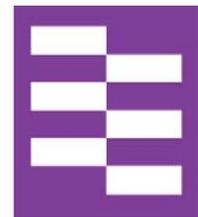


**Gloucestershire
Probation Trust**



Gloucestershire Probation Trust

**Annual Report and Accounts
2012–2013**

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Annual Report and Accounts
2012–2013

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Vision, Mission & Values

Vision

To be an innovative and ambitious organisation that is trusted by the communities of Gloucestershire; to do what is best to reduce harm from offending behaviour; and to uphold the rights of victims.

Mission

Our mission is to transform the lives of offenders thereby protecting the public and preventing harm to future victims. GPT is one of the highest performing Trusts and one that punches above its weight by:

- Investing in the professionalism of our people
- Growing through collaboration and partnership
- Innovating continuously
- Delivering consistent quality.

Values

- We believe that people should take responsibility for their actions and we believe in enabling individuals to change and achieve their potential.
- We believe in treating all those with whom we work with the respect, fairness and dignity that we would expect for ourselves as members of GPT and as fellow citizens.
- We believe in being accountable to the communities of Gloucestershire and working in close partnership with other local Criminal Justice partners and others working to reduce reoffending.
- We believe in creating a culture of openness, enquiry and trust.
- We believe GPT is an organisation in which we can take pride and in which the contribution of all staff is recognised.

Foreword

As Gloucestershire Probation Trust (GPT) starts its third year as a Trust it does so with confidence and strong foundations. In 2011 we delivered strong performance across all aspects of our work and we consolidated and expanded our work with partnerships in Gloucestershire. The constant theme for all our work has been, and will continue to be, on delivering improved outcomes for offenders, their victims and the communities of Gloucestershire.

Our goal of working more closely with our partners to become a more outward focussed organisation has been achieved and we are aligning ourselves with partners so that we focus at all times on “***Doing what is best to reduce further harm from offending behaviour for Gloucestershire communities.***” We believe this goal is best achieved by GPT leading Gloucestershire’s reducing re-offending agenda and being at the heart of local commissioning.

1. Operational & Performance Review 2012–13

Our Achievements in 2012/13

Gloucestershire Probation Trust is a highly effective and efficient organisation. The evidence is clear:

- GPT is a top performer in actually reducing reoffending and has consistently been in the top 5 Trusts throughout 2012/13 as measured by MoJ.
- GPT is a highly efficient organisation and has maintained very solid performance despite year on year reductions in budget.
- GPT delivers quality interventions achieving the high target set by MoJ.
- GPT excels at ensuring offenders successfully complete their supervision.
- GPT delivers real outcomes for offenders exceeding targets set for getting offenders into stable accommodation (6% above target) and into employment, training or education (13% above target).
- GPT delivers 100% on public protection measures such as Multi Agency Public Protection Arrangements (MAPPA) and victim feedback.

GPT is also deeply embedded in the many partnerships within Gloucestershire and is highly regarded by the Police, the Local Authority, the Health Service and many VCS agencies. In 2012/13, GPT played a central role in reducing crime in Gloucestershire and was pivotal in the following areas of partnership work:

- Leading on MAPPA and Integrated Offender Management (IOM)
- Leading the development of a new Young Offender Unit
- Commissioning a new Drug and Alcohol Service and Personality Disorder Service for the County.
- Commissioning ISIS, a nationally respected centre for Women Offenders.

2. Accounts

Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust is a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reports to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 following transition from Gloucestershire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 53, by the Secretary of State under the OM Act.

Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. This consultation ended at the end of June 2012. A further consultation commenced in January 2013 building on the previous consultation last year which set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of these consultations were published in “Transforming Rehabilitation: A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultation within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a ‘material uncertainty’ around going concern, arising from the recommendations of the report, Transforming Rehabilitation: A strategy for Reform.

Principal activities

As per the Trust's arrangements/activities. This include the following:

- Reduce Reoffending and Protect the Public
- Deliver Desistance: Reduce Reoffending
- Increased Public Protection
- Continue to improve our Performance and Quality of delivery
- Develop our People
- Maximise our Resources, by delivering better outcomes for less money
- Strengthening GPT's Capability in a Competitive Environment

Operational Performance during 2012–13

An analysis of performance outcomes is summarised in the Annual Report on page 4.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 22.

The Statement of Changes in Taxpayers' Equity is shown on page 25.

Operating costs

The net operating cost before tax for 2012–13 stands at £48k compared to £23k for 2011–12.

The reason for the increase is due to the movement of the pension fund valuation.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 23 and 24.

The net asset position has decreased from £10,660k at March 2012 to £12,242k at March 2013.

The largest single movement in net assets is £1588k due to the adverse position of the pension fund.

Payment of creditors

In the year to 31 March 2013, the Trust paid 1,368 trade invoices with a value of £2,061,818. The percentage of undisputed invoices paid within 30 days by the Trust was 99.05% compared to 98.6% in 2011–12.

Treatment of Pension Liabilities

Past and present employees of the Probation Trusts are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme, and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Further information can be found in **Note 4** to the Accounts.

Sickness absence data

The actual levels of absence due to staff sickness were 1474 days across the Trust (2011–12 1612 days).

Personal data related incidents

There were no significant personal data related incidents in 2012–13, which were formally reported to the Information Commissioner's Office (ICO).

In the event that a situation would arise, a risk assessment would be carried out to assess who, if anyone should be notified and to ensure measures were in place to mitigate risk to individuals and prevent recurrence of the incident. All staff undertake a compulsory Information Assurance training course when joining the department and an annual refresher course.

Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

As at the date of the Audit Certificate, there have been reportable events which have occurred, these are mentioned under the paragraph Going concern on page 5 and in **Note 27** on page 52.

Sustainable development

The Trust falls within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 55 to 57.

Future developments

We will continue to focus relentlessly on business as usual as we prepare the organisation, its people and our partners for the changes needed to implement the Transformation of Rehabilitation in Gloucestershire.

We are very proud of our achievements over many years but we are not afraid of the challenges ahead. Whatever the outcome of the Ministry of Justice's decisions, our dedicated and resilient staff will continue to be committed to delivering a professional Probation Service in Gloucestershire which contributes to keeping our communities safer. The challenge for GPT in 2013–14 and beyond is to continue to operate in the most creative, open and optimistic manner to safeguard the best possible legacy.

There is no doubt that there are huge changes ahead, both culturally and emotionally for GPT staff and partners. However, the core values of our work and our approach must remain central if we are ensure our people want to stay fully engaged with the opportunities and challenges presented. We believe we are well on our way to transform rehabilitation because we are confident and successful in managing the complexities of changing the lives of the people we work with. Going forward we will focus on:

- Working with staff and recognised trade unions to ensure that during the transition to the new structures we consult and engage in a manner consistent with our vision and values and which promotes learning and progress.
- Working to establish the business partnerships required to enable us to bid for and win business in the proposed framework for competition.
- Developing a strong local commissioning and co-commissioning landscape which aligns with the Police and Crime Commissioner to reduce and prevent crime in Gloucestershire.
- Managing 'business as usual' and sustaining all round high performance while meeting the risks pertaining to the new environment.

Pursuing the possibility to "spin out" to become a staff mutual that provides offender related services – this is likely to involve working with our partners Wiltshire Probation Trust (WPT) with whom we have existing partnerships, including a joint company.

Communications and employee involvement

- The Board and Executive will implement a new Board Quality Assurance framework.
- Implement phase one of 360 degree appraisal for the Executive and Senior Management Team.
- Implement schedule of coaching sessions for SMT. Implement 360 degree appraisal for wider Leadership Team in late 2013.
- Introduce a programme of commercial awareness for managers in partnership with WPT.

Staff diversity

- Undertake review of our approach to diversity to ensure there is greater ownership and knowledge of diversity by all staff enabling diversity to be at the heart of all our actions.
- Re-establish role of Independent Advisory Group.
- To evidence improved access to services for all by making progress on equality objectives.
- Establish strategic links with Project Zero and other Community projects working within the BME communities.
- Extend the reach of our specialist partnership with ISIS Women's Centre to a bigger cohort of women offenders. Ensure that at least 70% of women supervised by GPT have the option of completing their order within the ISIS service.
- Establish a Transition to Adult team in partnership with Prospects.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. With effect from 1 April 2012, the external Auditor changed from the Audit Commission to the Comptroller and Auditor General. This change of the external Auditors was driven by a Department of Communities and Local Government (DCLG) decision to disband the Audit Commission and was made by HMT via a 2012 order to the Government Resource Accounts Act 2000. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 20.

Total audit fees reported in the Accounts are £32,833. The audit fees for 2011–12 relate to the previous external auditor. The audit fees for 2012–13 are made up of:

- 20,433 External Audit Fees and
- £12,400 Internal Audit Fees

As Accounting Officer, I have taken all steps to ensure that:

- I am aware of any relevant audit information
- the Auditor is aware of that information, and
- there is no relevant audit information of which the Auditor is unaware.

The Gloucestershire Probation Trust Management Board

The governance arrangements within the Trust for the period April 2012 to March 2013, included the following:

- Board Meetings
- Combined Committee meetings
- Audit and Risk Committee
- Joint Negotiating Consultative Committee (JNCC)
- Health and Safety Committee.

The Chair and other members of the Board were all appointed by the Secretary of State.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 10 to 12.

Membership of the Board is set out in the table below:

Position	Name	Date appointment commenced / ended (during 2012–13) where appropriate
Chief Executive	John Bensted	
Chair	Tony Fitzsimons	
Board Member	Christine Ellson	Ended 23rd May 2012
Board Member	Michael Howe	
Board Member	Claire Feehily	Commenced 23 rd May 2012
Board Member	Sidney Pritchard	
Board Member	Peter Todd	Commenced 25 th July 2012
Board Member	Colin Youngson	
Board Secretary	Andrew Cooper	

My thanks and appreciation is extended to all past and present members of the Board for their hard work and effort during this reporting year.

John Bensted
Accountable Officer
19th June 2013

Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board are all appointed by the Secretary of State in line with the commissioner for Public Appointments “Guidance on appointments to public bodies”.

The salary and pension entitlements of the senior managers and non-executive directors of the Gloucestershire Probation Trust were as follows:

A) REMUNERATION – AUDITED

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2012/13			2011/12		
	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £	Salary (as defined below) £000s	Bonus £000s	Benefits in kind (rounded to the nearest £100) £
John Bensted Chief Executive Officer	65–70	Nil	Nil	65–70	Nil	Nil
Tony FitzSimons Board Chair	15–20	Nil	Nil	15–20	Nil	Nil
Christine Ellson Board Member	0–5	Nil	Nil	0–5	Nil	Nil
Michael Howe Board Member	0–5	Nil	Nil	0–5	Nil	Nil
Claire Feehily Board Member	0–5	Nil	Nil			
Sidney Pritchard Board Member	0–5	Nil	Nil	0–5	Nil	Nil
Peter Todd Board Member	0–5	Nil	Nil			
Colin Youngson Board Member	0–5	Nil	Nil	0–5	Nil	Nil

All MoJ appointed Trust Board members receive non-pensionable remuneration of £15.40 per hour from 1 April 2012, with the exception of the Chief Executive and the Chair. Trusts at their discretion may pay a travelling allowance and any other relevant expenses incurred.

The total remuneration of the highest paid Director and the median total remuneration for other staff are shown in the table below.

	Total Full-time Equivalent Remuneration	
	2012–13	2011–12
Highest paid Director (pay band)	£65,000–£70,000	£65,000–£70,000
Median for other staff	£19,380	£18,978
Pay multiple ratio	3.54:1	3.61:1

The median remuneration is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director. The pay multiple ratio is ratio between the total remuneration of the highest paid Director and the median for other staff.

Salary

'Salary' includes the gross salary; overtime and standby payments; but excludes Employers' National Insurance and Employers' pension contributions.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits received are in respect of costs for accommodation, travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2013 & related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
John Bensted	Pension 35–40	0–2.5	701	687	14
	Lump Sum 75–80				

This scheme provides benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses current market valuation factors for the start and end of the period.

John Bensted
Accountable Officer
19th June 2013

Statement of Accountable Officer's Responsibilities

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

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

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

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the Trust. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Trust's assets, are set out in Managing Public Money published by HM Treasury.

Governance Statement

Introduction

I was appointed as the first substantive Chief Executive of Gloucestershire Probation Trust in September 2010. Thus this Governance statement is being completed as the permanent Accountable Officer.

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Gloucestershire Probation Trust policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and through the Financial Memorandum.

In the 2012–13 Business Plan for the organisation the focus, other than reducing re-offending and protecting the public, was on the following three key priorities;

1. Delivering the Contract.
2. To lead and influence local integration of services that impact on offending behaviour.
3. To Maximise and Make Best Use of Resources.

Governance Framework

GPT Board oversees the governance of all strategic activity and the underlying framework includes:

- Board Meetings x 6
- Audit & Risk Committee x 6. Highlight being the regular review of the Business Plan Risk Register.
- Quality Committee – oversees all the quality of operations x 6. Highlights being the regular monitoring of the QA process and governance of oversight of new initiatives, such as the Women's Offender Centre, review of IOM and development of a new Youth offender Unit.
- Finance and Resources Committee – oversees all aspects of resource allocation x 6. The main highlight of this committee is very close monitoring and scrutiny of the budget which led to a different approach to financial planning for 2013/14.
- Contract Committee – oversees the main SLA with NOMS and other smaller contracts x 6. The main focus on the NOMS contract has led to GPT maintaining very strong performance throughout the year.
- Health and Safety Committee x 6. Regular review of all Violent and Aggressive incidents.
- JNCC x 6. This forum has ensured a strong focus on maintaining strong relationships with staff side.
- Organisational Development Group – sub group of the Board that oversees all aspects of staff and organisational development.

Board Performance/Self Assessment

The GPT Board has continuously striven to review it's own performance, undertaking review activities such as interaction between the Executive and non Executive, monitoring effectiveness of the work plans of the committees. Indeed, the Board agreed an Internal Audit this year on the Business Planning process and the Audit and Risk Committee has undertaken this year.

Oversight and Assurance arrangements

- **Key Responsibility 1:** To set the strategic direction and aims for GPT which ensures the long-term sustainability of the organisation and best meets the needs of Gloucestershire
- **Key Responsibility 2:** To influence decisions that impact on GPT by engaging nationally and locally.
- **Key Responsibility 3:** To set the priorities for GPT through the annual Business Plan which best deliver agreed services within the available resources.
- **Key Responsibility 4:** To assure that GPT delivers against its Business Plan, Service Level Agreements and Contracts.
- **Key Responsibility 5:** To assure that GPT is compliant with relevant legislation and standards.
- **Key Responsibility 6:** To develop GPT's capacity, capability and range of services to improve its long-term sustainability and best meet the needs of Gloucestershire.

Risk Management

The Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 for the year ended 31st March 2013 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to Handle Risk

I have operated within Risk Management processes as a Senior Manager for the past 11 years and as Chief Executive have successfully overseen continuous high performance. I have ensured that Senior and Middle Managers have maintained a robust approach to risk management processes. As Accountable Officer I take lead responsibility for the Trust's risk management processes. Board members, notably those on the Audit and Risk Committee, have a clear commitment to risk assessment and risk management.

The Audit and Risk Committee, and Internal and External Auditors liaise with me as Accountable Officer to ensure that best practice is followed. Good practice is pursued through a range of groups and functions, e.g.

- Regular review of performance overseen by the Contract Committee and also the Quality Committee.
- 6 monthly review of statistics on outcomes and diversity
- Managers' training programme and action learning groups
- Local and regional quality audits on public protection practice
- Review of Her Majesty's Inspectorate of Probation reports
- Serious Further Offence Reviews
- Membership of Multi-Agency Public Protection Arrangements Strategic Management Board
- Review of complaints
- Safety Committee review of violent and/or racial incidents
- Regional performance improvement initiatives

The work of internal and external audit, overseen by the Audit and Risk Committee, is a key element in giving assurance that risks are being managed effectively through current change.

Newly Identified Risk

The rapid closure of HMP Gloucester in early 2013 (see P19) represented a new risk both financially and to reducing reoffending. Firstly, GPT had to absorb the costs of these staff into the 2013/14 budget and secondly offenders serving custodial sentences were located in establishments further afield thus making resettlement more complex.

Risk and Control Framework

GPT has a structured annual business planning process informed by NOMS guidance on business priorities and performance targets. We also regularly undertake an organisational self assessment and are informed by the NOMS commissioning priorities.

Key organisational risks are identified by the Board, Senior Leadership Team (SLT) and middle managers as part of business planning at the year start and at least quarterly thereafter. SLT jointly review and update the Risk Register prior to the Audit and Risk Committee. Each risk is assigned a risk owner who has the responsibility to put in place and monitor their management plan to contain the risk. High level projects are also risk assessed, risk owners assigned and risks recorded in a register with

accompanying contingency actions, overseen by the project leader. The process enables ongoing risks to be identified and controls are implemented.

The Audit and Risk Committee reviews the annual audit planning process to identify and agree specific areas of risk to be addressed by internal auditors and to understand the target areas selected by external auditors to give assurance that risk has been assessed and managed. A senior manager is allocated responsibility for the audit exercise including receipt of the auditor's report and implementation of recommendations. Progress on implementation is tracked and regularly reported to the Audit and Risk Committee.

Leadership

GPT ensures that effective leadership makes good quality offender management more likely. GPT has forward thinking strategic planning arrangements, the effectiveness of close multi agency working, including MAPPA and from the very positive working relationships with the Courts and sentencers.

Systems are in place for the Board and Chief Executive in GPT to exercise clear leadership via established communication channels, team links and visits. A Leadership Forum meets regularly where clear messages are disseminated to all staff.

The Trust's business planning process is undertaken by the SLT in conjunction with the Board with the Chief Executive drafting the Business Plan and risk register before it being signed off by the Board and sent to the NOMS regional representative. The plan is cascaded to staff via a communications bulletin and briefings to the middle manager group. Objectives for team and individual performance are set through the appraisal process and managed at quarterly appraisal review meetings for all staff. I have ensured that senior managers participate in a quarterly review of high level risks.

All staff holding line management responsibilities are expected to perform to the highest standards and ensure their teams achieve objectives and hold staff to account for any shortfalls. Thus middle managers play a pivotal role on leading the organisation.

Policy and Strategy

Policies have been reviewed as required during the year. Policies that have been reviewed and approved by the Board and Unions include the following;

- Redundancy Policy
- Disciplinary Policy
- Bullying and Harassment Policy
- Environmental Sustainability Policy
- Whistleblowing Policy
- Grievance Policy

A process for ensuring all Probation Instructions are addressed is in place to identify lead officer responsibility and review progress and/or completion.

The Diversity Group is being refreshed with the further analysis of diversity information and diversity being embedded into the Quality Assurance Framework.

People

Gloucestershire Probation staff have shown exceptional flexibility and determination in rising to the challenges they have faced over recent years. With the uncertainty around the recent Transforming Rehabilitation agenda, staff have become increasingly professional and self reliant and proved they are able to maintain performance. Staff will need to continue being resilient over the next 12 months when the future of GPT is decided.

Partnership and Resources

The partnership landscape in Gloucestershire has undergone a thorough review partly in response to the reduced budget of Public Sector Gloucestershire but also to integrate partnership work more purposefully to deliver better outcomes. Gloucestershire Probation Trust plays a central role in a number of key Gloucestershire partnerships, involving the full array of statutory partners such as the Police, Her Majesty's Courts Service (HMCS), Prisons, Health, and Local Authority etc. Gloucestershire also has a thriving Voluntary and Community Sector (VCS) with whom we have number of very important formal and informal arrangements.

We will continue to be actively involved in a number of other partnerships including;

- Safeguarding Children and Adult Boards
- Gloucestershire Safer Stronger Justice Commission
- Health and Well Being Board
- Supporting People Partnership Board
- MAPPA

We have also actively successfully developed bids and commissioned the following projects;

- Volunteering and Mentoring
- Working with Offenders with Personality Disorders
- Multi Agency unit working with young offenders

Closure of HMP Gloucester

As part of the MoJ prison closure programme, HMP Gloucester was decommissioned in January 2013 and finally closed in February 2013. This rapid closure led to GPT staff having to absorb the seconded team of 5 back into the organisation.

Funding to Locally Governed Organisations/Partnerships

Like all other Probation Trusts, GPT contributes to a number of statutory organisations and partnerships. These include the Youth Offending Team, whereby we second a Probation Officer and contribute financially. This partnership is overseen by the Gloucestershire Youth Justice Board and GPT are represented on this Board. In addition we contribute to MAPPA and second staff and have a SLA with the Police. MAPPA work is overseen by the Strategic Management Board which this year is chaired by GPT.

Processes

Process improvements are identified, prioritised and addressed through the Process Management Group, a joint meeting between Admin and operational managers. We have continued to implement the Specification Benchmarking & Costing (SBC) programme.

During the year the AR&C undertook a further nationally recognised self assessment which indicated that AR&C is meeting most of the good practices areas in the checklist. There were areas for improvement identified, mainly relating to governance best practice rather than scrutiny of the Trusts main operational activities.

Commentary on Performance

GPT maintained strong solid performance throughout 2012/13 as measured by the Probation Trust Rating System (PTRS). GPT achieved Level 3 in all domains of PTRS and at the Q4 Review with NOMS staff it was noted this represents a, "solid good level performance."

Compliance and Corporate Governance

The Trust complies with the Corporate Governance Code.

Parliamentary Funding

The Trust receives funding from NOMS and ensures that the funding it receives is used for the purposes approved and intended by Parliament.

Quality Data

The quality of data used by the Board and Board Sub Committees is regularly seen by the NOMS Senior Commissioning Manager as a matter of course and is therefore a rigorous standard.

Security Lapses

There was one security lapse in 2012/13 relating to data requested and provided to an offender. An internal investigation was undertaken but it was deemed no disciplinary action was necessary. Administrative changes have been made to avoid a repeat.

Results

A risk and control framework is in place to give assurance on the management of risk in respect of performance results. All NOMS targets are monitored monthly, published on the intranet and reviewed by the senior management team. The report is scrutinised by the Board through the Audit and Risk Committee and various Board Sub Committees. These sub committees have themselves been reviewed within the Board leading to a greater alignment of the work and a review of the Terms of reference.

Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the MoJ Internal Audit Division, (Internal Auditors), the executive managers within the Probation 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.

During 12/13 the following systems were audited by the MoJ Internal Audit Division (some reports in draft due to recent issue) and GPT is responding actively to the issues raised:

Audit review	Overall conclusion
Overall Assessment	Not yet received
Financial Controls	Green
Business Planning	Amber/Green
Pre Sentence Reporting – Suspended Sentence Orders	Amber/Red
Workload/Capacity Management	Amber/Green

- Red: Weaknesses in risk management and control are widespread and system objectives are not achieved
- Amber Red: A major weakness or a number of significant weaknesses in control with prompt improvement in the design and/or operation of control required. System objectives only partly achieved and risks are not effectively managed.
- Amber Green: Although there are some weaknesses in control design or operation of controls, they do not require significant improvement in order to manage risks to the achievement of system objectives.
- Green Sound system of risk management and control likely to achieve system objectives. Controls are operating as intended and are proportionate to the risk.

The opinion of internal auditors on the adequacy and effectiveness of the systems of risk management, internal control and governance in GPT is currently outlined as above.

Statement of the Effectiveness of Internal Control

The control structure is generally found to be effective throughout GPT. Data reports are being built and refined in the new Finance and HR systems which will enable enhanced regular oversight by the Board and Audit Committee.

Conclusion

Ongoing learning and assessment of the systems of internal control will be considered and incorporated as necessary through 2013/14.

Board Attendance

An attendance register is held at all Board and Committee meetings, held by the Board Secretary. Attendance at GPT Board Meetings 2012/13 was as follows:

Date	Tony FitzSimons	John Bensted	Christine Ellson	Claire Feehily	Mike Howe	Sid Pritchard	Peter Todd	Colin Youngson
23.05.12	Y	Y	Y	N/A	Y	N	N/A	Y
25.07.12	Y	Y	N/A	Y	Y	Y	Y	Y
01.10.12	Y	Y	N/A	Y	Y	Y	Y	Y
22.11.12	Y	Y	N/A	Y	Y	Y	Y	Y
13.02.13	Y	Y	N/A	Y	Y	Y	Y	Y
22.03.13	Y	Y	N/A	Y	Y	Y	Y	Y

Notes:

- Christine Ellson retired from the Board immediately after the meeting on 23rd May 2012.
- Claire Feehily and Peter Todd joined the Board between 23rd May and 25th July 2012.

John Bensted

Chief Officer and Accountable Officer for the Trust Board
19th June 2013

3. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Gloucestershire Probation Trust for the year ended 31 March 2013 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Offender Management Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Gloucestershire Probation Trust's affairs as at 31 March 2013 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Emphasis of Matter – Material uncertainty in respect of going concern

Without qualifying my opinion, I have considered the adequacy of the disclosures made in **Note 1.3** of the financial statements, concerning management's consideration of a material uncertainty around the going concern status of the Trust. This arises from an announcement by the Secretary of State for Justice on 9 May 2013, regarding the future of the probation service.

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Administration costs			
Staff costs	3(a)	5,058	5,055
Other administration costs	6(a)	1,893	1,856
Income	7(a)	(7,416)	(7,222)
Net administration costs		(465)	(311)
Programme costs			
Staff costs	3(a)	142	204
Other programme costs	6(b)	88	73
Income	7(b)	(64)	(173)
Net programme costs		166	104
Net operating costs		(299)	(207)
Expected return on pension assets	4(d)	(1,195)	(1,388)
Interest on pension scheme liabilities	4(d)	1,542	1,618
Net operating costs before taxation		48	23
Taxation	5	0	0
Net operating costs after taxation		48	23

Other Comprehensive Expenditure

		2012–13	2011–12
	Notes	£000	£000
Net (gain) on revaluation of property, plant and equipment	8	(2)	(1)
Net (gain)/loss on revaluation of intangibles	9	0	0
Net (gain)/loss on revaluation of available for sale financial assets		0	0
Pension actuarial/loss	23	1,537	1,914
Total comprehensive expenditure for the year ended 31 March 2013		1,583	1,936

The notes on pages 26 to 52 form part of these accounts.

Statement of Financial Position

As at 31 March 2013

	Notes	2012–13 £000	2011–12 £000
Non-current assets			
Property plant and equipment	8	66	81
Intangible assets	9	4	9
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	0	0
Total non-current assets		70	90
Current assets			
Assets classified as held for sale	11	0	0
Deferred tax asset	19	0	0
Trade and other receivables	12(a)	717	599
Cash and cash equivalents	13	31	168
Total current assets		748	767
Total assets		818	857
Current liabilities			
Trade and other payables	14(a)	(361)	(506)
Provisions	15	0	0
Taxation payables	14(a)	(557)	(457)
Total current liabilities		(918)	(963)
Non-current assets plus/less net current assets/(liabilities)		(100)	(106)
Non-current liabilities			
Trade and other payables	14(a)	0	0
Provisions	15	0	0
Pension liability	4(c)	(12,142)	(10,554)
Total non-current liabilities		(12,142)	(10,554)
Assets less liabilities		(12,242)	(10,660)
Taxpayers' equity			
General fund	23	(12,261)	(10,670)
Revaluation reserve – property, plant and equipment	24(a)	19	10
Revaluation reserve – intangible assets	24(b)	0	0
		(12,242)	(10,660)

The financial statements on pages 22 to 25 were approved by the Board on 19th June and were signed on its behalf by

..... Accountable Officer

19th June 2013

The notes on pages 26 to 52 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2013

		2012–13	2011–12
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(48)	(23)
Adjustments for non-cash transactions	6(a)	34	46
Adjustments for pension cost	4(d)	51	(759)
(Increase)/decrease in receivables	12(a)	(118)	131
Increase/(decrease) in payables	14(a)	(45)	190
Utilisation of provisions	15	0	0
Less movements in property, plant and equipment payable	14(a)	0	0
Less payments of amounts due to Consolidated Fund to NOMS	14(a)	0	0
Net cash outflow from operating activities		(126)	(415)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(11)	0
Purchase of intangibles	9	0	0
Proceeds on disposal of property, plant and equipment	8	0	(3)
Proceeds on disposal of intangibles	9	0	0
Net cash outflow from investing activities		(11)	(3)
Cash flows from financing activities			
Net financing received in year	23	0	0
Payments of amounts due to the Consolidated Fund to NOMS		0	0
Net financing		0	0
Net increase/(decrease) in cash and cash equivalents in the period		(137)	(418)
Cash and cash equivalents at the beginning of the period	13	(168)	(586)
Cash and cash equivalents at the end of the period	13	31	168
Increase/(decrease) in cash		(137)	(418)

The notes on pages 26 to 52 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance as at 1 April 2011		(8,733)	9	(8,724)
Prior period adjustment	23/24	0	0	0
As restated at 1 April 2011		(8,733)	0	(8,724)
Changes in taxpayers' equity for 2011–12				
Net operating cost after taxation	SocNE	(23)		(23)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		1	0
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	0	0	0
Pension actuarial (loss)/gain	23	(1,914)	0	(1,914)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2012		(10,670)	10	(10,660)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(48)		(48)
Net gain/(loss) on revaluation of property, plant and equipment	24(a)		2	2
Net gain/(loss) on revaluation of intangibles	24(b)		0	0
Movement in donated assets	23	0	0	0
Transferred from revaluation reserve	23	1	0	0
Pension actuarial (loss)/gain	23	(1,537)	0	(1,537)
Net NOMS financing received in year	23	0	0	0
Balance as at 31 March 2013		(12,254)	12	(12,242)

The notes on pages 26 to 52 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2012–13 Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

Where the FRm permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Probation Trust for the purpose of giving a true and fair view has been selected. The Probation Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Trust has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements, except for the following:

The IASB has issued an amended IAS 19 that will come into force for financial periods beginning on or after 1 January 2013 (IAS 19R). IAS 8 requires the disclosure of the impact of the changes to accounting standards which have not yet been adopted. In particular, it requires a disclosure, in the 2013 accounts for those employers with 31 March 2013 year end date, of the expected impact of the future change in accounting standard. The principal changes are as follows:

- The expected return on assets is calculated at the discount rate, instead of, as currently, at an expected return based on actual assets held in the Fund.
- The interest on the service cost is included in the service cost itself.
- Administration expenses continue to be charged through the Statement of Comprehensive Expenditure, but are set out as a separate item.

Had the Trust adopted the amended IAS19 for the 2012–13 reporting period, the impact on the financial statements would have been minimal.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of non-current assets, where material, at their value to the business. The functional and presentational currency of the Trust's financial statements is the British pound sterling (to the nearest £1,000 unless otherwise stated).

1.2 Changes in accounting policies and restatement of comparatives

There have been no changes in accounting policies or restatement of comparatives in these accounts.

1.3 Going concern

The Statement of Financial Position at 31 March 2013 shows negative Taxpayers' Equity, which reflects the inclusion of liabilities falling due in future years. The future financing of the Probation Trust liabilities is met by future grants of Supply to the Ministry of Justice/NOMS and there is no reason to believe that future approvals of Supply will not be forthcoming. The Trust will continue to invoice NOMS for the provision of probation services under the terms of its contract with NOMS.

A consultation paper "Transforming Rehabilitation – A revolution in the way we manage offenders" was issued in January 2013 which built on the previous consultation last year and set out plans to contract out probation services more widely and increase the use of Payment by Results. The consultation period ended on 22 February 2013 and the results of both consultations were published in "Transforming Rehabilitation: A strategy for Reform", on 9 May 2013 by the Secretary of State for Justice.

The recommendations of the report will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation

services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. The implications of the new arrangements for individual Trusts are not provided in the consultation announcement at this stage. Specifically, the announcement does not provide sufficient detail to form a judgement on whether the material functions, assets and liabilities will be transferred for continuing use in the public sector in the context of the FReM paragraph 2.2.15. This is likely to become clearer during 2013–14 as the proposals are further developed and implemented.

Implementation of the new arrangements will require a Statutory Instrument to be issued by the Secretary of State under the Offender Management Act 2007, subject to negative affirmation. This had not been drafted at the date the Annual Report and Accounts were approved. Senior management has concluded therefore that, having reviewed the results of the consultations within the context of the Financial Reporting Manual (FReM), it is appropriate for the Trust to prepare the 2012–13 Annual Report and Accounts on a going concern basis, with disclosure of a 'material uncertainty' around going concern, arising from the recommendations of the report, *Transforming Rehabilitation: A strategy for Reform*.

1.4 Property, plant and equipment

Non-current assets are included at cost upon purchase and are restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within **Note 6(a)**, other administration costs under "accommodation, maintenance & utilities". The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation of non-current assets

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Upward revaluations go to the Revaluation Reserve. Downward revaluations are charged to the revaluation reserve if there is a prior credit balance; otherwise they are charged to the SoCNE.

1.5 Depreciation

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

Asset lives are currently in the following ranges:

Information technology	5 years depending on individual asset type
Plant & equipment	3 to 15 years depending on individual asset type
Vehicles	7 years depending on individual asset type

1.6 Impairment

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

1.7 Intangible non-current assets

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

The minimum level for capitalisation of a intangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

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

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

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

The intangible assets (Software and Development) are amortised over 5 years using the straight-line.

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

1.8 Non-current assets held for sale

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

1.9 Inventories

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

1.10 Operating income

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

Operating income is income that relates directly to the operating activities of the Probation Trust. This comprises income under the Trust's contract with NOMS for the provision of Probation Services, rent receivables, income from EU sources, income from other Trusts, from within the MoJ Group, from other Government Departments and miscellaneous income. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

With effect from 1 April 2011, NOMS has confirmed that Trusts can now retain bank interest received. Trusts are no longer required to surrender this to HM Treasury via NOMS and MoJ.

1.11 Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme follows the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

1.12 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirements benefits. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate

(Disclosure of Stakeholder Pensions Schemes is not included in these accounts). Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury. The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures.

1.13 Leases

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

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

Finance leases

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

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before

the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

Operating leases

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

Operating leases – incentives

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

IFRIC 4 Determining whether an arrangement contains a lease

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

1.14 Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Probation Trust has a present legal or constructive obligation, as a result of past events, for which it is probable or virtually certain that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

1.15 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.16 Deferred Tax

No Deferred tax has been calculated with in the accounts.

1.17 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS and the Ministry of Justice, and as a result, HMRC has confirmed that it is subject to corporation tax. Probation Trusts are therefore subject to CT on their profits and ‘profit’ for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

1.18 Cash and Cash Equivalents

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

1.19 Financial instruments

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

1.20 Segmental analysis of spend as reported to the Management Board

The segmental analysis presents the financial information based on the structure reported to the Trust’s Management Board. The segments reflect the Trust’s own individual structure allowing the Board to have a clear view on the costs of front-line operations. This is in accordance with IFRS 8 Segmental Reporting. Further detail is shown in **Note 2**.

1.21 Third party assets

The Trust holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on the Statement of Financial Position and are disclosed within **Note 26**.

2. Statement of Operating Costs and Net Assets by Operating Segment

	2012–13	2012–12
	£000	£000
Offender Management	£3,094	3,072
Interventions	1,616	1,540
Support	1,692	1,776
Youth offender Training	135	135
Hostel	548	548
Women's safety Work	15	9
BASS funding	31	20
Unfunded Pension Contribution		47
	7,131	7,147
Funding From NOMs	(7,131)	(7,057)
Pension Adjustment	(299)	(297)
Statement of Comprehensive Net Expenditure	(299)	(207)

3. Staff numbers and related costs

3a. Staff costs consist of:

	2012-13			2011-12
	Total £000	Permanently- employed staff £000	Others £000	Total £000
Wages and salaries	4,375	4,224	151	4,347
Social security costs	322	317	5	312
Other pension costs	753	751	2	772
Sub-total	5,450	5,292	158	5,431
Less recoveries in respect of outward secondments	(250)	(250)	0	(172)
Total staff costs	5,200	5,042	158	5,259
Administration-related staff costs	5,058	4,900	158	5,055
Programme-related staff costs	142	142	0	204
	5,200	5,042	158	5,259

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**. The change in other pension costs relates primarily to additional contributions made in year.

One person (2011-12: no persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £19,180 (2011-12: £nil).

3b. Average number of persons employed

The average number of full time equivalent persons (including senior management) employed during the year was as follows:

	2012-13			2011-12
	Total	Permanently- employed staff	Others	Total
	140	139	1	138
	140	139	1	138

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2012-13			2011-12		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	1	1	1	0	1
£10,000-£25,000	0	0	0	0	0	0
£25,000-£50,000	0	0	0	0	0	0
£50,000-£100,000	0	0	0	0	0	0
£100,000-£150,000	0	0	0	0	0	0
£150,000-£200,000	0	0	0	0	0	0
£200,000+	0	0	0	0	0	0
Total number of exit packages by type	0	1	1	1	0	1
Total resource cost £000	0	6	6	3	0	3

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. Exit costs are accounted for in full in the year of departure. The additional costs of any early retirements are met from the Trust and are included in the above figures. Ill health retirement costs are met from the pension scheme and are excluded from the above table.

4. Pensions costs

Gloucestershire Probation Trust participates in the Local Government Pension Scheme administered by Gloucestershire County Council. It is a defined benefit scheme meaning that the retirement benefits are determined independently of the investments of the scheme. Employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. Benefits accrue at the rate of one eightieth of pensionable salary for each year of service. In addition a lump sum equivalent to three eightieths of final pay of every year of total membership is payable on retirement. Members pay contributions ranging from 5.5–7.5% of pensionable earnings. Employers pay the balance of the cost of providing the benefits, after taking into account investment returns. The closing valuation for 31 March 2013 was estimated in April 2013 by the scheme's actuaries Hyman Robertson. The valuation of the fund at 31 March 2013 is a net liability of £12,142,000 (31 March 2012 was a net liability of £10,554,000).

4a Pension costs

A full actuarial valuation was carried out at 31 March 2010 by Hyman Robertson. For 2012–13, employers' contributions of £1,049,000 were payable to the LGPS (2011–12 £1,258,000) in a range from 5.7% to 7.5%. The schemes' Actuary reviews employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

With effect from 1 April 2010, early retirement costs should have been included within the Actuarial pension valuation and calculated on the same basis as the pension fund scheme assets and liabilities, in accordance with IAS 19. This was a change to the accounting policy. However, the Trust did not fully comply with the policy in 2010–11. This has now been addressed from 1 April 2011 and as a result the pension figure for 2010–11 has been restated to ensure valuation has been made on the same basis. Gloucestershire Probation had a small number of unfunded pension liabilities valued at £564,000 at 31 March 2011. From 31 March 2012 these are included in the Actuary Report and a note was made in the previous years accounts to make the reader aware of this.

4b. The major assumptions used by the actuary were:

	2012–13	2011–12
	%	%
Inflation assumption	2.8%	2.5%
Rate of increase in salaries	4.6%	4.3%
Rate of increase for pensions in payment and deferred pensions	4.5%	5.5%
Discount rate	4.5%	4.8%

Mortality Assumptions

The mortality assumptions adopted for this year's exercise are consistent with those used for the formal funding valuation as at 31 March 2010. The post retirement mortality assumptions are in line with Club Vita analysis which was carried out at the formal funding valuation as at 31 March 2010. These are a bespoke set of Vita Curves that are specifically tailored to fit the membership and profile of the Fund and are based on the data provided to Hymans for the purpose of the last formal valuation. Hymans have also applied median cohort improvements and a 1% p.a. underpin, from 2010.

4c. The assets in the scheme and the expected rate of return were:

	2012-13			2011-12		
	Expected long-term rate of return	Value as a percentage of total scheme assets	Value	Expected long-term rate of return	Value as a percentage of total scheme assets	Value
	%	%	£000	%	%	£000
Equities	4.5%	76.0%	19,126	6.2%	71.0%	15,377
Government bonds	0.0%	0.0%	0	0.0%	0.0%	0
Other bonds	4.5%	16.0%	4,027	3.9%	21.0%	4,548
Property	4.5%	6.0%	1,510	4.4%	6.0%	1,299
Other	4.5%	2.0%	503	3.5%	2.0%	433
Total	0.0%	100.0%	25,166	0.0%	100.0%	21,657
(Present value of scheme liabilities)			(37,308)			(32,211)
Surplus/(deficit) of the scheme			(12,142)			(10,554)
Net pension asset/(liability)			(12,142)			(10,554)

4d. Analysis of amounts recognised in SoCNE

	2012–13	2011–12
	£000	£000
Pension cost		
Current service cost	753	724
Past service cost	0	47
Effect of curtailment	0	0
Effect of settlement	0	0
Total operating charge	753	771

	2012–13	2011–12
	£000	£000
Analysis of interest cost on pension scheme – assets/(liabilities)		
Expected return on pension scheme assets	(1,195)	(1,388)
Interest on pension scheme liabilities	1,542	1,618
Net interest costs	347	230

4e. Analysis of amounts recognised in other comprehensive expenditure

	2012–13	2011–12
	£000	£000
Pension actuarial gain/(loss)	(1,537)	(1,914)
Irrecoverable surplus (if applicable)	0	0
Total shown in other comprehensive expenditure	(1,537)	(1,914)

4f. Changes to the present value of liabilities during the year

	2012–13	2011–12
	£000	£000
Opening present value of liabilities	32,211	29,431
Current service cost	753	724
Interest cost	1,542	1,618
Contributions by members	265	266
Actuarial (gains)/losses on liabilities*	3,717	1,175
Benefits paid	(1,180)	(1,050)
Past service cost	0	47
Unfunded benefits paid	0	0
Curtailments	0	0
Settlements	0	0
Closing present value of liabilities	37,308	32,211

* Includes changes to actuarial assumptions

4g. Changes to the fair value of assets during the year

	2012–13 £000	2011–12 £000
Opening fair value of assets	21,657	20,032
Expected return on assets	1,195	1,388
Actuarial gains/(losses) on assets	2,176	(739)
Contributions by the employer	1,053	1,760
Contributions by members	265	266
Benefits paid	(1,180)	(1,050)
Net increase from disposals and acquisitions	0	0
Unfunded benefits paid	0	0
Curtailments	0	0
Settlements	0	0
Closing fair value of assets	25,166	21,657

4h. History of asset values, present values of liabilities, surplus/deficit and experience gains and losses

	2012–13 £000	2011–12 £000	2010–11 £000	2009–10 £000	2008–09 £000
Fair value of assets	25,166	21,657	20,032	18,916	12,752
Present value of liabilities	37,308	32,211	29,431	37,143	22,173
Surplus/(deficit)	(12,142)	(10,554)	(9,399)	(18,227)	(9,421)
Experience gains/(losses) on scheme assets	2,176	(739)	(763)	4,486	(4,247)
Experience gains/(losses) on scheme liabilities	50	(342)	2,382	0	0
Percentage experience gains/(losses) on scheme assets	9%	-3%	-4%	24%	-33%
Percentage experience gains/(losses) on scheme liabilities	0%	-1%	8%	0%	0%

4i. Sensitivity analysis

	+0.1% £000	0% £000	-0.1% £000
Adjustment to discount rate			
Present value of total obligation	36,6220	37,308	37,994
Projected service cost	230	916	1602
Adjustment to mortality age rate assumption			
Present value of total obligation	36,189	37,308	38,427
Projected service cost	(203)	916	2,035
Adjustment to inflation			
Present value of total obligation	37,146	37,308	37,470
Projected service cost	754	916	1,078

5. Taxation

	2012–13	2011–12
	£000	£000
UK corporation tax	0	0
	0	0
Total	0	0

Probation Trusts are corporate bodies under the Offender Management Act 2007, supplying court work and offender management services to the Ministry of Justice. Probation Trusts are therefore subject to CT on their profits and 'profit' for this purpose means income and chargeable gains.

Gloucestershire Probation Trust has generated a trading loss for tax for both 2012–13 and 2011–12. There is no Corporation tax becoming liable.

6. Other administrative costs and programme costs

6a. Administration costs

	2012-13		2011-12	
	£000	£000	£000	£000
Rentals under operating leases	36		46	
Interest charges	0		0	
Accommodation, maintenance and utilities	566		714	
Travel, subsistence and hospitality	183		118	
Professional services	39		63	
IT services	331		420	
Communications, office supplies and services	99		118	
Other staff related	129		63	
Offender costs	38		46	
Other expenditure	404		201	
External Auditors' remuneration – statutory accounts	21		0	
External Auditors' remuneration – other	1		0	
Internal Auditors' remuneration and expenses	12		21	
		1,859		1,810
Non-cash items	29		39	
Depreciation of tangible non-cash assets	5		4	
Amortisation of intangible non-cash assets	0		0	
Impairment of non-current assets	0		3	
Profit/(loss) on disposal of tangible non-cash assets	0		0	
Profit/(loss) on disposal of intangible non-cash assets	0		0	
Other provisions provided for in year	0		0	
Early retirement provisions not required	0		0	
		34		46
Total		1,893		1,856

6b. Programme costs

Current expenditure	88		73	
Total		88		73
Total other administration and programme costs		1,981		1,929

7. Income

7a. Administration income

Income receivable from the sponsoring department – NOMS
 Rent receivable from minor occupiers of Probation estate property:
 From within the departmental boundary
 From other Government departments
 From external tenants

EU income from NOMS
 EU income from other Government departments
 Other EU income
 Other income received from Probation Trusts
 Other income from NOMS
 Other income from rest of MoJ Group
 Other income from other Government departments
 Miscellaneous income

Interest received:

 From bank
 From car loans
 From other sources

Total interest received

Total administration income

	2012-13		2011-12	
	£000	£000	£000	£000
Income receivable from the sponsoring department – NOMS	7,131		7,059	
Rent receivable from minor occupiers of Probation estate property:				
From within the departmental boundary	0		0	
From other Government departments	0		0	
From external tenants	0		0	
		7,131		7,059
EU income from NOMS		0		0
EU income from other Government departments		0		0
Other EU income		0		0
Other income received from Probation Trusts		7		19
Other income from NOMS		0		0
Other income from rest of MoJ Group		0		0
Other income from other Government departments		166		118
Miscellaneous income		112		26
		7,416		7,222
Interest received:				
From bank	0		0	
From car loans	0		0	
From other sources	0		0	
Total interest received		0		0
Total administration income		7,416		7,222

7b. Programme income

EU income from NOMS
 EU income from other Government departments
 Other EU income
 Other programme income
Total programme income

Total income

EU income from NOMS	0	0
EU income from other Government departments	0	0
Other EU income	0	0
Other programme income	0	0
Total programme income	0	0
Total income	0	0

8. Property, plant and equipment

	2012-13					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2012	10	130	80	0	0	220
Additions	0	0	11	0	0	11
Disposals	0	(26)	0	0	0	(26)
Transfers	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	1	3	6	0	0	10
As at 31 March 2013	11	107	97	0	0	215
Depreciation						
As at 1 April 2012	8	103	28	0	0	139
Charge in year	1	15	13	0	0	29
Disposals	0	(26)	0	0	0	(26)
Transfers	0	0	0	0	0	0
Reclassifications	1	3	3	0	0	7
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0	0
As at 31 March 2013	10	95	44	0	0	149
Carrying value as at 31 March 2013	1	12	53	0	0	66
Carrying value as at 31 March 2012	2	27	52	0	0	81
Asset financing						
Owned	1	12	53	0	0	66
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2013	1	1	53	0	0	66

8. (Continued)

	2011-12					
	Information technology	Plant and machinery	Transport equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2011	40	128	80	0	0	248
Additions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Transfers	(30)	0	0	0	0	(30)
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	2	0	0	0	2
As at 31 March 2012	10	130	80	0	0	220
Depreciation						
As at 1 April 2011	23	78	15	0	0	116
Charge in year	2	24	13	0	0	39
Disposals	0	0	0	0	0	0
Transfers	(17)	0	0	0	0	(17)
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Indexation/revaluation	0	1	0	0	0	1
As at 31 March 2012	8	103	28	0	0	139
Carrying value as at 31 March 2012	2	27	52	0	0	81
Carrying value as at 31 March 2011	17	50	65	0	0	132
Asset financing						
Owned	2	27	52	0	0	81
Finance leased	0	0	0	0	0	0
Carrying value as at 31 March 2012	2	27	52	0	0	81

9. Intangible assets

	2011-12				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2012	0	30	0	0	30
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	30	0	0	30
Amortisation					
As at 1 April 2012	0	21	0	0	21
Charge in year	0	5	0	0	5
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	0	0	0	0
Impairments	0	0	0	0	0
As at 31 March 2013	0	26	0	0	26
Carrying value as at 31 March 2013	0	4	0	0	4
Carrying value as at 31 March 2012	0	9	0	0	9
Asset financing					
Owned	0	4	0	0	4
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2013	0	4	0	0	4

9. (Continued)

	2011-12				
	Development	Software	Licences	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 April 2011	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	30	0	0	30
Impairments	0	0	0	0	0
As at 31 March 2012	0	30	0	0	30
Amortisation					
As at 1 April 2011	0	0	0	0	0
Charge in year	0	4	0	0	4
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Indexation/revaluation	0	0	0	0	0
Transfers	0	17	0	0	17
Impairments	0	0	0	0	0
As at 31 March 2012	0	21	0	0	21
Carrying value as at 31 March 2012	0	9	0	0	9
Carrying value as at 31 March 2011	0	0	0	0	0
Asset financing					
Owned	0	9	0	0	9
Finance leased	0	0	0	0	0
Carrying value as at 31 March 2012	0	9	0	0	9

10. Impairments

There were no impairments during the year.

11. Assets held for sale

There were no assets held for sale during the year.

12. Trade receivables and other current assets

12a. Analysis by type

	2012–13 £000	2011–12 £000
Amounts falling due within one year		
Trade receivables	21	11
VAT	67	50
Deposits and advances	0	0
Receivables due from Probation Trusts	7	16
Receivables due from NOMS agency	546	471
Receivables due from Ministry of Justice – core	0	0
Receivables due from Ministry of Justice – NDPBs	0	0
Receivables due from HM Courts & Tribunals Service (HMCTS)	0	0
Receivables due from Office of the Public Guardian (OPG)	0	0
Receivables due from all other Government departments	21	15
Other receivables	5	12
Prepayments	35	24
Accrued income	15	0
	717	599
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	0
Other receivables	0	0
Prepayments and accrued income	0	0
	0	0
Total	717	599

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13 £000	2011–12 £000	2012–13 £000	2011–12 £000
Balances with other central Government bodies (inc. parent department)	620	537	0	0
Balances with local authorities	21	11	0	0
Balances with NHS bodies	0	4	0	0
Balances with public corporations and trading funds	0	0	0	0
	641	552	0	0
Balances with bodies external to Government	76	47		0
Total	717	599	0	0

13. Cash and cash equivalents

	2012–13	2011–12
	£000	£000
Balance at 1 April	168	586
Net change in cash and cash equivalents	(137)	(418)
Balance at 31 March	31	168
The following balances at 31 March are held at:		
Government Banking Service	0	0
Commercial banks and cash in hand	31	168
Balance at 31 March	31	168

14. Trade payables and other current liabilities

14a. Analysis by type

	2012–13	2011–12
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	27	60
Other payables	0	0
Accruals	138	271
Deferred income	5	47
Staff payables	19	20
Bank overdraft	0	0
Payables due to Probation Trusts	17	4
Payables due to NOMS Agency	44	0
Payables due to Ministry of Justice – core	0	0
Payables due to Ministry of Justice – NDPBs	0	0
Payables due to HM Courts & Tribunals Service (HMCTS)	0	0
Payables due to Office of the Public Guardian (OPG)	0	0
Payables due to all other Government departments	0	0
Unpaid pensions contributions due to the pensions scheme	111	104
Long-term liabilities due within one year	0	0
Operating income to be surrendered (interest received)	0	0
Non-current asset accruals	0	0
	361	506
Tax falling due within one year		
VAT	462	363
Corporation tax	0	0
Other taxation and social security	95	94
	557	457
Total amounts falling due within one year	918	963
Amounts falling due after more than one year		
Staff payables	0	0
Other payables	0	0
	0	0
Total	918	963

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012–13	2011–12	2012–13	2011–12
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	618	461	0	0
Balances with local authorities	0	0	0	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	0	0
	618	461	0	0
Balances with bodies external to Government	300	502	0	0
Total	918	963	0	0

15. Provisions for liabilities and charges

There are no provisions at 31st March 2013.

16. Capital commitments

Commitments for capital expenditure and major maintenance works for which no provision has been made in these accounts were as follows:

There are no capital commitments at 31 March 2013 (2012 None)

17. Commitments under lease

17a. Operating leases

There are no Commitments under operating leases held at 31 March 2013 (2012 None)

17b. Finance leases

There are no Finance Leases held at 31 March 2013 (2012 None)

18. Other financial commitments

There are no other Financial commitments at 31 March 2013 (2012 None).

19. Deferred tax asset

Gloucestershire Probation Trust does not have any deferred tax assets at 31 March 2013 (2012 £Nil)

20. Financial instruments

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

21. Contingent liabilities

Gloucestershire Probation Trust does not have any contingent liabilities.

22. Losses and special payments

22a. Losses statement

There are no losses or payments over £250k to be disclosed.

22b. Special payments schedule

Gloucestershire Probation Trust has not made or has any obligation to make special payments over £205k at 31 March 2013 (2012 None).

23. General fund

	2012–13	2011–12
	£000	£000
Balance at 1 April	(10,670)	(8,733)
Financing	0	0
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(48)	(23)
Movement in donated assets	(7)	0
Transferred from revaluation reserve	1	0
Actuarial gains and losses	(1,537)	(1,914)
Balance at 31 March	(12,261)	(10,670)

With effect from 2011–12, donated non-current assets are capitalised at their current value on receipt, and this value is reflected in non-current assets in the SoFP. All donated assets are now credited to income in the year of donation unless there are qualifying conditions attached to the donation which requires the income to be deferred.

24. Revaluation reserve

24a. Property, plant and equipment

	2012–13	2011–12
	£000	£000
Balance at 1 April	10	9
Arising on revaluations of PPE during the year (net)	10	1
Transferred to General Fund	(1)	0
Balance at 31 March	19	10

The estimated useful life of all fixed assets is reviewed each year and any additional increase in the useful life is treated as an increase in the assets' value which is recorded in the revaluation reserve. As the asset is depreciated a transfer is made from the revaluation reserve to the SoCNE so that the value of the asset in the balance sheet reflects the true value over the remaining useful life.

24b. Intangibles

	2012–13	2011–12
	£000	£000
Balance at 1 April	0	0
Prior period adjustment (Note 28)	0	0
Balance restated at 1 April	0	0
Arising on revaluations of intangibles during the year (net)	0	0
Transferred to General Fund	0	0
Balance at 31 March	0	0

The estimated useful life of all fixed assets is reviewed each year and any additional increase in the useful life is treated as an increase in the assets' value which is recorded in the revaluation reserve. As the asset is depreciated a transfer is made from the revaluation reserve to the SoCNE so that the value of the asset in the balance sheet reflects the true value over the remaining useful life.

25. Related party transactions

NOMS and the Ministry of Justice are regarded as a related party. During the year, the Trust had various material transactions with the Ministry of Justice. Additionally, the Trust had transactions with other Trusts', other government bodies and third party organisations.

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

26. Third-party assets

There are no assets not belonging to Gloucestershire Probation Trust included in the accounts.

27. Events occurring after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

As at the date of the Audit Certificate, the following reportable events had occurred:

The results of the “Transforming Rehabilitation” consultation paper were published on 9 May 2013, by the Secretary of State for Justice, which announced the future requirements for the provision of probation services. The recommendations will change the way in which probation services are commissioned and delivered. A new National Probation Service will be created to protect the public from the most dangerous offenders and manage the provision of probation services. England and Wales will be divided into 21 contract areas which align closely with local authorities and Police and Crime Commissioner areas. MoJ/NOMS will be responsible for commissioning rehabilitation services. Probation service local delivery units will support the gathering of intelligence on needs and priorities at a local level, including from key partners (e.g. local authority needs assessments) to feed into the MoJ/NOMS commissioning process. It is expected that the detail will be finalised over the coming months. None of the Trust’s assets, liabilities or functions had been transferred at the date the accounts were authorised for issue.

28. Prior period adjustments

The Trust had no Prior Period Adjustments

Accounts Direction

ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 13(1) and 14(2) OF SCHEDULE 1 TO THE OFFENDER MANAGEMENT ACT 2007

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2013 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual (“the FReM”) issued by HM Treasury and which is in force for the relevant financial year.
3. The accounts shall be prepared so as to:
 - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers’ equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 8 March 2012.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
6 March 2013

Appendix 1

35 Probation Trusts:

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

4. Sustainability report (Not subject to Audit)

Introduction

This is the second sustainability report for Gloucestershire Probation Trust, prepared in accordance with 2011–2012 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at: www.hm-treasury.gov.uk/frem_sustainability.htm. Sustainability focus is on achieving government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and waste to landfill.

This report covers six buildings Coleford, Criminal Justice Team, Barbican House, Twyver House, Cheltenham and Ryecroft.

Twyver House is a shared occupation with the Land Registry and the data may be subject to some limitations of extrapolating reliable sustainability data from service charges supplied by landlords. In addition, HM Courts and Tribunals Service is obliged to supply office space free of charge to probation trusts. As these are modest in size there is little, if any, benefit from isolating their sustainability data. We do not consider that the exclusion of these areas has a material impact on sustainability reporting for the Trust as a whole.

Waste cost data is not available at this stage.

Governance, responsibilities and internal assurance

Overall governance and assurance is managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate is managed by facilities contractors, acting on behalf of the MoJ, who manage day to day estate operations including voluntary and mandated sustainability reporting. There are some limitations to the accuracy of our financial and non-financial sustainability data and we continue to improve the quality of our internal controls, for example through internal audit.

Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require Departments, including Probation Trusts, to take action to significantly reduce environmental impact by 2014–2015 (compared to a 2009–2010 baseline). These commitments can be found at:

<http://sd.defra.gov.uk/gov/green-government/commitments/>.

Climate Change Adaptation and Mitigation

The MoJ SDT has drafted a Statement for Climate Change Adaptation; and set their built and non-built estate challenging objectives as follows:

- To enable the MoJ estate to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of its targets and actions against climate change
- To enable the MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate important and fragile resources where they are vital to operational delivery
- To identify where stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change
- To establish a strategic process by which MoJ can put in place measures necessary to adapt to future climate change.

Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is managed by the MoJ and associated carbon allowances are accrued by MoJ Corporate Estates.

Carbon Management Plan (CMP)

A CMP is a systematic approach to reducing Greenhouse Gas Emissions; integrating technical, financial, corporate governance and communications within an overarching strategy. A CMP covers the entire Probation Estate across 35 Trusts and was developed in partnership with the Carbon Trust. The MoJ SDT is working to consolidate all CMPs, including those in place in the Prison Service and Courts and Tribunals to deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision is to:

- be a low carbon business in which carbon management and sustainability are embedded within decision making,
- engage stakeholders and demonstrate best practice in meeting corporate sustainability targets.

The plan and statements will be kept under review and open to amendment in order to facilitate a continued improvement in meeting statutory obligations for climate change adaptation and reporting.

Environmental Management System (EMS)

The MoJ SDT has an ongoing EMS implementation programme, and is looking to develop a more streamlined EMS that fully meets the requirements while reducing resource impacts on front line services.

Sustainable procurement

Gloucestershire has a policy of purchasing from sustainable sources where possible.

Social and environmental awareness

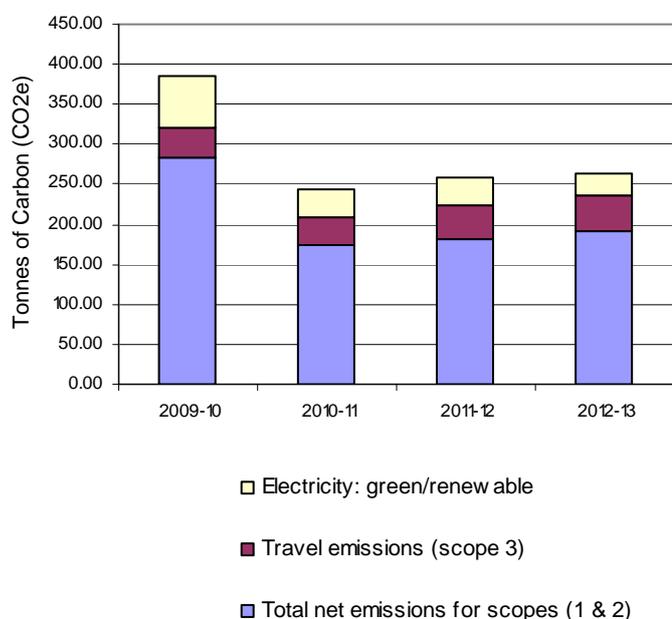
The Energy consumed consists of the bought in Electricity and Gas to heat the offices. We have reduced the number of offices from six to three during the 2012–13 financial year so we expect to see a reduced consumption and cost next year and beyond.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13
Non-financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	348.3	207.6	215.9	218.6
	Electricity: green/renewable	64.8	34.0	35.3	26.3
	Total net emissions for scopes 1 & 2	283.5	173.6	180.5	192.3
	Travel emissions scope 3	37.8	35.8	43.6	44.9
	Total gross GHG emissions (all scopes)	386.1	243.4	259.5	263.5
Non-financial indicators (kWh)	Electricity: Grid, CHP & non-renewable	373,637	196,139	203,795	151,356
	Electricity: renewable	124545.75	65379.5	67931.75	50452
	Gas	0	0	0	0
	Other energy sources	405	325	338	516
	Total energy	498,588	261,843	272,065	202,324
Financial indicators	Expenditure on energy	£75,589	£37,652	£41,500	£40,409
	Expenditure on official business travel	£0	£0	£0	£0

GHG Emissions by scope



Travel

We have recorded the mileage by staff in the course of their work. The types of travel combine the use of cars, vans and public transport in the course of staff's duties.

Examples includes probation officers core duties to meet with offenders in court, at offices or home visits. There are also group trips for community payback for offenders on license for rehabilitation and travel to meetings by senior managers.

There is ongoing awareness of the costs of travel and the CO₂ emissions generated. As a Trust we encourage car sharing and the use of the pool car where possible. The use of conference calls where practicable is now encouraged.

Paper and Waste

The consumption of paper is another area which we have recorded. This is related to the recycling of waste and paper based products which we encourage. All of our offices have separate recycling bins for paper, bio-degradable material and non recyclable or bio-degradable materials. We have started to record the cost of paper. For 2012–13 the cost was £2,607.



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