0-5	None
B Nisbet	Board Member	0-5	None	0-5	None
V Reynolds	Board Member	0-5	None	0-5	None
A Strong	Board Member	0-5	None	0-5	None

## Pension Benefits

Name	Total accrued pension at aged 65 at 31 March 2010 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31 March 2010	CETV at 31 March 2009	Real increase in CETV	Employer Contribution to partnership pension account
	£000	£000	£000	£000	£000	(to nearest £100)
David Chantler	50-55 plus lump sum of 105-110	0-7.5 plus lump sum of 0-10	868	740	125	-

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

Trust 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 Trust members without a specified notice period. Trust Members may at any time resign office, giving written notice to the Secretary of State. Chief Executives are appointed by the Trust on a permanent basis and are subject to three calendar months notice in writing either way.

Chief Executive's performance pay is determined by the Trust 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.

David Chantler

Chief Executive and Accountable Officer for the Trust

16th June 2010

## **Statement of Accountable Officer' Responsibilities**

Under paragraph 13.1 (b) of Schedule 1 to the Offender Management Act 2007., the Secretary of State has directed the West Mercia Probation Trust to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the 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 Executive Officer, as Accountable Officer, was required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- 1 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;
- 2 Make judgments and estimates on a reasonable basis;
- 3 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
- 4 Prepare the financial statements on a "going concern" basis.

The Secretary of State appointed the Chief Executive as the Accountable Officer of the Board.

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 Board's assets, are set out in the Accountable Officers' Memorandum issued by the Secretary of State. The Accountable Officers' 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 Trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

## **Statement of Internal Control (SIC)**

### **Scope of responsibility**

West Mercia Probation Trust was established with effect from 1 April 2008 following the closure of the West Mercia Probation Board on 31 March 2008. I have been the Chief Executive and Accountable Officer throughout this period.

As Accountable Officer I have had responsibility for maintaining a sound system of internal control that supported the achievement of West Mercia Probation Trust'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.

As Accountable Officer, I reported directly to the Chief Executive of the National Offender Management Service. He is also responsible for the other seven Chief Executives and the 34 probation Chief Officers and so brings probation service accounts together in his Office. He is, in turn, responsible to Parliament and to Ministers in consolidating the probation accounts within the ministerial accounts.

The Accountable Officers are also responsible for the professional functioning of the service which is monitored and inspected by Her Majesty's Inspectorate of Probation, whose Chief Inspector reports to the Secretary of State.

Through both of these lines, and in particular through performance monitoring, serious further incident 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 any emerging issues may be raised.

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

### **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 the West Mercia area for the year ended 31 March 2010 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 Executive taking personal responsibility for the Risk Log, which is maintained by the Head of Business Services and Organisational Development, an ACO role. This is discussed at Senior Management Team meetings (and prior to this Executive Team meetings) and is presented to the Board at each of its meetings, together with a review of movements during the preceding period. The same reports are taken to the Audit Committee for study and consideration in greater depth, including the action sheets describing the mitigating action being taken, and their deliberations are also reported to the main Board in the Minutes of the Audit and Scrutiny Committee. Members of the Audit and Scrutiny Committee are not permitted to sit on the service committees of the Trust Board.

As part of our commitment to continuous improvement we have continued to deploy the electronic system, "4Risk", purchased after a review of risk management systems in the previous year. This will support the move to more autonomous Local Delivery Units whilst maintaining the ability of the Trust and the Accountable Officer to maintain appropriate control and account across West Mercia. In line with the Trust's Strategic Plan and Organisational Development Plan, the LDUs have now been established across West Mercia with the final one, Worcestershire, coming on line on 1 January 2010.

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. Our approach was further tightened with the appointment of the Head of Business Services and Organisational Development,

with whose help the Board has, during the year, published the following documents designed to improve the accountability within the Trust:

- Devolved Budget Management Scheme
- Performance Management Framework
- Commissioning Framework
- Best Value Manual
- Medium Term Financial Strategy

Along with other key documents reviewed or newly published this year, they constitute a suite of control documents describing the operational systems of the Trust. These other documents include:

- The Strategic Plan
- The Organisational Development Plan
- The Single Equalities Scheme
- Communications Strategy

In the previous year West Mercia had introduced “Delius” and an internal audit had rated this as “well controlled”, but the auditor also noted that NOMS had failed to provide a reporting tool to work with it. This had negatively affected our management information and the ability to take timely action, and our information collection and performance monitoring capacity. This has now been addressed by the introduction of “Discoverer”, the reporting tool for Delius.

At the end of 2008/09 the Area had slipped from its previous Green status on the IPPF and was allocated to band two in the assessment of Area performance by NOMS.

The Trust Board has also been concerned about the risks associated with NOMS’ decision to require the existing Trusts to demonstrate their alignment with the changed criteria for the new Trusts. We were embarked on a three year change programme based on becoming a Trust in 2008 and would not have chosen to be subject to a new assessment process within a year of all the work entailed in becoming a Trust, and whilst we were still introducing major changes.

These represented major risks for the Trust, both individually and taken together, and so a major programme of Performance Improvement was put in place which ran through July and August 2009, lifting performance across the IPPF to “Green Star”, and allocation to Band 4 “outstanding” in the NOMS performance categories.

This mitigation of the performance risk allowed the Trust to apply to retain Trust Status in November 2009 - an application that was successful, with one of the highest overall scores nationally.

In my last SIC I referred to the new Commissioning Plan that was being formulated. This in turn had led to the decision to contract out our procurement activities, a radical response to the challenge to improve our procurement activities and fully realise the opportunities to achieve value for money through an enhanced Commissioning capability. Building on that capacity, this year we have put in hand the letting of a contract to appoint a “preferred partner” with which to develop services in the private and/or voluntary sectors. This supports the Trust’s strategic vision of developing the wider criminal justice sector in West Mercia, creating a diversity of potential providers.

In addition the Trust 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**

All members 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 instance, 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. During the past year these have included, crucially, Performance Management and retaining Trust Status.

Once the Chief Executive, as chief risk manager, has accepted a risk, likelihood and impact scores are assigned and a risk manager designated. With the introduction of “4Risk” we will create risk logs for the Local Delivery Units now they are established, with an enhanced capability to identify some risks as truly organisation wide, strategic and critical, whilst registering other important, but operational, risks in the correct place for effective action to be taken.

The progress of the risk is reviewed regularly by the Chief Executive, both at the review dates set in the log and, in practice, more frequently as such a review is necessary in preparing for a Trust Board meeting and many risks are inter-related and cannot be considered in isolation anyway.

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

The Trust is involved in cooperative endeavours with other Probation Areas in the region with examples, for instance, including the regional training consortium and the Regional Sex Offender Unit (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 a Trust we have looked more widely than the other probation areas at potential partners and have established a programme of stakeholder events in which the whole sector can consider matters jointly. These consultative fora are now established on a more formalised basis reflecting the four main Local Authority areas of West Mercia.

The Trust has recognised the significance of the Policing and Crime Act 2009 giving statutory responsibility to Crime and Disorder Reduction Partnerships (CDRPs) and making probation a third responsible partner alongside Police and Local Authorities, and has utilised the Local Criminal Justice Board (LCJB) as a partnership body to take this forward. It has also utilised the LCJB to explore the interagency issues raised by the so called Sonnex case which posed major issues of reputational risk for probation and other criminal justice services.

### **Significant Control Issues**

A particular control issue this year has been the complaint from a member of staff that West Mercia was unfairly boosting its reported performance through an unfair manipulation of the performance reporting mechanism. This is our understanding of the complaint which was made direct to the Secretary of State; in fact we have never seen the complaint itself. This complaint was made in November 2009, just as the bid for Trust status was being submitted, and it is assumed that the two processes were linked in that were our green star performance to have been undermined we could not have been permitted to have proceeded to retain Trust status. This would have been a catastrophic control issue for the Trust. The audit activity was carried out by the auditor who happened to be within the Trust at the time carrying out the Management Information audit, and a report was prepared for the Director of Offender Management, the effect of which was to vindicate the Trust and dismiss the suggestion that we had been manipulating the performance framework. However the report made a number of recommendations both for the Trust and for NOMS. I have no knowledge as to the progress of the recommendations other than those for the Trust, but I can report that the Audit and Scrutiny Committee and the full Board were kept informed at each stage, and all the documentation shared in both forums. At its meeting on 21 December 2009 the Trust endorsed the Chief Executive's proposal that internal audit be invited back to verify that the issue of the backlog in loading information onto the system had been addressed and the backlog cleared in the agreed timescale, and that the calculations of the effect, if any, on West Mercia's performance, which remained at green star level, had been accurate.

As well as inviting this additional audit activity the Trust has also agreed, with the Community Service Manager within the DOM's office, to draw up a list of issues around Whistle Blowing to be jointly addressed with the Head of HR within NOMS. The emerging issue is that whilst the Trust has a clear Whistle Blowing Policy, NOMS has an approach to whistle blowing and the interface between the two sets of arrangements is not clear, neither are the practical actions to be taken widely understood, codified or predictable.

### **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, the executive managers within the Trust 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 Trust Board and the Audit and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have received a number of reports from Internal Audit, as identified in the Audit Plan agreed at the end of the previous year.

## Audit Plan 2009/10

### PERFORMANCE AGAINST PLAN

Audit Title	Audit Days		Proposed Timing	Current Status of Audit
	Plan	Actual to date		
Carry Forward 2008/9		(3)		
Risk Management	3	2.64	1/2/10	Final Report Issued
Financial Control Framework	12	13.86	25/1/10	Final Report Issued
Information Assurance	6	7.8	4/1/2010	Final Report Issued
Performance Management Information	8	5.96	1/2/2010	Final Report Issued
Commissioning of Local Services	5	5.94	8/2/2010	Final Report Issued
LDU Implementation	4	5.15	11/2/10	Draft Report In Progress
Office Visits	5	3	March 2010	Draft Report Issued
Follow Up	2			Not required 2009/10
Attendance at Audit Committees	4	5		
Planning & Liaison	2	3.13		
Interim and annual reports	2	1.32		
SAGE Upgrade	3	0.5	Q3/4	No Further Work Required
Contingency	4			
<b>Total</b>	<b>60</b>	<b>54.3</b>		

**Mandatory Internal Audits**

Financial Controls: Green  
Risk Management: Green  
Information Assurance: Amber/Green  
Management Information: Amber/Green

**Voluntary Audits**

Excalibur Procurement Contract: Amber/Green  
Regularity (Hereford Office): Green (Awaiting Final Report)  
LDU Implementation: Green (Awaiting Final Report)

Whilst I am particularly pleased with “greens” in relation to the key areas of financial controls and risk management, the “amber/green” in relation to the Excalibur Contract is also extremely heartening. This is because West Mercia has taken a strategic decision to invest in its procurement capability by outsourcing this function to a contractor. This gives the Trust a much enhanced capacity to contract services and develop a mixed economy of directly provided and bought-in provision. The contract with Excalibur has provided us with an extremely cost efficient method of accessing both high quality, strategic capability and industry standard systems to manage contracts on a day to day basis.

Whilst we originally scheduled the bulk of internal audit activity to take place in the second half of the year to enable staff to concentrate on the Trust bid, the availability of auditors has meant that a lot of activity has taken place at the very end of the year, with only an initial indication that the final outcome on the Excalibur audit will be amber/green and no outcome yet recorded on the regularity audit.

A third category of audit has taken place in West Mercia this year and that concerns an audit requested by the Director of Offender Management following a complaint from a member of staff direct to the Secretary of State. In this section of the Statement on Internal Control my concern is to record that the Trust was vindicated by this report. More detail can be found under the section “Significant Control Issues”.

**David Chantler**

**Chief Executive**

**West Mercia Probation Trust**

**16<sup>th</sup> June 2010**

# **Independent auditor's report to the Members of the Board of West Mercia Probation Trust**

## **Opinion on the financial statements**

I have audited the financial statements of West Mercia Probation Trust for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Cash Flow statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers on page 15 and
- the table of pension benefits of senior managers and related narrative notes on page 16.

This report is made solely to the Members of the Board of West Mercia Probation Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## ***Respective responsibilities of the Accountable Officer and auditors***

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

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made there under by the Secretary of State. I report whether the financial statements and the part of the Remuneration Report subject to audit has been properly prepared in accordance with the directions made by the Offender Management Act 2007 and directions made there under by the Secretary of State. I report to you whether, in my opinion, the information which comprises the Financial Review included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I review whether the Accountable Officer's statement on internal control reflects the Probation Trust's compliance with HM Treasury's Financial Reporting Manual and the National Offender Management Services Finance Manual for 2009/10. I report if it does not meet the requirements specified by HM Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accountable Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures

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

## ***Basis of audit opinion***

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

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

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

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

## ***Opinion***

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State under the Offender Management Act 2007, of the state of the Trust's affairs as at 31 March 2010 and of its net operating costs and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by the Offender Management Act 2007 and directions made there under by the Secretary of State;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them; and
- information which comprises the Financial Review included in the Annual Report, is consistent with the financial statements.

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

### ***Accountable Officer's Responsibilities***

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

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for probation trusts specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Trust has made such proper arrangements. 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.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for probation trusts specified by the Audit Commission and published in January 2009, I am satisfied that, in all significant respects, West Mercia Probation Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

**Certificate**

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

Grant Patterson  
Officer of the Audit Commission

Opus House, Priestley Court  
Stafford Technology Park  
Beaconside  
Stafford  
ST18 0LQ

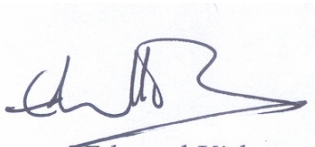
June 2010

## Annex F

### 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 listed in the attached Appendix 1.
2. The accounts shall be prepared so as:
  - To give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
  - To provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2010 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual ("the FReM") issued by HM treasury and which is in force for the relevant financial year. In addition Trusts are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the Trust is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
4. Compliance with the requirements of the FReM will in all but exceptional circumstances be necessary for the accounts to give a true and fair view. Any material departure from either the FReM or the NPS Finance manual should be discussed in the first instance with the NOMS Agency finance team.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.



Edward Kirby

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

May 2010

## ***Annex G***

### **Appendix 1**

8 Probation Trusts:

Dyfed Powys  
Greater Manchester  
Humberside  
Lancashire  
Leicestershire & Rutland  
Merseyside  
South Wales  
West Mercia

## **Appendix 2**

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

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

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