

NEWS UPDATE

MAY 2010 : A MONTHLY DIGEST FOR PROBATION TRUSTS

TOUGH FINANCE NEWS AND A TAX BOMBHELL AT PA EVENT

Michael Spurr, Chief Executive designate of NOMS, has outlined the future financial landscape for trusts.

Speaking at a trust finance event organised by the Association, Mr Spurr said that the prevailing economic climate meant that financial freedom for trusts was less likely than ever.

"I have never not wanted to be able to deliver financial flexibility, but I have been unable to," he told the audience of chairs, chief executives and finance managers from 34 trusts.

"My default position is to give as much flexibility as possible to those running the business. I don't want to over-control."

He said that he and his finance team had explored all possibilities but an increasingly strict approach from HM Treasury was removing any room for manoeuvre. This was inevitable given the extent of projected required savings for the public sector.

NOMS would take a discerning approach to the implementation of budget reductions and Mr Spurr said it was likely there would be a differential applied to reductions for each trust. Trusts would have to expect greater transparency in accounting and increased ministerial oversight in their affairs, he said

Mr Spurr said he would be taking a "light touch" to trust finances and said he would like to move to a three-year budget, recognising that this would provide the necessary stability to



Difficult messages: Michael Spurr speaking at the event

plan further mergers and shared services.

He also recognised the deficiencies of the existing estates/facilities management and ICT services and said that the possibility of co-location at regional level would be explored with trusts in ways that were sensitive to trust business.

He said: "I think we will end up with fewer than 35 trusts and I certainly think we will end up sharing services. The 'localism' agenda might point to different ways of doing things."

In response to a question about trusts sharing financial information with their Directors of Offender Management, he added: "The ability to flex budgets at the end of the year between yourselves and the agency will only be possible if we have shared all our information."

It also emerged that the new Delegation Letter for Trusts produced jointly by NOMS Finance and the Probation Trusts Programme - and which

trusts were asked to provide feedback on, had not been circulated by NOMS. This was circulated by the Association immediately following the event.

A tax bombshell was dropped by another speaker, Martin Watson, Head of Taxation for the Home Office and Ministry of Justice.

He said that The Treasury had decided that trusts, in becoming Non Departmental Public Bodies were no longer exempt from Corporation Tax.

He said consideration was being given to the detail of how trusts would be affected. He also offered to register all trusts for the tax with the provision that they write his office a brief letter.

Chief Executive Christine Lawrie said: "In many ways the event presented a stark and depressing scenario, confirming what we already knew about public sector finances and providing new information about the impact on probation trusts.

"The bombshell about liability for Corporation Tax and lack of prior sight of the revised Delegation Letter compounded the sense of unwelcome news being the order of the day.

"PA will continue to represent member views to NOMS, and to press for better consultation about financial matters, which have such a profound effect on trusts' ability to deliver against contracts."

TRUSTS EXPLORE IMPACT OF SCRUTINY BY COUNCILS

Many trust chairs have pledged to contact their local authority scrutiny committee chair in order to get maximum benefit from scrutiny and overview arrangements for probation.

The commitments were made at the end of an association seminar on local authority scrutiny held with assistance from Birmingham City Council - considered to have one of the best set of scrutiny arrangements in the country.

Delegates identified opportunities including: Raising awareness; reduced reoffending; improving MAPPA and joint working; sharing resources and budget reduction; opportunities for community engagement; and influence on strategy.

Risks were thought to include: Resourcing; managing expectations; uncertainty over MoJ view; impact on trust corporatism; regulation duplication; and calibre and knowledge of councillors.

Following inputs from Seminar chair Roger King, of the Office for Public Management, the Association's Ian Fox, and the chair of Birmingham's Overview and Scrutiny Committee and council scrutiny officers, delegates agreed that trusts should embrace the opportunities presented by scrutiny and manage the risks.

Ian Fox said the Association would continue to work with the Centre for Public Scrutiny to build national momentum and awareness.

OFFICE DIARY

- 5 May *Projects Manager and Policy Development and Business Capability Manager:* Effective Intervention Seminar and Total Place Briefing
- 11 May *Chief Executive:* Academy Executive Group Meeting
Projects Manager: Wiltshire Probation visit
Audit Committee
Chief Executive: Meeting with Yvonne Thomas (NOMS)
Governance Services Manager: NOMS Estates meeting
- 12 May *Chief Executive:* meeting with Robin Wilkinson (NOMS)
- 14 May *Chief Executive and HR Manager:* Employers' Strategy Group Induction Day
- 18 May *Chief Executive:* Meeting with Helen Edwards (Ministry of Justice)
- 20 May PA Board meeting
Governance Services Manager: Probation Estate Investment Board
Chief Executive and Governance Services Manager: NOMS Estate meeting
- 21 May *Chair, Chief Executive and all PA Managers:* New Trust Chairs Induction
- 24 May *HR Manager:* HR Regional Reps meeting
- 25 May *HR Manager:* National Negotiating Council Joint Secretaries meeting
- 26 May *Chief Executive:* Howard League Community Awards
Governance Services Manager: Probation ICT Board meeting
Governance Services Manager: PQAB meeting
Governance Services Manager: meeting with Lesley Thompson r.e. North West Training Consortium
- 27 May *Chief Executive:* Probation Leadership Development Task Group meeting

PARTNERSHIP STRATEGY EVENT

The Association is holding a conference to launch a Local Partnership Development Strategy for trusts at The Caledonian Club, 9 Halkin Street, Belgravia, London, on Wed, June 2.

Places are still available. Please email lhogan@probationassociation.co.uk to book a seat.



PROBATION MANIFESTO

The Association has prepared a manifesto with which to engage the new Government's ministerial team. The document will be posted on the Association website imminently.