



The Youth Justice Board for England and Wales

# **ANNUAL REPORT AND ACCOUNTS 2012/13**

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# FOREWORD

**In a busy year of system reform and legislative change, and at a time of serious pressure on financial resources, it is very encouraging that the youth justice system has continued to deliver reductions in both the number of young people entering the system and the number of young people held in custody. These achievements reflect great credit on the wide range of agencies involved in working with young people who have offended or are at risk of offending.**

This year has seen the implementation of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and this legislation has the potential to promote further these positive trends. We have worked closely with the Ministry of Justice (MoJ) and practitioners to implement the Act, which includes significant changes to secure remand arrangements for young people. It also removes the 'escalator' approach to repeat minor offending by young people, enabling the majority of minor offending to be dealt with in a robust way through partnership between the police and youth offending teams (YOTs), using the new out-of-court disposal framework. In addition, changes to the use of Referral Orders offer opportunities for widening the use of restorative justice. Underpinning all of this is recognition across the youth justice system that, where a young person offends, the resulting punishment needs to be proportionate and effective.

We were delighted this year to secure funding for the creation of a new national assessment and planning interventions framework – AssetPlus. This will help to provide those working in the system with a more in-depth understanding of the children and young people they are working with. The new approach will mean that YOTs and secure establishments will be able to plan more appropriate interventions, strengthening the link between custody and community which is so crucial to successful support for young people.

This year we launched the Youth to Adult Transitions programme to improve management of the transition of young people from the youth to the adult justice system. This is a time of high risk for young people and their families, with many agencies and services involved. In partnership with the Probation Service and the National Offender Management Service, we have created a set of resources to help manage and improve transition processes in both the community and custody.

In Wales, we have worked with the Welsh Government to establish and support a Wales Resettlement Programme, working alongside partners in the voluntary sector. This focuses on improving resettlement, to reduce reoffending and repeat periods in custody among young people leaving high-tariff community sentences and the secure estate.

The biggest challenge facing us this year has been that of reoffending, as youth justice agencies now work with a much smaller, more troubled, group of young people. It is to this challenge that the MoJ's Green Paper, *Transforming Youth Custody: Putting Education at the Heart of Detention*, speaks. We have been working closely with ministers and the MoJ to help ensure that this opportunity to radically reform custody for children and young people delivers both an improvement in reoffending rates for those leaving custody and better outcomes for children.

In 2013/14, the drive to reduce reoffending by young people will remain our key focus, and we know that we can call on the energy and commitment of our many partner agencies in youth justice to help us all achieve positive results, fewer victims, and more children and young people on the path to success.



**Frances Done**  
Chair



**Lin Hinnigan**  
Chief Executive

# WHO WE ARE AND WHAT WE DO

**The YJB is a non-departmental public body created by the Crime and Disorder Act 1998 to oversee the youth justice system for England and Wales. We are sponsored by the Ministry of Justice and our Board members are appointed by the Secretary of State for Justice.**

The YJB influences, shapes and advises across the youth justice system for the benefit of children and young people, and their communities.

Our vision is of an effective youth justice system where young people receive the support they need to live successful, crime-free lives, and where more offenders are caught and held to account for their actions. We also seek to protect the public and provide better support for victims.

The youth justice system in England and Wales is made up of a network of organisations that work together to administer justice and support children and young people. This network consists of:

- 161 YOTs – local partnerships made up of partners from the police, probation, local authority children’s services and health services
- the police and the Crown Prosecution Service
- the courts and the judiciary
- secure accommodation providers – under-18 young offender institutions (under-18 YOIs), secure training centres (STCs) and secure children’s homes (SCHs).

Specifically, we:

- advise the Secretary of State on the operation of, and standards for, the youth justice system
- identify and disseminate effective practice across youth justice services
- oversee youth justice services
- commission a distinct secure estate for children and young people, and place children and young people remanded or sentenced to custody
- make grants to local authorities or other bodies to support the development of effective practice
- commission research and publish information.

# SECTION

# 1

# REVIEW OF THE YEAR 2012/13

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**We work across the youth justice system to make improvements. Our achievements in 2012/13 are set out in this section.**

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# SUMMARY OF PERFORMANCE

## Preventing offending, reducing reoffending and reducing demand for custody

We measure the performance of the youth justice system in three main areas: first-time entrants to the criminal justice system, reoffending, and the use of custody.

First-time entrants to the criminal justice system are classified as young people aged 10 to 17 years, resident in England and Wales, who received their first Reprimand, Warning, Caution or conviction,<sup>1</sup> based on data recorded by the police on the Police National Computer.

There has been a continuing fall in the number of first-time entrants to the youth justice system.<sup>2</sup> In the 12 months ending December 2012, there were 28,711 first-time entrants, a fall of 24% when compared with the 12-month period ending December 2011. The number of first-time entrants has fallen by 72% since the peak in the 12 months to December 2006 and by 62% since the 12 months to December 2002.

There has been a decline in the general population aged 10 to 17 years. The rate of first-time entrants per 100,000 population<sup>3</sup> has fallen by 23% from 705 to 541 per 100,000 over the last 12 months, and by 61% from 1,391 when compared with the 12 months ending December 2002.

The reduction in the number of first-time entrants reflects both the decrease in the number of young people being issued with a Reprimand or Warning since 2006, and the decrease in the number of young people found guilty in all courts since 2007.

These reductions are likely to be related, at least in part, to the replacement, in April 2008, of a government target to increase the number of offences brought to justice with a target placing more emphasis on serious offending. The latter target was subsequently removed in May 2010.

Work by youth offending teams (YOTs) and other partners both to prevent young people offending through targeted youth crime prevention schemes and to divert young people away from the youth justice system through measures such as restorative justice disposals and Triage schemes could also have contributed to this fall in the number of first-time entrants.

Between July 2010 and June 2011, 83,383 young people were cautioned, convicted or released from custody. Of these, 30,050 committed a reoffence and this gives a proven reoffending rate of 36%.<sup>4,5</sup> This represents an increase in the reoffending rate of 1.9 percentage points compared with the previous 12 months (from 34.1%) and a rise of 2.4 percentage points since 2000 (from 33.7%).

While the overall rate of reoffending has risen in the last few years, the number of young people in the reoffending cohort has reduced, reflecting the overall reduction in the number of first-time entrants. The reoffending cohort comprises offenders whose characteristics mean that they are more likely to reoffend than those in the 2000 cohort, and who are, on balance, more challenging to work with.

The total number of reoffences in the 12 months ending June 2011 was 86,620, which represents a reduction of 14.6% compared with the previous 12 months.

The average number of reoffences per reoffender was 2.88, an increase of 2.2% compared with the previous 12 months, but a decrease of 13.2% since 2000.

During March 2013, the number of young people under the age of 18 in custody was 1,291,<sup>6</sup> down by 28% when compared with the number in March 2012 and by 60% since the peak custody figure of 3,200 in October 2002. The fall in the number of young people entering the youth justice system will have contributed to this. In addition, the Youth Rehabilitation Order, introduced in November 2009, offered more flexibility around the interventions given to young people as part of a community sentence. The following areas of YJB work may also have

<sup>1</sup> Under the provisions of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, Reprimands and Final Warnings have been repealed and replaced by a new out-of-court disposals framework, which offers Youth Cautions and Youth Conditional Cautions as formal disposals. This change took effect on 8 April 2013.

<sup>2</sup> See *Criminal Justice Statistics* for the year to December 2012, available online at: <https://www.gov.uk/government/publications/criminal-justice-statistics-quarterly-update-to-december-2012>. This is the most recent data for the 2012/13 period.

<sup>3</sup> Population has been based on mid-year population estimates for each age group supplied by the Office for National Statistics. The previous year's estimate has been used for calculating the rate in the subsequent year. For example, the 2001 mid-year estimate has been used for calculating the rate for 2002.

<sup>4</sup> A proven reoffence is defined as any offence committed in a one-year follow-up period and resulting in a court conviction, Caution, Reprimand or Warning in the one-year follow-up period or within a further six-month waiting period.

<sup>5</sup> See: <https://www.gov.uk/government/publications/proven-re-offending--2>

<sup>6</sup> See *Monthly Data and Analysis Custody Report, March 2013* at <https://www.gov.uk/government/publications/youth-custody-data>. These figures are provisional, and the 2012/13 figures will be finalised in the 2012/13 *Youth Justice Statistics*.

## Strategic objectives for 2012–15

resulted in more young people being diverted from custody: focused efforts to raise awareness of different custody rates between local authority areas; targeted work with YOTs with high levels of custody; and development work associated with proposed legislation to transfer the cost of secure remands to local authorities.

The number of custodial disposals per thousand 10 to 17-year-olds (population) was 0.87 in 2011/12. This represents a 3.4% decrease compared with 2010/11, and a 15.9% decrease compared with 2009/10.

Our strategic objectives for 2012–15 are set out below. Each year our work plans are designed to deliver these objectives, with key actions often contributing to more than one objective and taking account of emerging government policy, issues and opportunities for the youth justice system.

**Strategic objective 1:** We will work in partnership across the community and commission the secure estate to prevent offending.

**Strategic objective 2:** We will work in partnership across the community and commission the secure estate to reduce reoffending.

**Strategic objective 3:** We will work in partnership across the community and commission the secure estate to protect the public and support victims.

**Strategic objective 4:** We will work in partnership across the community and commission the secure estate to promote the safety and welfare of children and young people in the criminal justice system.

Our key actions for 2012/13 and our progress against them are set out on pages 7 to 27. They are grouped by the following themes:

- shaping the wider youth justice system for the future
- reducing demand for custody
- improving the youth justice system to deliver the YJB strategic objectives
- overseeing and improving youth offending teams (YOTs)
- commissioning the secure estate and shaping this for the future
- developing the YJB to deliver our mandate, working closely with government and stakeholders to deliver a coherent, distinctive and effective youth justice system in a time of reduced resource
- youth justice in Wales.

# KEY ACTIONS FOR 2012/13

## Shaping the wider youth justice system for the future

### Key action 1

**We will support the Ministry of Justice's (MoJ's) Youth Justice Unit to work with other government departments to shape policy that affects the youth justice system and its outcomes.**

#### Outcome

Over the past year, the YJB has worked closely with the Youth Justice Unit at the MoJ to engage with other government departments and help shape policy on youth justice issues. The YJB has built on existing relationships such as relationships with the Home Office, the Department of Health (DoH) and the National Offender Management Service (NOMS), and has also begun developing new relationships to take forward shared priorities. This has included exploring ways to collaborate on information-sharing with the Department for Work and Pensions, considering how to improve young people's access to suitable accommodation with the Department for Communities and Local Government (DCLG), and exploring opportunities to tackle some of the barriers to employment for ex-offenders with the Department for Business, Innovation & Skills.

### Key action 2

**We will implement changes to the out-of-court disposals framework and other Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act provisions, including updating youth offending teams (YOTs) on all youth aspects of the Act and working with the Association of Chief Police Officers (ACPO), police forces, YOTs and other youth justice system partners to brief and train staff in changes relating to out-of-court disposals.**

#### Outcome

Following the LASPO Act receiving Royal Assent, work has been underway to prepare the police and YOTs for the changes to the out-of-court disposals framework. The changes allow the severity of the offence, previous offending history and the victim's wishes to be taken into account in deciding the outcome.

Key stakeholders have been engaged throughout the preparation of documents and briefing materials, including ACPO, the Home Office, the MoJ, the Crown Prosecution Service and the judiciary. A number of documents, both guidance and statutory, have been produced, and relevant reference material has been used to raise awareness. This is complemented with an e-briefing and online briefing package to ensure all staff are aware of the changes.

Support to the sector has included development of a LASPO web page, publication of revised guidance documents and a series of events across England and Wales.

### Key action 3

**We will support the introduction of police and crime commissioners working at national level with the Home Office, Local Government Association and police authorities. This includes producing guidance for the youth justice sector and supporting YOTs to develop evidence to support police and crime commissioners in making decisions to invest in programmes to support young people.**

#### Outcome

Contact has been maintained with key stakeholders to ensure readiness for incoming police and crime commissioners and to develop relationships as new structures are embedded. This work builds on our approach locally and nationally to ensure a continuity of service and support for young people during a time of unprecedented change to the policing landscape, leadership, financial and funding structures.

Work has included workshops for YOTs on the roles and responsibilities of police and crime commissioners, and the potential impact and opportunities created by their introduction. An information pack was provided to support YOTs' preparation for funding bids within their police force area. Draft police and crime plans were monitored to ensure the voice and needs of young people were included. The Chair of the YJB continues to meet police and crime commissioners to promote the youth justice agenda.

#### Key action 4

**We will work with the Department of Health (DoH) and others to ensure young people in the youth justice system have access to health services. This includes supporting implementation of reforms to how local health services for young people in the youth justice system are commissioned and supporting DoH programmes affecting these young people, such as the roll-out of liaison and diversion services in police custody suites and courts. We are also supporting the roll-out of health assessment tools in the secure estate and community.**

#### Outcome

We have worked successfully with the DoH to ensure young people have access to health services, through the preparations for the transition to the NHS England Commissioning Board and clinical commissioning groups. Key achievements this year have been:

- supporting the DoH's Health and Wellbeing Assessment Toolkit for Custody and Community
- the development of quality standards for healthcare in the secure estate
- the partial roll-out of the Comprehensive Health Assessment Tool. The roll-out will be completed in 2013/14 with wave two (roll-out in custodial establishments and full roll-out within the community)
- engagement with YOTs on NHS reforms
- the development of the liaison and diversion model for young people in police custody. The roll-out will be delivered in 2013/14, subject to business case approval
- establishing partnership-working with the new NHS Commissioning Board and the 10 offender health leads.

#### Key action 5

**We will work with the Department for Communities and Local Government (DCLG) to assist YOTs in supporting the troubled families initiative. This will include working with YOTs to improve and promote effective practice in relation to parenting and working with families.**

#### Outcome

Following the launch of the troubled families programme in April 2012, we have worked with the DCLG and YOTs to determine how well YOTs are engaging with the programme, what issues were common to a number of YOT areas, and those that required addressing. Following this audit, the DCLG has produced a question and answer document, and launched a 'knowledge hub' on their website to promote good practice and joint working. We will continue to monitor YOT engagement with the programme over the coming year in order to ensure that the results of the programme are as positive as possible.

#### Key action 6

**We will work with the MoJ and the Department for Education (DfE) to influence future arrangements for the education of young people in the secure estate and to ensure that changes to education/education entitlement and access to services take account of the needs of young people in the youth justice system. This includes supporting the Association of Colleges (London) and the Greater London Authority to develop protocols to help young offenders gain access to education in London.**

#### Outcome

The YJB engaged with a number of secure establishments, colleges and YOTs to develop the protocol to help young people who have offended to gain access to education in London. The take-up during the roll-out of the protocol across London has attracted significant and continuing interest.

The secure estate strategy, and subsequently the government's Green Paper, *Transforming Youth Custody: Putting Education at the Heart of Detention*, have overtaken plans for replacing the Offender Learning and Skills Service contracts which currently define education provision in public under-18 young offender institutions (under-18 YOIs). Many of the lessons learnt from the current contracts have fed into the thinking behind the YJB input to the Green Paper. The outcome of the Green Paper consultation will inform the future shape of the secure estate and provide a direction of travel for secure estate education.

We have engaged positively with the DfE with regard to the special educational needs clauses in the Children and Families Bill.

#### Key action 7

**We will support the DfE programme to reduce the criminalisation of looked-after children and improve practice in relation to this in the youth justice system.**

#### Outcome

This year the YJB has contributed to a number of studies and working groups looking at the correlation between being looked-after and involvement with the criminal justice system. The issue of children missing from care and the exploitation of vulnerable girls have somewhat shifted the focus away from the criminalisation of looked-after children. However, we have continued to engage with the DfE and other partners to ensure that this issue remains on the agenda. We have also highlighted the links between both those who go missing from care, and girls at risk of exploitation and the vulnerabilities connected with being engaged in the criminal justice system.

We continue to work with the DfE to ensure that the guidance accompanying the care planning regulations is updated to reflect changes to practice and the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012.

#### Key action 8

**We will develop strategic links with partners and youth justice stakeholders in London, including working with the Mayor's Office for Policing and Crime to develop their approach to commissioning prevention and health services and to reduce serious youth violence, supporting the development of programmes funded by the European Social Fund across London, and supporting the London Councils' programme for peer support across YOTs.**

#### Outcome

Key strategic links have been established with youth justice partners, for example the Mayor's Office for Policing and Crime, the Greater London Authority, the Metropolitan Police, the London Probation Service, and the Safer London Foundation. This work has been successful in ensuring that the YJB is engaged at the appropriate level within the youth justice sector in London and we now contribute to most of the key meetings. It will be important to maintain these strategic relationships in order to continue to inform and influence key decision makers and fund holders. See key action 27 for further details of our work on resettlement in London.

## Reducing demand for custody

#### Key action 9

**We will deliver a project to reduce the unnecessary use of remand and to implement changes relating to remand in the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012. This includes supporting the MoJ's consultation on and implementing proposals to recover the cost of remands to youth detention accommodation from local authorities; producing guidance on looked-after children for the secure estate; and supporting effective practice at local level.**

#### Outcome

Throughout 2012/13, the YJB has worked with the MoJ to progress the implementation phase of this project. Key milestones have included:

- the implementation of the new remand framework, supported by training for key court stakeholders and the completion of practice materials
- the identification of financial models to enable the transfer of finances to local authorities for remands to youth detention accommodation – this has included modelling and the completion of a data validation exercise across three years of remands data to improve accuracy
- the transfer of budgets to local authorities for remands to youth detention accommodation early in 2013/14
- completion of an extensive consultation exercise on the implementation of LASPO provisions, with over 400 stakeholders attending events; we received over 100 formal responses to the consultation exercise

- the development, with the DfE, of looked-after children practice guidance.

Comprehensive preparatory activity for the monitoring of the new remand system includes:

- the development of invoicing systems
- the creation of tracking and quality assurance systems
- updates to key policies for our Placement Service and YOT case transfers
- improvements to the recording system for YOTs.

#### Key action 10

**We will develop and deliver a programme to reduce demand for custody, including working with YOTs to help them make best use of data and effective practice guidance.**

#### Outcome

During March 2013, the number of young people under the age of 18 in custody was 1,291,<sup>7</sup> down by 28% when compared with the number in March 2012 and by 60% since the peak custody figure of 3,200 in October 2002. Most of the downward change in numbers was seen among those groups that accounted for the largest proportions of those in custody (e.g. males, White, aged 15 to 17 years, serving a Detention and Training Order). The number of custodial disposals per thousand 10 to 17-year-olds (population) was 0.87 in 2011/12. This represents a 3.4% decrease compared with 2010/11, and a 15.9% decrease compared with 2009/10.

The YJB has continued to regularly monitor local performance and has targeted resources to address identified needs. This has included raising the profile of the issue of reducing demand for custody and delivering workshops on the subject in local fora and/or resettlement consortia. Work on reducing the demand for custody has also been incorporated into wider improvement programmes, and specific projects addressing custody reduction have taken place. YJB business areas hosting one of the Pathfinder pilots have also promoted the learning from the schemes (see key action 11 for further detail).

#### Key action 11

**We will oversee and evaluate the Youth Justice Reinvestment (Pathfinder) pilot projects (four payment-by-results pilots with local authorities to reduce the use of custody). This includes drawing on learning from these and making proposals for further developments.**

#### Outcome

The Pathfinder project will complete its two-year period in September 2013. This invest-to-save initiative has been testing the policy of incentivising local authorities to reduce levels of youth custody. In the pilot projects, local authorities determined and developed local approaches to reducing the use of custody, and, in doing so, contributed to the development of payment by results. The key action for the YJB was to oversee and manage the up-front funding of local authorities to enable delivery against their action plans. Those local authorities

succeeding would retain the original funding, while those under-performing would return a percentage of funding relative to the under-achievement. Birmingham and the North and East London Partnership chose an early termination option in November 2012, while West Yorkshire and West London will continue as planned until the end of the project. Throughout the project, the YJB engaged with all YOT areas involved through a series of regular national workshops, the sharing of best practice, the publication of management information packs and bespoke on-site support and guidance. An independent process evaluation has been running throughout the lifespan of the project.

#### Key action 12

**Drawing on learning from the YJB's remand project, we will develop options and a possible methodology for devolving custody budgets to local authorities to further incentivise reducing the use of custody.**

#### Outcome

Work on this key action has been delayed pending the introduction of the new remand measures and learning from their implementation. This learning, together with evaluation from the Pathfinder projects (see key action 11), will allow the YJB to review and evaluate the benefits of devolving custody budgets, and will enable a more considered approach to be taken to minimise the degree of change to systems and processes at any one time.

<sup>7</sup> See *Monthly Data and Analysis Custody Report, March 2013* at <https://www.gov.uk/government/publications/youth-custody-data>. These figures are provisional, and the 2012/13 figures will be finalised in the 2012/13 *Youth Justice Statistics*.

## Improving the youth justice system to deliver the YJB strategic objectives

### Key action 13

**We will develop options and a strategy for implementing payment by results schemes in the youth justice system.**

#### Outcome

The YJB reviewed a range of options for either introducing payment by results or measures to ensure greater value for money in the youth justice good practice grant. The application of direct payment by results models to youth justice is limited in scope by a number of factors; however, the potential for linking payment more closely to the delivery of youth justice outcomes will remain a consideration.

### Key action 14

**We will develop and implement a YJB Safeguarding and Public Protection Strategy, taking account of:**

- **recommendations in the DfE-sponsored Munro Review of Child Protection report**
- **recommendations arising after deaths in custody**
- **ongoing work to better understand, monitor and respond to self-harm in custody**
- **updated Multi-Agency Public Protection Arrangements (MAPPA) guidance.**

#### Outcome

Work with the DfE, other government departments and professional bodies has continued throughout the year to shape revised statutory safeguarding guidance to recognise and support the needs of children in

the youth justice system. This has included producing a comprehensive response to the DfE consultation on revised safeguarding guidance, informed by practitioners.

As part of our work to learn from deaths in custody, we undertook a full review of all the recommendations made by coroners, local authorities and the Prison and Probation Ombudsman since 2000. The YJB has also responded to the findings of local safeguarding children boards and the Prison and Probation Ombudsman in relation to three young people who, sadly, died in custody in 2011/12. This has included work to provide information and identify actions to improve the system and satisfy ourselves that it is safe. Work will continue into next year and beyond if necessary.

Work on public protection was undertaken with the Home Office to ensure that changes to notification requirements for young people who have committed sexual offences were considered with young people in mind and that the new requirements were communicated to those working with young people.

The YJB Safeguarding and Public Protection Strategy will be completed in 2013/14.

### Key action 15

**We will implement a new system for reporting and reviewing community serious incidents, linking this to ongoing work to improve the current system of reporting serious and significant incidents in custody, ensuring that child protection issues are appropriately escalated and that definitions and terminology are clear and aligned across custody and the community.**

#### Outcome

Phased testing of the new process for reporting and reviewing community safeguarding and public protection incidents began in June 2012. After a review of the revised system, it was rolled out nationally on 4 March 2013. The new system has already demonstrated many of the anticipated benefits, including more consistent and reliable reporting, higher quality reviews, better alignment with local processes for reviewing incidents (reducing duplication) and a better process for learning from incidents. The new system will better protect data and provide more reliable statistics to support learning and identify gaps or strengths in effective practice.

### Key action 16

We will develop a programme of work for 2012/13 to contribute to reducing the over-representation of Black and Asian Minority Ethnic (BAME) young people in the youth justice system, including promoting use of the Disproportionality Toolkit, and working with YOTs to identify and spread local effective practice.

### Outcome

We have used the learning from work undertaken by two YOTs, and other available evidence, to develop an approach to tackling over-representation of BAME young people in the youth justice system. We will work with statutory and non-statutory partners to address the issue of over-representation. We have identified areas of good practice and will be developing case studies to ensure the effective dissemination of information. The YJB has drafted a position statement, which includes our commitment to addressing over-representation of BAME young people and outlines the approach we think is required to reduce the number of BAME young people in the youth justice system.

### Key action 17

Subject to MoJ and Cabinet Office approval, we will progress a project to implement a revised framework for assessing the risks and needs of young people and planning interventions in the youth justice system. This includes developing the materials and approach to implementing practice changes in YOTs, and progressing changes to supporting ICT systems.

### Outcome

The objective of this key action is to progress the delivery of a new assessment and planning interventions framework (AssetPlus) to YOTs and secure establishments across England and Wales. The AssetPlus project team worked throughout 2012/13 on securing approval for AssetPlus via a complex series of reviews by various government departments and committees. Approval of the AssetPlus project was achieved in February 2013.

We gathered input and guidance from colleagues in YOTs and secure establishments to assist with the development and testing of the proposed new framework. Additional taster sessions with YOTs and secure establishments were held to inform practitioners of the proposals and to obtain further feedback on the proposed model. Technical and business requirements were developed to support engagement with YOTs and youth justice case management system suppliers. The YJB supported the MoJ procurement team in commissioning changes to existing systems to facilitate this practice change. A business change strategy was developed to support delivery of the new framework.

### Key action 18

We will continue to work with stakeholders and partners to support their responses to the recommendations made in the 2011 HM Inspectorate of Constabulary-led joint inspection of appropriate adult provision and children in detention in police custody after charge.

### Outcome

In August 2012, a project plan was approved for work to better understand and disseminate effective practice and map future needs in relation to appropriate adult provision. Prior to beginning a formal project, the following work has been undertaken:

- continuing work with the Home Office and the National Appropriate Adult Network to identify key areas for improvement arising from the inspection report where there is a shared interest and capacity to effect change
- a scoping exercise undertaken with the National Appropriate Adult Network and YOTs to identify the costs of their appropriate adult services, to help calculate the potential cost of a change to the Police and Criminal Evidence Act, which would entitle all 17-year-olds to appropriate adult services
- data collection about 17-year-olds in Manchester and Sussex to inform our understanding of the resource implications of a change in the law
- development of plans to contribute to a review of the information provided to non-professional appropriate adult services and to young people.

**Key action 19**

**Deliver a programme of work to ensure that practices relating to young people at courts are effective and efficient. This will include completion of Youth Justice Interactive Learning Space (YJILS) Courts and Pre-Sentence Reports materials for youth justice practitioners; supporting the MoJ Criminal Justice System Reform Unit to deliver flexible court pilots and to improve the use of prison-court video links; and working with HM Courts and Tribunals Service, Crown Courts and the Magistrates Association to scope changes to youth court procedures to reduce the number of youth trials sent to the Crown Court.**

**Outcome**

The YJB has continued to work in close partnership with the MoJ and HM Courts and Tribunals Service to improve the effectiveness and efficiency of youth courts. As part of this work, we have supported a cross-agency programme to pilot more flexible ways of delivering court services, including extended hours and Saturday and Sunday courts. We are also exploring opportunities, with the MoJ and HM Courts and Tribunals Service, to reduce the number of serious cases being heard in the Crown Court so that more young people can have their case heard in youth courts. We will shortly publish a new module on YJILS that will focus on improving court skills and the quality of pre-sentence reports.

**Key action 20**

**We will support the MoJ's plans for widening the use of restorative justice, including supporting YOT workers and volunteers trained in restorative justice with updated 'Panel Matters' and other guidance, and supporting regional networks, with the assistance of the Restorative Justice Council. We will also publish emerging restorative justice practice and a restorative justice and victims involvement framework for practitioners.**

**Outcome**

The YJB is working with the MoJ, the Restorative Justice Council and key stakeholders to widen the use of restorative justice in the youth justice system. As part of this work, we provided all YOTs with a grant to train two of their staff as restorative justice conference facilitator trainers, who will then be able to go on to train others as conference facilitators, such as volunteers and YOT staff who are formally involved in Referral Order panels. We have also developed and published an online restorative justice facilitator training course, which has been made available to all YOTs as part of the Youth Justice Interactive Learning Space. A revised Panel Matters administration training course is in development.

**Key action 21**

**We will improve practice and support new developments aimed at reducing gang and youth violence. This will include supporting the Home Office's ending gang and youth violence initiatives, including implementation of gang injunctions, supporting local areas to share good practice in relation to gangs and serious youth violence, knife crime prevention programmes, and developing specialist interventions in the secure estate.**

**Outcome**

The YJB has worked with the Home Office, key stakeholders and local communities to develop strategies to reduce youth and gang violence. We have been fully involved in both the development and delivery of these strategies, and have contributed to a range of activities that YOTs and under-18 YOIs can benefit from. The activities focus on three key areas:

- sharing effective practice
- improving data recording
- information-sharing and work in the secure estate.

The YJB organises a number of serious youth and gang violence forums, where practitioners from a range of disciplines are encouraged to come together to share experiences, showcase innovative interventions and form more meaningful relationships, which can improve how case-level information is shared.

#### Key action 22

**We will develop effective practice for areas identified as high priorities following consultation across the youth justice sector: domestic abuse, conduct disorders and mental health problems, girls who offend (including issues relating to involvement with gangs), youth programme development and evaluation techniques.**

#### Outcome

In the development of effective practice materials, for each priority we have sought to consult as widely as possible with stakeholders from the sector, from research communities and from across government. The resulting materials include practical guides (for example, in relation to evaluation techniques), sources of advice and guidance developed by others, and practice examples in the relevant priority area. These have been published via dedicated pages on the Justice website, [www.justice.gov.uk](http://www.justice.gov.uk), and launched through various means, including workshops and online seminars.

#### Key action 23

**As part of the Home Office's Prevent programme, we will deliver a work programme to support the youth justice system to identify young people at high risk of being drawn into terrorism and to offer appropriate assistance to support and divert them from this.**

#### Outcome

We have set up Prevent quarterly regional forums, with attendance from all 30 priority YOTs, other YOTs of concern, and secure children's homes (SCHs). A positive working relationship has been established with the National Offender Management Service (NOMS) Extremism Unit, and a Memorandum of Understanding agreed which extends the services they provide to young offender institutions (YOIs) to the four secure training centres (STCs). We have provided training for frontline staff and secured funding to develop an e-learning tool for non-priority YOTs.

#### Key action 24

**We will re-tender the contracts for the electronic monitoring service for young people.**

#### Outcome

A comprehensive re-commissioning exercise, led by the MoJ, has been undertaken. The intended date for announcing preferred bidders has been put back for a short period while a review of existing contracts is completed.

The YJB has also been engaged in monitoring current performance, working with the electronic monitoring contract team in NOMS to re-establish a programme of monthly monitoring of breach lists, applying lessons learned from difficult cases. Monitoring work with suppliers on delivery and compliance issues has also been beneficial.

#### Key action 25

**We will implement Minimising and Managing Physical Restraint (MMPR) – a new approach to behaviour management and restraint – across STCs and under-18 YOIs.**

#### Outcome

Progress has been made against all key milestones, with Rainsbrook STC, the first site to adopt MMPR, operationally using it on 4 March 2013. A wide range of successful stakeholder events has been held at both a national and local level, including briefing days for the relevant inspectorates, local authorities, and advocacy service providers.

The YJB, on behalf of the government, has led on defining the roles and responsibilities of all parties under MMPR. This is to ensure that there are clear lines of accountability, and effective monitoring and governance arrangements in place. MMPR has been designed with a number of safeguard processes, and a comprehensive data collection and analysis system, to gather evidence and use learning points to make appropriate adjustments and improvements to the syllabus. This process of continuous improvement ensures that MMPR is as safe and effective as possible.

The YJB supported NOMS to develop the MMPR syllabus. The syllabus, and the training delivered to secure estate staff, places a great emphasis on attempting to de-escalate behaviour. It stresses that the use of physical restraint should always be the last resort, in the best interests of young people and subsequent to staff exhausting all other viable options. The syllabus has a separate volume on medical advice and the risks associated with each physical restraint technique. MMPR also focuses on the safe management of incidents and the supervision that should be conducted to monitor the well-being of a young person during and after a physical restraint.

#### Key action 26

**We will continue to implement other YJB recommendations from the government's Independent Review of Restraint and support successful delivery of recommendations assigned to other agencies, including:**

- **improvements to debriefing of incidents of restraint**
- **working with NOMS to implement a new approach to behaviour management and carrying out an assessment of restraint systems in secure children's homes.**

#### Outcome

We have provided clarity to advocacy service providers about their role in post-restraint debriefs and commissioned the Independent Review of Restraint chairs to undertake a review of progress across the secure estate against the debrief-related recommendations. We have supported NOMS in progressing their plans to deliver a behaviour management strategy in under-18 YOIs through membership of the project board. We provided a written summary of key information about the restraint systems used in SCHs to the Independent Restraint Accreditation Panel to assist with their assessment of such systems, and supported their work via our membership of the working group.

#### Key action 27

**We will support six existing resettlement consortia, and establish three further consortia, including one in South Wales. In partnership with the Greater London Authority and the Mayor's Office for Policing and Crime, we will support resettlement projects for Greater London funded by the European Social Fund.**

#### Outcome

There are now seven resettlement consortia, three of which have been evaluated and have been proven to provide improved outcomes for young people in terms of education, training and employment and, to a lesser extent, accommodation. They also demonstrated improved strategic and operational relationships across the public, private and voluntary sectors. A South Wales consortium was successfully established (see key action 5 for Wales).

Three national resettlement events were delivered to present a paper drawing on resettlement research over the last 15 years, and to disseminate learning and effective practice from the resettlement programme.

The Greater London Authority has not yet appointed a provider for the European Social Fund/Greater London Authority Young Offenders 2 project. A decision was made by the Mayor's Office for Policing and Crime and the Greater London Authority to retender for the project and the YJB will continue to be involved in this process.

### Key action 28

**We will implement a YJB action plan to remove barriers to employment for ex-offenders who wish to work in the youth justice system.**

### Outcome

The aim of this key action is to tackle barriers to the employment of young offenders within the youth justice system. An effective practice resource on the employment of ex-offenders has been produced and is in its final draft form. This will enable YOTs to be guided through the process of securing employment placements for young people who have offended, both within the youth justice sector and externally.

YJB internships have been provided to three young ex-offenders. The YJB's recruitment policy has been revised to ensure that it is transparent and fair in relation to the employment of ex-offenders.

### Key action 29

**We will improve transitions for young people from youth justice to adult justice services, including developing and launching a YJB-led Youth to Adult (Y2A) Transitions Framework, and supporting the Y2A information exchange pilot. Subject to business case approval, we will proceed to national roll out of Y2A.**

### Outcome

In September 2012, we hosted an event to launch the NOMS protocol for managing transitions in custody and the Y2A Transitions Framework. This framework provides advice to YOTs and probation trust managers

writing local transition protocols for managing cases that transition from youth to adult justice services in their local community. The YJB and NOMS are currently working with practitioners to implement the principles of these protocols.

Following a successful pilot for information-sharing between YOTs and probation trusts, the Y2A information-sharing portal has been approved for national roll-out, and work is progressing well to develop a new national solution.

A paper pilot to test information flows from YOTs to adult secure establishments has demonstrated a need for improvements; the scope of the national Y2A portal has been extended to include a facility for information-sharing in this area. In addition, the Y2A Transitions Forum has agreed a programme of work to improve transitions across government services.

### Key action 30

**We will pilot and evaluate a revised set of national standards for youth justice services, allowing for greater professional discretion.**

### Outcome

This year the YJB has developed revised national standards and tested them via an operational trial and evaluation in community youth justice services and via consultation with the secure estate for children and young people. The resulting standards are significantly reduced in number and offer considerably greater freedom and flexibility in community youth justice practice. The new standards rationalise and make more efficient

key processes concerning youth custody. They also establish the basis for practice changes, notably relating to the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012 and AssetPlus, the planned new assessment and planning interventions framework. Ministers approved the standards and they were published in April 2013.

### Key action 31

**We will improve the delivery of YJB information on the internet, in particular to support the dissemination of effective practice to practitioners and to align with the Cabinet Office's plans for a new cross-government website.**

### Outcome

YJB content on the justice.gov.uk website has been updated. This has included two new pages, one focused on domestic abuse and the other on girls who offend. Both pages are examples of a more basic, user-friendly approach that better aligns with how pages will work on gov.uk, by giving practitioners specific, relevant information that they can access efficiently. We have also added an Effective Practice Library, which provides practice examples, as well as key information about evaluation and effectiveness. Monitoring of the content shows that the Effective Practice Library was the 5th most visited youth justice page and that more than 50% of visitors are returning visitors. Both of these findings suggest that the information was useful.

**Key action 32**

**We will review the YJB's workforce development strategy for youth justice service practitioners, engaging youth justice practitioners in the oversight of this. This includes developing a value-for-money alternative to the Practitioners' Certificate in Effective Practice and progressing the workforce development strategy for the secure estate, including redesign of the Juvenile Awareness Staff Programme (JASP).**

**Outcome**

We have established a new strategy for workforce development which focuses on passing governance of our workforce activities to the sector, and integrating these activities more comprehensively with the wider dissemination activities of the YJB.

We have overseen the development of the Effective Practice Certificate, which has seen two cohorts of students start the course.

We have successfully moved the Youth Justice Interactive Learning Space (YJILS) from the Open University to an MoJ-hosted site, [yjils.justice.gov.uk](http://yjils.justice.gov.uk), and have established plans for ensuring that the system is placed upon a secure footing in the future.

We continue to develop the resources on the YJILS system and have successfully completed those for assessment and effective practice professional development.

The Juvenile Awareness Staff Programme has been revised to form the new 'Working with Young People in Custody' programme, and there is ongoing development work between the YJB and the Prison Service to improve the learning and development programmes for YOI staff.

We continue to influence developments in the wider sector, including the review of national occupational standards in youth justice and updates to the social work curriculum.

**Overseeing and improving YOTs****Key action 33**

**We will continue to monitor YOT performance, and deliver improvement support and intervention to the poorest performing YOTs. This includes maintaining effective relationships with YOTs, their management boards and wider partners, which together make up local youth justice partnerships. It also includes identifying and addressing poor performance, informing a risk-led inspection framework and requesting ministerial intervention where necessary.**

**Outcome**

The YJB's approach to overseeing performance and driving improved outcomes is based on light-touch monitoring and reduced central prescription. Progress has been monitored quarterly and performance is reviewed against the reduced set of youth justice indicators, informed by the knowledge held by YJB business area teams. YJB improvement resources are then deployed as necessary.

The YJB has delivered a range of thematic performance improvement work with clusters of YOTS, for example on assessment, planning interventions and supervision; on management oversight; and on quality assurance. The YJB has also delivered five performance improvement support projects. The YJB retains a clear escalation route (ultimately to ministers) if local areas are unable to improve their performance. The YJB has also worked with HM Inspectorate of Probation to assist with the introduction of the new risk-led approach to YOT inspections.

#### Key action 34

We will continue to develop and implement a new formula for the allocation of YOT grants. This includes finalising a grant formula for ministerial approval, and informing YOTs of new grant allocations using the 2011/12 distribution of grants for example purposes.

#### Outcome

The YJB has worked with YOTs to develop approaches to revising the grant formula in order to make the distribution of funding more equitable. This has included delivering workshops in England and Wales and the testing of a wide range of options and possible formulae. A preferred approach was selected but not implemented, due to the amount of change in the youth justice system at the time. The YJB has also worked with a reference group of YOTs to revise the grant conditions and provide advice on ensuring the grant is spent on activity related to its intended purpose, i.e. the development of good practice and research. These revised conditions will be introduced in 2013/14.

#### Key action 35

We will deliver the YOT Improvement and Development Programme, including roll-out of a new light-touch monitoring approach, development and implementation of the YOT peer review scheme and launch of the YOT self-assessment framework.

#### Outcome

The programme has delivered its objectives for its first year. One-third of the youth justice service managers have been trained in peer review and the interest among services seeking review continues to remain high, and is supported at local authority level. The self-assessment approach is to be updated with learning from HM Inspectorate of Probation's thematic inspections, and will be aligned with the youth justice peer review process.

A new governance approach to sector-led elements of the programme will be introduced to encourage the sector to take on more responsibility. Quarterly reviews provide better alignment with the three youth justice indicators (first-time entrants, proven reduction in reoffending and use of custody), allowing the YJB to target its resources effectively towards those areas most in need of improvement, and to help identify and share effective practice.

### Commissioning the secure estate and shaping this for the future

#### Key action 36

We will monitor and manage secure estate provider performance. As well as our continuous functions of managing and monitoring secure estate contracts, this includes:

- implementing service level agreements with NOMS and developing new agreements with them for 2013–16
- implementing the performance management framework for public and private under-18 young offender institutions (YOIs) and developing a performance management framework for the non-YOI sectors
- with Ofsted, HMI Prisons and the Care Quality Commission, developing a new inspection framework for STCs.

#### Outcome

The YJB's service level agreement with NOMS for public sector custodial places for the period 2012/13 was in place from 1 April 2012. Governance has been in place throughout 2012/13 to manage this and provide reporting to the YJB. Our service level agreement with NOMS for public sector custodial places for the period 2013/14 has been developed and was launched on 1 April 2013, in order to provide full accountability and continuity for this commission. Additional service level agreements are in place:

- with NOMS for the provision of secure escort services
- with HM Inspectorate of Prisons
- with NOMS, in 2013/14, for the provision of surveys to measure the quality of life in custody for young people.

We have continued to develop the performance management framework this year: all elements were in place

from 1 April 2013 for public sector under-18 YOIs. The new joint HM Inspectorate of Prisons and Ofsted inspection framework for STCs is in place, following piloting this year. The first inspection using this methodology was of Medway STC in November 2012.

#### Key action 37

**We will draft and obtain ministerial approval for the annual commissioning plan to include specific consideration for London and the South East, further decommissioning options and secure estate contingency plans.**

#### Outcome

During the year, the plans for commissioning of the secure estate for children and young people and future plans for the secure estate were the subject of regular discussions with ministers. The government's Green Paper, *Transforming Youth Custody: Putting Education at the Heart of Detention*, was published in February 2013.

#### Key action 38

**We will carry out demand and supply analysis and demand forecasting for the secure estate population in order to develop a commissioning model that details historic demand and forecasts future demand as accurately as possible, on both a national and regional basis.**

#### Outcome

The cross-government decommissioning group has met regularly and made a series of recommendations about decommissioning across the

secure estate, based on analysis of demand and supply and a range of other information.

#### Key action 39

**We will develop the business case for the building of an enhanced unit in an under-18 YOI, in line with our secure estate plans to 2015.**

#### Outcome

The project to commence the commissioning of an enhanced needs unit at Cookham Wood YOI has progressed during this financial year. Internal approval of the business case has been achieved, including approval of the favoured commissioning option. The next key stage is to achieve approval from the MoJ, which will be dependent on the outcome of the consultation on the government's Green Paper, *Transforming Youth Custody: Putting Education at the Heart of Detention*.

#### Key action 40

**With NOMS, we will deliver a project to improve the secure accommodation at Cookham Wood YOI.**

#### Outcome

The objectives of the capital development at Cookham Wood YOI are to increase the capacity at the site from 131 to 196 beds, to improve the quality of the accommodation, and to develop a new education block. This project has progressed well during 2012/13, and is on schedule to be completed in September 2013. The increase in capacity at the site will alleviate capacity pressures in London, the South East and eastern regions.

#### Key action 41

**We will develop evaluation criteria for further possible decommissioning in the secure estate and manage any subsequent decommissioning projects.**

#### Outcome

The YJB's Decommissioning Group reconvened in September 2012 to consider options for withdrawing from commissioned places in the male and female under-18 YOI sectors as a result of sustained reductions in demand. The announcement of the YJB's withdrawal from all 360 commissioned places at Ashfield YOI was made on 10 January 2013 as part of the MoJ's wider prison capacity announcement. Work is taking place to consider further reductions in commissioned places in the male and female under-18 YOI sectors.

#### Key action 42

**We will develop and agree reinvestment plans and cost reductions within public and private under-18 YOIs to deliver value for money. This will include working with NOMS to deliver their strategy for public under-18 YOIs, and delivering efficiencies in private under-18 YOIs.**

#### Outcome

The work arising from this key action, together with our re-commissioning activity, is the vehicle we have used to enable the YJB to meet its budget and funding commitments in relation to under-18 YOI provision. The Regime Development Programme has delivered a 'core day' within male public sector under-18 YOIs,

introducing standardised regime provision by having a common daily timetable, which has improved value for money. This is the first stage of a longer value for money strategy, and in 2013/14, work will continue through our involvement in NOMS benchmarking and outsourcing initiatives.

#### Key action 43

**We will work with the Department for Education (DfE) and Ofsted to identify and ensure value for money in SCHs in England.**

#### Outcome

The YJB has engaged with Ofsted, the DfE and the Secure Accommodation Network to initiate a review of the SCH service commissioned in order to achieve improved value for money in 2014/15. To date, all parties have engaged in this process. Separately, we are working with individual SCHs to achieve best value from their services.

#### Key action 44

**We will run a programme to re-tender STC contracts, with new contracts to be let from May 2014 onwards.**

#### Outcome

Programme preparations to launch a procurement exercise to re-tender STC contracts were substantially progressed last year. The programme was paused in the autumn of 2012, pending the outcome of the government's work to develop plans for the secure estate for children and young people. The government published a Green Paper, *Transforming Youth Custody: Putting Education at the Heart of Detention*, in early 2013, and the consultation on this closed on 30 April 2013. Responses will be used to inform any new commissioning activity.

To facilitate delivery of the government's plans for the secure estate, the YJB decided to continue commissioning services at Medway STC beyond the contract end date of 16 April 2013. The YJB has entered into an agreement with the current provider to deliver services for up to an additional 23 months. Retaining this provision ensures the safety and stability of STC accommodation for young people, while enabling the YJB to work with the MoJ on the outcome of the Green Paper. We will also continue to work closely with commissioning partners within the NHS and the DfE who have contributed to our work to deliver the government's plans for the secure estate for children and young people.

#### Key action 45

**We will review and, where appropriate, re-tender other secure estate services, ensuring services meet the needs of young people and provide value for money. In 2012/13 this will include:**

- completing the re-tender of the contract for secure escorts for STCs and SCHs
- reviewing the Young People who Sexually Abuse contract and, if appropriate, running a competition to tender for these services
- revising the specification for advocacy services and running a competition for this service.

#### Outcome

The new secure escort contract went live on 29 August 2012.

Following a procurement exercise, which included gathering the views of young people in custody, Barnardo's was successful in winning contracts to provide advocacy services for young people in STCs and under-18 YOIs. The period of mobilisation commenced on 1 March 2013 to allow Barnardo's to complete any preparatory work. The service commencement date is July 2013.

The Young People who Sexually Abuse contract was reviewed, and the Department of Health will now commission this service.

## Developing the YJB to deliver our mandate, working closely with government and stakeholders to deliver a coherent, distinctive and effective youth justice system in a time of reduced resource

### Key action 46

We will initiate and deliver a project on the 'voice of the young person' to inform services delivered in the secure estate. This will include consultation with young people on the YJB Placement Service, and, as part of other secure accommodation projects to be undertaken during 2012/13, researching secure establishments' practices for consultation and communication with young people to inform development of effective practice.

### Outcome

Beginning in August 2012, a questionnaire was developed for the consultation with young people on the YJB Placement Service; the views of YOTs and secure establishments about the questionnaire were incorporated.

The next phase will be to work with secure establishments to review their consultation methods, to develop and conduct the consultation with young people, and to develop the effective practice elements of the project. This work will be completed in 2013/14.

### Key action 47

We will maintain our statutory functions for placing young people in custody, and continue to develop and improve processes, including ensuring youth offending services' access to eAsset and development of this system.

### Outcome

This key action for the YJB Placement Service has continued to be delivered as one of the key YJB statutory functions. The inclusion of eAsset into the Placement Service portfolio and the analysis of the needs of young people in custody have become significant workstreams for the Placement Service, which will continue during 2013/14.

eAsset has improved safety for young people through the better recording of information, by providing an audit trail of placement decisions, and by incorporating automatic management checks into the system.

### Key action 48

We will run and further develop the YJB effective practice model, supported by a research programme. This includes:

- annual sector-wide consultation on what the priorities should be for development of new areas of effective practice
- updating YJB guidance in line with changes arising from YJB projects, policy and other changes
- developing a full partnership with the Social Research Unit. This partnership will help identify and promote research-proven practice and programmes to help deliver outcomes in the youth justice system.

### Outcome

We have developed comprehensive resources aimed at meeting the sector's identified needs for information about practice evaluation techniques. We have also commissioned the Social Research Unit to design and deliver an online seminar series in support of the launch of these materials.

We have launched the Effective Practice Library, containing all the examples of effective practice that have been submitted to and accepted by the YJB. We have piloted an approach to an awards system designed to recognise and reward excellence in evaluation practice. This has been well received and has attracted applications from YOTs, secure establishments and the voluntary and charitable sectors.

We have designed a dissemination strategy which aims to improve how the YJB transmits information about

effective practice to the sector, as well as using all available levers to promote dialogue with the sector about effective methods.

#### Key action 49

**With the MoJ, we will develop and deliver a long-term research programme to support the youth justice system.**

#### Outcome

Working with the MoJ, the YJB focused on delivering its committed research programme, and contributing to work on effective practice through the continued delivery of research for the organisation. Five YJB research reports were published on the Justice website in 2012/13, including research on the August 2011 disturbances, violent extremism, and the needs of young people in custody and the interventions they received.

The YJB also managed a further three externally commissioned research projects relating to youth justice interventions, which are due for completion in 2013.

#### Key action 50

**We will identify the 'nature of the organisation' that the YJB needs to become in order to continue to improve our operation and deliver our mandate from government.**

#### Outcome

During the design of the human resources (HR) strategy this year, views were sought from a number of internal stakeholders on how the HR strategy could be used as a tool to shape the nature of the organisation.

The completed strategy is designed to shape the YJB into an organisation that upholds the values it stands for, is accountable for its performance, and actively seeks to refresh its knowledge of the youth justice sector through two-way secondments and open recruitment.

#### Key action 51

**We will complete the restructuring of the YJB, facilitate a headquarters accommodation move into MoJ accommodation and onto the MoJ ICT platform, as part of the MoJ's estates programme.**

#### Outcome

The YJB successfully completed its restructuring on 1 April 2012 and relocated its headquarters to 102 Petty France in July 2012. As part of this move, the YJB migrated its ICT platform onto the MoJ ICT platform, enabling it to operate within the government secure intranet.

#### Key action 52

**We will deliver corporate support functions, develop HR and finance strategies to facilitate the YJB meeting its objectives, and develop/implement a model for the future delivery of support services (in particular assessing options for shared service delivery with MoJ).**

#### Outcome

Corporate support functions have been delivered throughout the year. An HR strategy has been agreed and published internally. A finance strategy has been developed as part of the negotiations for the YJB budget for 2013/14 and the YJB's allocation of

that budget. The YJB has agreed a proposal for the development of shared services and the business case is now under development.

#### Key action 53

**We will develop a YJB assurance map to identify improvements required for internal governance and control arrangements.**

#### Outcome

The YJB, working with MoJ Internal Audit, developed an approach for assurance mapping against areas of risk within the organisation and applied this approach to information and asset security, in response to a focus on this area from the YJB Audit and Risk Committee. The assurance map presented an improvement action plan, which is being implemented. We reviewed the benefits of assurance mapping against the resources required to deliver the process, and concluded that, while the process had fulfilled its purpose for information and asset management, developing the YJB's risk management framework would be more efficacious in providing assurance against our risks and controls.

**Key action 54**

**We will revise the YJB's communications strategy, including supporting a stakeholder action plan that makes full use of Board members' areas of expertise.**

**Outcome**

The communications strategy has been reviewed. The Board agreed a Stakeholder Management Plan identifying the role of Board members and officials to support them.

**Key action 55**

**We will support ICT systems for the youth justice system and the YJB, and coordinate an IT delivery plan that contributes to delivering the YJB's technology vision.**

**Outcome**

During 2012/13, there were three key objectives in this area, plus an overall objective of transitioning the YJB's ICT environment and services onto MoJ platforms and services, establishing a client/supplier relationship with the MoJ. These objectives have now been achieved, and a period of bedding down has been completed; only a few minor issues remain.

In addition, a review of the YJB's ICT governance has been undertaken and proposed changes to ICT governance structures have been implemented. This includes a revised ICT strategy and ICT programme management structure.

**Key action 56**

**We will ensure business continuity during the Olympic period.**

**Outcome**

During the 2012 Olympic period, the YJB ensured its workforce was able to deliver their functions throughout the main games, while recognising the need to contribute to reducing the transport burden for London. The YJB provided a flexible work pattern to ensure staff could travel outside peak times, in addition to providing technology for those working from home. This action was monitored during the Olympic fortnight and normal working patterns were able to be resumed throughout the Paralympics. The YJB provided staff with the opportunity to contribute to the games through volunteer work.

**Key action 57**

**We will identify further savings from YJB budgets for the Spending Review period.**

**Outcome**

Savings have been identified throughout the Spending Review period, taking advantage of the changes in the youth justice system that have led to a reduced demand for custody. In particular, savings have arisen from:

- the decommissioning of Ashfield YOI from the YJB-commissioned secure estate, planned for completion by 30 June 2013
- negotiation of significant reductions in charges for secure escort and custody services
- efficiencies realised by changing administrative processes for other secure contracts

- a reduction in YJB operating costs
- a reduction in the level of youth justice good practice grant paid to YOTs.

**Key action 58**

**In line with the MoJ's arrangements for all arm's-length bodies, we will work with the MoJ to agree and implement a revised framework agreement setting out the government's sponsorship arrangements for the YJB.**

**Outcome**

A new Framework Document has been drafted and agreed by the MoJ and the YJB. This will replace the Management Statement and Financial Memorandum, once approved by the Cabinet Office and HM Treasury. For further details, see the Governance Statement, page 42.

**Key action 59**

**We will provide data and analysis to support the YJB and the youth justice system, and to inform development of effective practice.**

**Outcome**

The YJB has continued to collect and analyse information from YOTs and the secure estate. The YJB's Youth Justice Management Information System (YJMIS) enables the collection, sharing and analysis of data and information associated with the young person's journey through the youth justice system. We continue to use data from YJMIS and MoJ sources to publish quarterly YOT data summaries (one for England and one for Wales) to allow YOTs to monitor and compare their own performance against that of others.

We were able to publish local-level data for the annual youth justice statistics documents. A range of data tools – such as the commissioning, monitoring and management toolkit, and the advocacy toolkit – were created for stakeholders, to support individual projects. We have also refreshed our reoffending toolkit to include more recent data, so that it can support local authorities in monitoring their performance against the reoffending measures.

## Youth justice in Wales

### Key action 1 for Wales

**We will provide advice and support to the Welsh Government, supporting its consultation on whether legislation is needed to strengthen the support that devolved services give to youth justice.**

### Outcome

We worked with youth offending services and other stakeholders in Wales on a range of evidence-gathering activities. Following the publication of the Green Paper, YJB Cymru helped facilitate three consultation events with a wide range of local, regional and national stakeholders, and undertook six consultation focus groups with young people.

We provided advice on the analysis and interpretation of the consultation responses to the Welsh Government; this included exploration of delivery options to support the formulation of policy.

### Key action 2 for Wales

**We will implement, for Wales, changes arising from the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, including facilitating a Wales-wide approach to out-of-court disposals.**

### Outcome

YJB Cymru provided advice to youth offending services and local authorities on the changes that were proposed, and provided information to the Welsh Government to inform the drafting of regulations concerning the change to looked-after status of those remanded to youth detention accommodation.

We have also worked with the Association of Chief Police Officers (ACPO) Cymru and youth offending services to prepare for the implementation of the new out-of-court disposals framework and other changes to policing. This has included a survey and mapping exercise of the use of restorative justice-based diversions, and the current links with targeted youth crime prevention. This was followed by the drafting of a comprehensive report which included recommendations for the implementation of these approaches and the scope for their integration with the new out-of-court disposals framework.

### Key action 3 for Wales

**We will produce a 'reducing use of custody' support package for Wales.**

#### Outcome

We have worked in partnership with the Welsh Government to commission and oversee the production of guidance and practical tools for youth justice services in the form of a 'custody reduction checklist'. This allows strategic and operational performance to be interrogated at a local level and the development of a local improvement plan.

These materials have been produced in collaboration with a reference group of practitioners and managers from the youth justice sector and have been trialled with a youth offending team in Wales. The participants in this work have reported that they have been able to identify areas of practice for improvement.

### Key action 4 for Wales

**We will develop a joint approach to speech, language and communication needs in the youth justice system with the Welsh Government.**

#### Outcome

We have gathered evidence around current practice, and developed a joint position on how responsibility for dealing with these needs should be shared between relevant agencies.

Over the last year, we have surveyed YOTs in Wales to identify existing methods for screening for speech, language or communication needs, and consulted with specialist advisers

and colleagues in relevant Welsh Government departments. Based on these findings, we are commissioning a study to examine in more detail a number of aspects of service provision to Welsh young people in the youth justice system.

The study will be undertaken with all YOTs in Wales and the main secure establishments in which young people from Wales are placed. It will be used as evidence to underpin guidance for practitioners and services, in order to improve the speech, language and communication services that young people in the youth justice system receive in the future.

### Key action 5 for Wales

**We will work with the Welsh Government to develop and improve resettlement in Wales, including developing a Wales resettlement strategy, delivering a resettlement checklist project to improve local practice, and establishing and supporting a South Wales resettlement consortium.**

#### Outcome

YJB Cymru and the Welsh Government have developed a draft resettlement strategy for Wales. Existing and new projects were brought within a Wales Resettlement Programme to ensure that all workstreams were supported by a coherent framework and joint governance arrangement, and were aligned to UK and Welsh Government policy.

Over the last year, we have established two regional resettlement projects that align with the Welsh Government's blueprint for regional public service delivery: one in North Wales and another across southern Wales. The southern Wales project has established a resettlement consortium steering group supported by a third sector reference group. YJB Cymru has procured a resettlement brokerage project to provide operational support to YOTs and the two secure establishments in the southern area of Wales.

We have also tested a resettlement checklist methodology with practitioners from YOTs and the secure estate, and young people in custody. The project was evaluated in partnership with Swansea University and submitted for consideration as emerging practice. In addition, we have appointed an independent adviser to provide academic advice, guidance, support and scrutiny to support evaluation.

### Key action 6 for Wales

**Carry out focused thematic reviews of devolved service delivery in YOTs and the secure estate in Wales.**

#### Outcome

The aim of the focused thematic review of devolved services was to provide context for the Welsh Government's Green Paper, *Proposals to Improve Services in Wales to Better Meet the Needs of Children and Young People Who are at Risk of Entering, or Already In, the Youth Justice System*. The in-depth review was carried out with nine Welsh YOTs and two secure establishments in Wales.

Fieldwork examined service delivery in the areas of health, social services, housing, and education, training and employment. Practice was examined and consideration was given to the extent to which devolved services were contributing to the care and management of young people, and the continuation of care beyond the end of young people's sentences. This took the form of focus groups and semi-structured interviews.

The views expressed were then collated to examine if there were perceived strengths and weaknesses in the areas of devolved service delivery. A report was produced and submitted to the Welsh Government, which was used as part of the evidence base for a cabinet paper and the subsequent Green Paper.

### Key action 7 for Wales

**We will refine and implement changes to the oversight of YOTs in Wales to support YOT improvement and development.**

#### Outcome

YJB Cymru has engaged with the Welsh Government and YOT Managers Cymru to ensure that local service delivery needs are taken into account in youth justice oversight processes, and contributed to the development of new lighter touch monitoring and performance support arrangements across England and Wales. These include a new YOT self-assessment tool, a peer review process and the quarterly review of national youth justice service performance, which includes providing a standardised report to each YOT. We also collect and analyse information relating to the three devolved outcome indicators agreed with the Welsh Government.

We have put in place arrangements with the Welsh Government to ensure that there are appropriate escalation routes where local performance becomes of concern. YJB Cymru and the Welsh Government work together to offer support to YOTs in Wales, including joint analysis and interpretation of the statutory youth justice plans produced annually by the 18 YOTs in Wales, and mapping of where these correspond to other local statutory plans required by the Welsh Government. This allows us to identify emerging threats and opportunities for the youth justice system in Wales and to work to address them. Throughout the year, we provided targeted support to areas in Wales.

### Key action 8 for Wales

**We will refine and operate the YJB effective practice cycle within the context of devolved services in Wales.**

#### Outcome

The devolution of the majority of services for children and young people in Wales means that a particular policy and practice environment has developed. The objective of this key action was to adapt YJB effective practice processes to meet the needs of youth justice services in Wales.

A national practice development panel was established to provide a structured framework for drawing together expertise to support the development of youth justice effective practice. Four panel meetings have been held to date, and a number of practice examples have been identified by YJB Cymru for consideration by the panel.

On the recommendation of the panel, YJB Cymru works with youth justice services to further refine the evidence base behind practice examples and to prepare supporting documentation for wider dissemination.

### Key action 9 for Wales

**With the Welsh Government and the Children’s Commissioner’s Office, we will continue to improve consultation and participation practices for young people in the youth justice system.**

#### Outcome

This work comprised two key strands, the first relating to YOT engagement with young people as they enter the youth justice system, and the second concerning processes to ensure the work of YJB Cymru takes account of young people’s views by meeting the National Children and Young Persons’ Participation Standards for Wales.

We worked with partners to produce a booklet providing young-person friendly induction processes for those beginning a court order, and to develop training materials for practitioners to complement the booklet. We delivered a series of training events to YOT practitioners in Wales on induction and encouraging participative practices with young people more widely in the youth justice system.

In addition, YJB Cymru has been working towards achieving the National Children and Young Persons’ Participation Standards for Wales kite mark. The standards were developed to improve young people’s participation in decision-making and to measure the quality of this against key agreed indicators.

### Key action 10 for Wales

**We will develop, with the Welsh Government, a data hub for Wales, to provide information about the operation of youth justice in Wales, in line with the UK Government’s transparency agenda. We will also continue joint oversight of the existing Wales youth justice performance indicator set agreed by the Welsh Government.**

#### Outcome

We have designed a data hub to gather related information from a range of local government and Welsh Government databases, and link this information with the data collected by the YJB from youth justice services. This will allow more in-depth analysis, sensitive to the impact that measures of welfare and deprivation can have on offending levels. We worked with stakeholders to identify a number of options for delivering the data hub. These included the adaptation of existing management information systems or the creation of a directory of information for use by local and national partners. The delivery of the preferred option will commence in the next reporting period.

We have maintained and developed existing processes for monitoring local delivery of devolved youth justice services, including the collection and analysis of information relating to three devolved outcome indicators agreed with the Welsh Government. Where poor performance was identified, we informed the relevant Welsh Government department and supported improvement by working with the YOTs concerned.

# SECTION

# 2

# MANAGEMENT COMMENTARY

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The YJB oversees the youth justice system in England and Wales. This section describes how we operated during 2012/13.

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## Basis of accounts

The statement of accounts has been prepared in a form directed by the Secretary of State, and is issued in accordance with the Crime and Disorder Act 1998.

## Auditors

The financial statements are audited by the Comptroller and Auditor General, who is appointed by statute. The audit fee is disclosed in Note 3 (see page 63) and does not include any fees for non-audit work (no fees for non-audit work were incurred in 2011/12).

## Board members and senior management

The Crime and Disorder Act 1998 provides that the YJB shall have between 10 and 12 Board members, appointed by the Secretary of State. Board members are appointed for periods of three years. The Board members who served during the year were:

**Frances Done\*** CBE (Chair)  
**David Banks\***  
**Alan Billings\*\***  
**Charles Clark OBE QPM**  
**Christine Davies**  
**Gillian Fairfield**  
**Jennifer Izekor**  
**Rosanna O'Connor\***  
**Bob Reitemeier\***  
**Graham Robb\***  
**Angela Sarkis CBE**  
**David Simpson\*\*\***  
**John Wrangham**

For biographical details of the YJB's Board members, go to [www.justice.gov.uk/about/yjb/yjb-board.htm](http://www.justice.gov.uk/about/yjb/yjb-board.htm).

The members of the Board have corporate responsibility for ensuring that the YJB properly discharges its statutory functions and complies with statutory and administrative requirements for the use of public funds.

The YJB adopted a *Code of Practice for YJB Board Members* at its first meeting on 16 October 1998; this was last reviewed in July 2012 and is now called the *Code of Conduct for YJB Board Members*. The code provides for a Register of Members' Interests, which can be found at [www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf](http://www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf). The code is available at [www.justice.gov.uk/about/yjb/yjb-board](http://www.justice.gov.uk/about/yjb/yjb-board).

The Chair of the YJB Board is responsible for appointing the Chief Executive, in consultation with the Ministry of Justice. Members of the Board may not give instructions that conflict with the Chief Executive's duties as the YJB's Accounting Officer.

The Audit and Risk Committee reviews the YJB's internal control arrangements, the operation of the internal and external audit service, and the management of risks.

## Executive Management Group

During 2012/13, the Executive Management Group (EMG) consisted of the Chief Executive, the Deputy Chief Executive – Community, the Deputy Chief Executive – Corporate Services, the Deputy Chief Executive – Effective Practice, the Deputy Chief Executive – Secure Accommodation, and the Head of YJB Cymru:

### John Drew

Chief Executive until 31 March 2013

### Lucy Dawes

Deputy Chief Executive – Community

### Martin Skeats

Deputy Chief Executive – Corporate Services

### Kate Morris

Deputy Chief Executive – Effective Practice

### Ray Hill

Deputy Chief Executive – Secure Accommodation

### Justin Kennedy

Head of YJB Cymru

The Chief Executive, as Accounting Officer, ensures that all public funds made available to the YJB are used for the purposes intended by Parliament, that adequate internal controls are maintained, and that proper accounts are prepared. Further details of the responsibilities of the Accounting Officer are given in the statement on page 41.

## Summary of performance against targets

See pages 5 to 27.

\* Member of the Audit and Risk Committee.

\*\* Chair of the Audit and Risk Committee until 30/09/12.

\*\*\* Chair of the Audit and Risk Committee from 01/10/12.

## Financial review

The YJB incurred net expenditure of £365.9m in 2012/13, representing a reduction of £30.7m (8%) compared to the previous year.

£224.0m (61% of total expenditure) was spent on the provision of secure accommodation, compared to £245.5m (62%) in the previous financial year.

Savings of £11.5m were realised for transportation costs. Secure escort charges for under-18 young offender institutions (under-18 YOIs) fell to £7.1m (from £18.6m in 2011/12). Changes in the administration of secure training centre (STC) contracts generated savings of £7.2m compared to the previous year.

Good practice grants of £107.4m (29% of total spend) were paid to youth offending teams (YOTs), compared to £118.4m (30%) in the previous year. The reduction in grant funding to YOTs resulted from a £10.1m cut in the level of Home Office funding to the YJB.

2012/13 saw the introduction of 'soft charges' to the YJB for services and facilities (accommodation and IT) provided by the sponsoring department. Operating costs excluding staffing costs rose year on year by £1.0m from £5.3m to £6.3m, mainly due to increased IT-related corporate recharges.

Staff pay costs, which fell by £0.4m from £12.3m to £11.9m, represent 3% of total expenditure.

Net expenditure outturn (£365.9m) was £3.9m, (1%) within budget (£369.8m).

## Equal opportunities

The YJB has an equal opportunities policy that states that we are committed to ensuring that all eligible persons shall have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work.

We aim to set an example of best practice among equal opportunities employers, and consequently the current equal opportunities policy goes beyond the legislative framework within which all United Kingdom employers must operate. The policy states that there must be no discrimination, directly or indirectly, against any eligible person on the grounds of the protected characteristics of age, disability, gender reassignment, marriage and partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation – whether in recruitment, training, promotion or in any other way. The YJB follows the codes of practice issued by the Equality and Human Rights Commission. The Deputy Chief Executive – Corporate Services had overall responsibility for ensuring that the policy operated effectively for employment issues.

As an organisation, the YJB is committed to promoting equality and embracing diversity. The YJB's equality and diversity strategy reflects this commitment by articulating our duties and our objectives, and detailing how we intend to integrate equality and diversity into our core business. The strategy contains our overarching statement of commitment to the equality and diversity agenda, and definitions of what we mean when we use the terms 'diversity' and 'equality'. It informs staff about the type of culture we want to engender at the YJB.

The YJB is also committed to conducting equality impact assessments (EIAs) in any instances where the development or amendment of policies, strategies, projects or new methods of service delivery are being considered. This ensures that we meet our equality duties.

## Employee relations

The YJB aims to follow best practice in the management of staff, including giving proper attention to communication, consultation, and motivation of staff. We seek to create an environment in which all employees contribute their best to their own and the YJB's success, and we measure staff engagement annually through a staff survey.

All HR policies are reviewed and amended in line with current employment legislation and best practice, following consultation with employees and trade unions. Regular meetings are held with trade unions to ensure a two-way flow of information. Internal communications are regularly reviewed to see how they can be improved, which has led to initiatives such as more shared learning sessions in the senior management briefings (fortnightly briefings which are delivered in person by the Chief Executive to all senior managers, who then disseminate the information to the rest of the organisation, principally in smaller team meetings).

A weekly electronic bulletin, *InterCom*, is distributed to all staff, and staff can access a range of material on the YJB intranet.

## Disabled people

At 31 March 2013, the number of registered disabled people employed was two; at 31 March 2012, the number of registered disabled people employed was also two. When advertising posts, the YJB specifically welcomes applications from disabled people. We also operate a scheme whereby disabled people who meet the criteria for a post are guaranteed an interview. In accordance with the principles set out in our recruitment, selection and induction policy and procedures, we acknowledge our duty under the Equality Act (2010) to make reasonable adjustments to the working environment or conditions of appointment that would enable a disabled person to compete for, and carry out, a job on an equal basis.

The YJB head office location at 102 Petty France is fully compliant with the Equality Act (2010) and is accessible for disabled employees and visitors.

## Staff absence

The average number of days taken by staff due to sickness was 4.4 in the financial year ending 31 March 2013. This compares with an average of 4.6 days in 2011/12, and compares favourably with the wider Civil Service average of 7.3 days per employee (as at 31 October 2011).

## Pension scheme

Details of pension schemes available to staff are contained within the remuneration report on pages 33 to 40.

## Key relationships

Along with our formal governance relationships, the YJB has a broad range of external stakeholders encompassing other government departments, the Welsh government, local authorities, YOTs, the secure estate, HM Inspectorates, the

Prison and Probation Ombudsman, coroners, the Association of Chief Police Officers (ACPO), police and crime commissioners, and the third sector.

## Environment

The YJB is committed to minimising any negative environmental impact its operations have on wider society. We seek to preserve natural resources where possible, improve our use of energy and avoid environmental pollution.

## Better Payment Practice Code

Our standard terms are to make payments in respect of goods/services within 30 days of receipt of a valid invoice. The target under the Better Payment Practice Code is to pay 95% of invoices within the agreed terms. A review of invoices paid in the year showed that 95% (2011/12: 97%) were paid in accordance with that policy.

## Disclosure of relevant audit information

As Accounting Officer, I confirm that there is no relevant audit information of which the auditors are unaware and that I have taken all the appropriate steps to make myself aware of any relevant audit information, and to establish that the auditors are aware of that information.

## The YJB's principal risks and uncertainties

Our principal risks include:

- funding reductions lead to loss of services aimed at preventing offending and reducing reoffending
- demand for custody does not reduce, with the result that savings cannot be delivered.

The YJB Triennial Review is under way, and is scheduled to complete in 2013/14.

More information about risk management can be found in the governance statement on pages 42 to 50.

## Future activities

The YJB's plans are published annually in our *Corporate Plan*, which is approved by the Secretary of State. The latest plan sets out strategic objectives for 2013–16, which are that the YJB will work in partnership across the community and commission the secure estate to:

- prevent offending
- reduce reoffending
- protect the public and support victims
- promote the safety and welfare of children and young people in the criminal justice system.

In addition, we have a key organisational objective to continue to develop the YJB to deliver our mandate, working closely with government and stakeholders to deliver a coherent, distinctive and effective youth justice system in a time of reduced resources.

For further information on the development and operation of the YJB's business, please refer to the review on pages 5 to 27, which includes a summary of performance against our targets.

Signed on behalf of the YJB by

**Lin Hinnigan**

Chief Executive and Accounting Officer

Date: 15 July 2013

# SECTION

# 3

# ACCOUNTS 2012/13

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The following section sets out our accounts for 2012/13 and describes our system of internal control.

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# REMUNERATION REPORT

## Remuneration policy

Our staff, whether on permanent or temporary contracts, are subject to levels of remuneration and terms and conditions of service (including superannuation) analogous to those set by the Home Office. Staff are classed as public servants and not civil servants, although the contracts are similar.

We operate a performance-related pay scheme similar to that set by the Home Office. For staff graded as equivalent to the Senior Civil Service, the performance framework set by the Cabinet Office for the Senior Civil Service is applied.

## Terms

### Board members

Appointment of Board members, including the Chair, is for a period of three years. The appointment of Board members, and extension of their appointments, is made by the Secretary of State for Justice, in line with guidance issued by the Office of the Commissioner for Public Appointments. Reappointments are also subject to a satisfactory appraisal process.

Frances Done has been appointed as Chair of the YJB by the Secretary of State for Justice for a period of three years ending on 21 January 2014.

Early termination of a Board member's appointment is at the discretion of the Secretary of State for Justice. The notice period for Board members is three months.

## Executive management

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. As an accredited non-departmental public body, we follow the Civil Service Commission's recruitment principles.

Executive managers are permanent employees who hold appointments which are, unless otherwise stated, open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at <http://civilservicecommission.independent.gov.uk>

## Remuneration Committee

Our Remuneration Committee meets annually to agree the appraisal of the Chief Executive. It also has delegated authority to consider the Chief Executive's remuneration and to approve the remuneration of senior staff reporting directly to the Chief Executive, if it falls outside the normal Civil Service remuneration for the relevant grade. The Remuneration Committee comprises two members: the Chair and the Chair of the YJB Audit and Risk Committee.

## Remuneration (audited information)

### Board members

Board members' remuneration (including the Chair's) is determined by the Secretary of State for Justice.

Board members' fees are £250 per day.

For the year ended 31 March 2013, Board members received remuneration as follows.

Name	2012/13			2011/12			Start date	Unexpired term from 31/03/13
	Remuneration £'000	Benefits in kind £'000	Total £'000	Remuneration £'000	Benefits in kind (restated#) £'000	Total £'000		
<b>Frances Done*</b>	85 (FTE: 142)	3.0	88	85 (FTE: 142)	2.5	88	01/02/2008	10 months
<b>Graham Robb</b> (to 02/10/2012)	6	4.3	10	18	7.2	25	01/10/2004	-
<b>Allan Billings</b> (to 02/10/2012)	7.5	1.7	9	15	3.3	18	01/10/2004	-
<b>Charles Clark</b>	9	1.5	11	9	2.7	12	01/03/2007	3 months
<b>Bob Reitemeier</b>	15	0.8	16	15	0.4	15	01/06/2006	2 years and 5 months
<b>Rosanna O'Connor</b>	15	0.1	15	9	0.4	9	11/05/2007	3 months
<b>Jennifer Izekor</b> (to 02/10/2012)	4.5	0.3	5	9	-	9	09/04/2009	-
<b>Angela Sarkis</b>	12	-	12	12	-	12	09/04/2009	2 years
<b>John Wrangham</b>	12	1.1	13	12	2.8	15	09/04/2009	2 years
<b>David Simpson**</b>	9	0.7	10	-	0.2	0.2	01/10/2004	4 months
<b>David Banks</b>	4.5	0.5	5	-	-	-	03/10/2012	2 years and 6 months
<b>Christine Davies</b>	4.5	1.6	6	-	-	-	03/10/2012	2 years and 6 months
<b>Gillian Fairfield***</b>	2.5	0.4	3	-	-	-	03/10/2012	2 years and 6 months

\* Frances Done's actual remuneration differs from the full-time equivalent (FTE) figure, as her contract with the YJB is for three days a week.

\*\* David Simpson took up his entitlement to Board member fees from August 2012.

\*\*\* Gillian Fairfield's Board member fees and benefits in kind are paid directly to Northumberland, Tyne and Wear NHS Foundation Trust.

# Prior year benefits in kind have been restated to include the impact of taxation.

**Benefits in kind – Board members**

The monetary value of benefits in kind covers any benefits provided by the YJB and treated by HM Revenue & Customs (HMRC) as a taxable emolument.

Board members are reimbursed for their travel and subsistence costs incurred in attending Board business at the YJB's central London headquarters and elsewhere. Since Board members are deemed by HMRC to be employees of the YJB, the amounts of these reimbursements are treated as benefits in kind and are disclosed in the table above. The taxation arising on such expenses is borne by the YJB.

The pension entitlements of the YJB Chair, which are accrued in the Principal Civil Service Pension Scheme, are detailed in the following table. None of the other Board members has any pension entitlements associated with their YJB positions.

<b>Name and title</b>	<b>Accrued pension at 60 as at 31/03/13</b>	<b>Real increase in pension at 60 as at 31/03/13</b>	<b>Related lump sum at 60</b>	<b>Real increase in related lump sum at 60</b>	<b>2013 CETV @ 31/03/13</b>	<b>2012 CETV @ 31/03/12*</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Frances Done Chair</b>	10-15	0-2.5	-	-	182	142	23

\* This figure differs from the closing figure in last year's accounts. This is due to the Cash Equivalent Transfer Value (CETV) factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

**Executive management**

The salary, bonus and benefits in kind of our executive management were as below.

Name and title	2012/13				2011/12			
	Salary	Bonus	Benefits in kind (rounded to the nearest £100)	Total	Salary (restated <sup>^</sup> )	Bonus	Benefits in kind (rounded to the nearest £100) (restated)	Total (restated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>John Drew*</b> Chief Executive (to 31/03/2013)	140-145	-	-	140-145	135-140	10-15	-	145-150
<b>Martin Skeats</b> Deputy Chief Executive, Corporate Services	90-95	5-10	-	100-105	90-95	-	-	90-95
<b>Ray Hill</b> Deputy Chief Executive, Secure Accommodation	100-105	5-10	34.2	140-145	100-105	-	41.2	140-145
<b>Lucy Dawes</b> Deputy Chief Executive, Community	95-100	-	-	95-100	95-100	5-10	-	100-105
<b>Kate Morris</b> Deputy Chief Executive, Effective Practice (from 02/04/2012)	90-95	-	-	90-95	-	-	-	-
<b>Bob Ashford</b> Director of Strategy	-	-	-	-	105-110	5-10	-	110-115
<b>Justin Kennedy</b> Head of YJB Cymru	55-60	-	-	55-60	-	-	-	-
<b>Band of highest paid director's total remuneration (£'000s)</b>		145-150				145-150		
<b>Median total remuneration (£)</b>		38,023				38,077		
<b>Ratio</b>		3.8				3.8		

\* The Chief Executive's salary includes a payment of £7,312 for annual leave not taken before his departure.

<sup>^</sup> Prior year salary and benefit in kind figures have been restated to include allowances and payments not correctly recorded in 2011/12.

### Benefits in kind – executive management

Ray Hill was reimbursed £20,097 (2011/12: £24,265) for his travel and subsistence costs incurred from home to the YJB's central London headquarters. The taxation arising on these expenses of £14,068 (2011/12: £16,985) will be paid by the YJB. The total benefit in kind was therefore £34,165 (2011/12: £41,250). This benefit in kind was not identified until the current financial year and therefore was not reported in the 2011/12 Remuneration Report. Governance issues in respect of these payments have been identified and are disclosed in the Governance Statement and Note 17. Retrospective approval from our sponsor department, the Ministry of Justice (MoJ), was requested; this request was subsequently rejected. As the approval was rejected by the MoJ, no further approval was sought from HM Treasury.

### London Living Allowances

London Living Allowance of £1,762 each was paid to Martin Skeats and Kate Morris for seven months until 1 November 2012 (2011/12: £3,020). This allowance was paid in error in both 2012/13 and 2011/12. Governance issues in respect of these payments have been identified and are disclosed in the Governance Statement.

### On-call payments

Our Executive Management also receive on-call payments. During the financial year 2012/13, the following payments were made: Martin Skeats £2,312, Ray Hill £3,009, Lucy Dawes £3,194 (2011/12: Martin Skeats £1,718, Ray Hill £2,035, Lucy Dawes £2,025, Bob Ashford £365). These amounts are included under salary costs in the above table.

### Salary

Salary covers both pensionable and non-pensionable amounts and includes, but may not necessarily be confined to:

- gross salaries
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances and any other allowance to the extent that it is subject to UK taxation.

The figures shown do not include amounts that are a reimbursement of expenses directly incurred in the performance of an individual's duties. This report is based on accrued payments made by the YJB and thus recorded in these accounts.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses are included in the table above on a cash basis, so that bonuses disclosed for each year represent those paid to staff in that year, but relate to performance in the previous year.

### Banded remuneration of the highest-paid director and median pay disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director at the YJB in the financial year 2012/13 was £140–145k (2011/12: £145–150k). This was 3.8 times (2011/12: 3.8 times) the median remuneration of the workforce, which was £38,023 (2011/12: £38,077).

In 2012/13, no employees (2011/12: nil) received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include employer pension contributions and the Cash Equivalent Transfer Value of pensions.

## Pension entitlements (audited information)

Name and title	Accrued pension at 60	Real increase in pension at 60	Related lump sum at 60	Real increase in related lump sum at 60	CETV @ 31/03/13	CETV @ 31/03/12*	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>John Drew</b> Chief Executive (to 31/03/2013)	10-15	2.5-5	-	-	228	168	37
<b>Martin Skeats</b> Deputy Chief Executive, Corporate Services	25-30	0-2.5	-	-	350	317	11
<b>Ray Hill</b> Deputy Chief Executive, Secure Accommodation	20-25	0-2.5	70-75	2.5-5	364	330	15
<b>Lucy Dawes</b> Deputy Chief Executive, Community	45-50	0-2.5	-	-	824	746	33
<b>Kate Morris</b> Deputy Chief Executive, Effective Practice	15-20	7.5-10	-	-	160	88	66
<b>Justin Kennedy</b> Head of YJB Cymru	5-10	0-2.5	-	-	58	42	9

\* These figures differ from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

### Civil Service pensions – general information

Pension benefits are provided through the Civil Service pension arrangements. There are four defined benefit schemes (depending on date of entry): either a final salary scheme (classic, premium or classic plus) or a whole career scheme (nuvos). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic, and between 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March), the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year, and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at, or over, pension age. Pension age is 60 for members of classic, premium and classic plus, and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

### Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) 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 an arrangement to secure pension benefits in another pension scheme, or an 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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 taken.

**Real increase in the value of the  
Cash Equivalent Transfer Value**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

Signed on behalf of the YJB by

**Lin Hinnigan**

Chief Executive and  
Accounting Officer

Date: 15 July 2013

# ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2013

The Accounting Officer of the Ministry of Justice has designated the Chief Executive of the YJB as the Accounting Officer for the YJB. The responsibilities of an Accounting Officer are set out in *Managing Public Money*,<sup>8</sup> published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, responsibility for keeping proper records and responsibility for safeguarding the YJB's assets.

## Statement of Accounting Officer's responsibilities

Under the Crime and Disorder Act 1998, the Secretary of State, with the approval of HM Treasury, has directed the YJB to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the YJB and of its net expenditure, changes in taxpayers' equity and cash flows for the financial year.

Under the Act, the Accounting Officer discharges his responsibilities on behalf of the Board, who are required by legislation to keep proper accounts and records, and to prepare a statement of accounts.

In preparing the accounts, the Accounting 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 judgements 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 any material departures in the financial statements
- prepare the financial statements on a going concern basis.

<sup>8</sup> See [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)

# GOVERNANCE STATEMENT

## Introduction by Lin Hinnigan, Chief Executive of the YJB

As Accounting Officer, I am responsible for managing and controlling the resources used by the YJB, in accordance with the responsibilities outlined in *Managing Public Money*. This statement describes how those duties were carried out through the year, and includes accounts of both the YJB's corporate governance and risk management. In signing this statement, I place the utmost reliance on the assurances given to me by my predecessor, John Drew, who was Accounting Officer for the whole of 2012/13. He has provided me with a letter of assurance confirming that, with the exception of the issues related to senior managers' remuneration identified below, he is not aware of anything that was within his area of delegated responsibility that has a material impact on regularity or propriety. I have also received letters of assurance from my team of Deputy Chief Executives, in relation to their areas of delegated responsibility.

### Senior management remuneration

The YJB has identified a lack of oversight, scrutiny and transparency of senior management remuneration. In particular, the YJB has identified an issue related to the remuneration of a senior manager, which resulted in certain payments (disclosed as 'benefits in kind' in the Remuneration Report) being made in addition to those stipulated within the senior manager's contract. As such, these payments are deemed to be extra-contractual and, in accordance with *Managing Public Money*, have been disclosed as special payments in Note 17. These payments were not properly authorised and while retrospective approval from our

sponsor department, the Ministry of Justice (MoJ), was requested, this request was subsequently rejected. As the approval was rejected by the MoJ, no further approval was sought from HM Treasury. The taxation implications of these payments are now under review and action will be taken to ensure that the appropriate tax is paid.

In addition, the YJB has identified a number of historic instances where there was a lack of sufficient evidence or transparency in relation to other elements of remuneration of senior managers, for example the payment of London Living Allowance in error. These instances also demonstrate that internal controls were not adequate. As a result, the YJB is undertaking a thorough review of remuneration paid to senior managers to ensure that all amounts have been correctly identified, recorded, disclosed and authorised. The YJB will review its internal controls in respect of payments made to senior staff and also its governance, particularly regarding the Remuneration Committee, and seek to learn from best practice in other organisations.

As the Accounting Officer, I will make a formal assessment of the review findings and will take such action necessary to mitigate the risk of similar issues arising in the future.

### Overall health of the youth justice system 2012/13

Through the hard work and dedication of everyone working in the youth justice system, we have continued to improve the outcomes for young people who have offended or those who are at risk of offending. In the past year, we have seen further reductions in the number of first-time entrants to the youth justice

system, continuing a downward trend that began in 2007 and reflecting a system that does not inappropriately criminalise young people who can be managed through effective early intervention and diversion. There have also been further significant reductions in the number of young people entering custody. These reductions have created an opportunity to focus our efforts on reducing reoffending among a more concentrated and challenging group of young people. The 'Summary of performance' section of the Annual Report, on page 5, provides more details on the performance of the youth justice system across the year.

## Governance framework

### Role of the YJB

The YJB is an executive non-departmental public body, created by the Crime and Disorder Act 1998. Board members are appointed by the Secretary of State for Justice.

The YJB:

- oversees the youth justice system in England and Wales
- advises the Secretary of State for Justice on the operation of, and standards for, the youth justice system
- works to prevent offending and reoffending by children and young people under the age of 18
- ensures that custody for children and young people is safe, secure, and addresses the causes of their offending behaviour.

### Management Statement and Financial Memorandum

The overarching framework within which the YJB operates is set out in the Management Statement and Financial Memorandum, agreed between the YJB and our sponsorship unit at the MoJ, and derived from a

model prepared by HM Treasury. The Management Statement and Financial Memorandum sets out the following:

- the YJB's overall aims, objectives and targets in support of the government's wider strategic aims
- the rules and guidelines relevant to the exercise of the YJB's functions, duties and powers
- the conditions under which any public funds are paid to the YJB
- how the YJB is to be held to account for its performance.

The Management Statement and Financial Memorandum also sets out the financial provisions that the YJB must observe, in accordance with *Managing Public Money*.

A new Framework Document has been drafted and agreed by the MoJ and the YJB. This will replace the Management Statement and Financial Memorandum, once approved by the Cabinet Office and HM Treasury. The Framework Document approach provides a more consistent format

and form of wording for all such documents that exist between the MoJ and its non-departmental public bodies, although they are tailored to reflect the specific functions of each body. The document aims to assist the YJB and the MoJ in their shared aim of securing improvements to the youth justice system, within the overall statutory aim of reducing offending by children and young people. It will be reviewed at least every three years, although the YJB and the MoJ may propose amendments at any time.

#### The YJB Chair, Board and committees

The YJB Chair and Board members are responsible for establishing the organisation's overall strategic direction, ensuring that it operates within the limits of its statutory authority, and agreeing corporate targets recommended by the Executive Management Group (EMG). The Board met eight times during 2012/13 (including the September 2012 away day).

A schedule of attendance is shown in the table below.

A register of Board members' interests is posted on the justice website and can be found at [www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf](http://www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf).

The quarterly business Board meetings include consideration of the following standard agenda items:

- Chair's items, covering current issues of importance
- Chief Executive's report of YJB executive activity over the quarter and emerging issues
- minutes of YJB committee meetings
- a quarterly performance report including: information on the achievement of key youth justice outcome indicators; risks relating to the secure estate and local youth justice services; progress against the YJB corporate and business plan; risks affecting the YJB; and other aspects of YJB performance.

#### Board meeting attendance 2012/13\*

	25/04/12	20/06/12	25/07/12	17/10/12	12/12/12	30/01/12	13/03/12
David Banks	n/a	n/a	n/a	✓	✓	✓	✓
Alan Billings	✓	x	✓	n/a	n/a	n/a	n/a
Charles Clark	✓	✓	✓	✓	✓	x	✓
Christine Davies	n/a	n/a	n/a	x	✓	✓	✓
Frances Done	✓	✓	✓	✓	✓	✓	✓
Gillian Fairfield	n/a	n/a	n/a	✓	✓	x	✓
Jennifer Izekor	✓	✓	✓	n/a	n/a	n/a	n/a
Rosanna O'Connor	✓	✓	✓	✓	x	✓	x
Bob Reitemeier	✓	✓	✓	✓	✓	✓	✓
Graham Robb	✓	✓	✓	n/a	n/a	n/a	n/a
Angela Sarkis	✓	✓	✓	x	x	✓	x
David Simpson	✓	✓	✓	✓	✓	✓	✓
John Wrangham	✓	x	x	✓	✓	✓	✓

\* This table does not include the September 2012 away day.  
n/a = Board member yet to start or had ended their tenure.

A sub-committee structure supports the Board, comprising the Audit and Risk Committee, the Community Justice Committee, the Secure Accommodation Committee, the Remuneration Committee, and the Wales Youth Justice Advisory Panel. These committees are attended by Board members, the EMG and other senior YJB staff. With the exception of the annual Remuneration Committee, they meet on a quarterly basis.

The work of the Board and its committees is formally prescribed in their terms of reference, which are reviewed annually, and in other governance documents including the *YJB Standing Orders*, the *Code of Conduct for YJB Board Members*, and the *YJB Scheme of Delegation*. The governance documentation, including the Board and committee terms of reference, was reviewed and updated in April 2013.

The Audit and Risk Committee, in particular, provides a forum for the scrutiny of YJB corporate governance and risks. Standing agenda items for the committee include:

- a review of the YJB's Corporate Risk Register

- a report on investigations into deaths in secure accommodation and risks arising from other safeguarding issues
- an update on the handling of Parliamentary Questions and requests under the Freedom of Information Act
- a report on expenditure
- a report on progress with internal audit recommendations and plans.

Colleagues from the MoJ's Youth Justice Unit and Internal Audit attend the meeting, along with colleagues from the National Audit Office.

A schedule of Board member attendance at the Audit and Risk Committee is shown below.

The Community Justice Committee oversees the YJB's work in relation to:

- young people in the community and the services provided to them there
- reducing the demand for custody
- protecting the public and supporting victims
- strategic/cross-youth justice system matters.

The Secure Accommodation Committee provides oversight of the YJB's statutory functions in relation to the secure estate and placing young people in custody. The Wales Youth Justice Advisory Panel is a body jointly convened by the Welsh Government and the YJB. The panel oversees the YJB's work to achieve strategic objectives in relation to Wales, and acts as a strategic stakeholder reference group for YJB change initiatives in Wales. The Remuneration Committee considers the annual appraisal of the Chief Executive, and approves their remuneration.

### The Executive Management Group

The YJB EMG agrees corporate priorities, reviews and monitors budgets and expenditure, and identifies and manages risk.

A new EMG structure came into effect in April 2012, comprising the Chief Executive and five distinct divisions – Community, Effective Practice, Secure Accommodation, Wales and Corporate Services.

### Audit and Risk Committee attendance

	04/04/2012	05/07/2012	04/10/2012	16/01/2013
David Banks	n/a	n/a	✓	✓
Alan Billings*	✓	✓	n/a	n/a
Frances Done	✓	x	✓	✓
Rosanna O'Connor	✓	x	x	✓
Bob Reitemeier	✓	✓	✓	✓
Graham Robb	✓	x	n/a	n/a
David Simpson*	✓	✓	✓	✓

\* Acted as Chair of the Audit and Risk Committee during 2012/13: Alan Billings until 3 October 2012, David Simpson from 4 October 2012.  
n/a = Board member yet to start or had ended their tenure.

Four of these divisions – Community, Effective Practice, Secure Accommodation and Wales – are responsible for delivering strategic objectives. The fifth, Corporate Services, supports the others in delivery by providing services including ICT, finance, human resources, communications, facilities management, corporate governance, flexible resource management, information management and analysis. In addition, the English regional offices develop and maintain working relationships at a local level. During 2012/13, the EMG met formally on a weekly basis to plan, deliver and oversee the work of the YJB.

### YJB Cymru

YJB Cymru, based in Swansea, provides strategic leadership on the operation of the youth justice system in Wales, its interface with the devolved government, and service delivery. YJB Cymru ensures that the overarching objective of prevention of offending and reoffending by children and young people is most effectively pursued in Wales.

The team is led by the Head of YJB Wales, who works in close contact with John Wrangham, the YJB Board member with lead responsibility for Welsh issues, and who chairs the quarterly Wales Youth Justice Advisory Panel committee meeting.

The Welsh Government does not have responsibility for the youth justice system in Wales. However, policies concerning education, housing, substance misuse, health, social services and the needs of looked-after children are all devolved to Welsh ministers and they have a significant impact on the delivery of youth justice services. In recognition of this, we have reached a formal

working agreement with the Welsh Government.

### Corporate and business planning

The YJB *Corporate and Business Plan* sets out the YJB's vision, strategic objectives and associated deliverables, taking account of government priorities. The plan details the strategy for delivery, as well as the risks that may threaten this. The main elements of the plan are agreed with the Secretary of State for Justice. The 2012/13 plan covered the period to the end of 2015. It specified the following overarching strategic objectives:

*We will work in partnership across the community and commission the secure estate to:*

- *prevent offending*
- *reduce reoffending*
- *protect the public and support victims*
- *promote the safety and welfare of children and young people in the criminal justice system.*

The *Corporate and Business Plan* is updated annually, and the plan for 2013–2016 is available at [www.justice.gov.uk](http://www.justice.gov.uk).

### Account of corporate governance

#### Parliamentary accountability

The Secretary of State for Justice is accountable to Parliament for the activities and performance of the YJB. The Secretary of State's responsibilities include:

- approving the YJB's strategic objectives and the policy and performance framework within which the YJB operates
- keeping Parliament informed about the YJB's performance
- approving the amount of grant-in-aid/grant/other funds paid to the

YJB, and securing parliamentary approval for these funds

- appointing the Chair and Board members of the YJB
- laying of the annual report and accounts before Parliament.

The Chair of the YJB is ultimately responsible to the Secretary of State. The YJB's draft Framework Document states that the Chair:

*... should ensure that policies and actions support the Minister for Youth Justice, and the Departments', wider strategic policies and that the Youth Justice Board's affairs are conducted with probity.*

The Chair and Chief Executive can be called before Parliamentary Select Committees to give evidence about the work of the YJB, the youth justice system more generally, and the use and stewardship of the public funds entrusted to the YJB.

In 2012/13, the YJB Chair and Chief Executive gave evidence to the House of Lords Constitution Committee's inquiry into the pre-emption of Parliament, on the impact on the day-to-day running of the YJB when it was proposed for abolition. The Chair and Chief Executive also gave evidence to the Justice Select Committee on youth justice in December 2012; the YJB also made a written submission to the committee.

The YJB Chair and Chief Executive meet regularly with the minister responsible for youth justice and the head of our MoJ sponsor unit to discuss plans, progress and other issues relating to youth justice. The YJB Chief Executive also meets with the MoJ sponsor unit for quarterly performance review meetings, chaired

by the deputy director responsible for public bodies, to discuss performance, budget management and risk. In addition, information on the YJB's operational and financial performance is reported to the MoJ's Workforce, Change and Financial Management Committees of the Departmental Board, and the Justice Policy Group.

The YJB is also required to provide information and advice to the MoJ and other government departments as requested when dealing with Parliamentary Questions, in line with departmental protocols. In 2012/13, the YJB contributed information and advice to more than 80 Parliamentary Questions.

### The role of the Board

Board members are appointed by the Secretary of State for Justice, normally for a three-year term, in line with the Code of Practice compiled and issued by the Office of the Commissioner for Public Appointments. The Board has corporate responsibility for ensuring that the YJB fulfils the aims and objectives set by the Secretary of State and for promoting the efficient and effective use of staff and other resources. In terms of governance oversight, the Board has a specific responsibility, outlined in the draft Framework Document, to:

*...ensure compliance with any statutory requirements and the requirements of this framework document. The Youth Justice Board must operate within the limits of its statutory authority and any delegated authority agreed with the MoJ, as well as in accordance*

*with any other conditions relating to the use of public funds. In reaching decisions, the board must take into account guidance issued by the MoJ's sponsor unit within Justice Policy Group ALB Governance Division or Corporate Finance.*

### Board composition

The YJB can have 10–12 board members. This includes the Chair, Frances Done, and members whose backgrounds currently include education, health, the police, the judiciary, voluntary and community sectors, and the private sector. The Board also includes specific representation for Wales. Biographies of the Board members can be found at [www.justice.gov.uk/about/yjb/yjb-board](http://www.justice.gov.uk/about/yjb/yjb-board).

### Board effectiveness

The Chair of the YJB has established a performance appraisal system for Board members. Board members agree their objectives with the Chair at the beginning of the financial year, with periodic reviews of progress followed by an end-of-year appraisal, which is signed off by the Chair and respective Board member. The Chair also provides the Secretary of State for Justice with an assessment of performance when Board members are being considered for reappointment. The performance assessment of the Chair is undertaken annually by the Director General, Justice Policy on behalf of the Secretary of State, to whom the assessment is reported. All appraisals have been completed for 2012/13.

The Board periodically carries out a review of its collective operation and effectiveness. The last review took place in January 2013 and explored

the Board and the EMG's perceptions of the Board's effectiveness. The YJB research team analysed the findings. The feedback focused on the need for better forward planning of meetings and agendas, with more Board member input; the need to maximise the use of Board members' knowledge and skills; and the need to manage Board member and EMG successions, particularly in the coming year. The importance of the relationship between the EMG and the Board was also highlighted, including the Board's role in challenging the EMG.

### The provision of information and data to the Board

Every quarter the Board is presented with the YJB's Corporate Performance Report, which provides data and analysis on the performance of the youth justice system, including data on first-time entrants, youth reoffending rates, reducing the use of custody, the custodial population, and a performance and risk assessment of youth offending teams (YOTs) and the secure estate. The report also contains sections on YJB corporate data in relation to finance and human resources, and a summary of progress against corporate objectives.

Youth justice system information in the Corporate Performance Report is drawn from the Police National Computer, case management data submitted by YOTs through the Youth Justice Management Information System, data supplied daily to the YJB from secure establishments and eAsset. These are well-established databases which are subject to regular quality assurance and which also contribute to national statistics. YJB corporate data is drawn from the internal HR database and finance systems.

The YJB Board and committees are regularly asked to review their information requirements, and a number of changes to information reporting have been made during the year. These include changes to the regular report to the Audit and Risk Committee on deaths and safeguarding, to include details of the deaths of young adults in custody where the individual had relevant links to the youth justice system. The Terms of Reference for the Audit and Risk Committee have also been amended to include: regular reporting on the handling of Parliamentary Questions and requests under the Freedom of Information Act; progress with meeting internal audit recommendations; the agreed minutes of any quarterly performance meetings held between the YJB Chief Executive and the Ministry of Justice; and an annual report addressing health and safety issues.

The Community Justice Committee asked for changes to the regular report on YOT performance, to include more information on the YJB's strategic approach to working with YOTs, including the support given to them and where interventions are made. The Board requested changes to the quarterly Corporate Performance Report, including a revised presentation of the YJB risk register.

### **Compliance with the Corporate Governance Code of Good Practice**

I am satisfied that the YJB complies in all material respects with the *Corporate Governance in Central Government Departments: Code of Good Practice 2011* to the extent possible, given the YJB's constitution as a non-departmental public body controlled by a statutory Board.

### **Ministerial Directions**

There were no Ministerial Directions sought or issued during 2012/13.

### **Payment of grants to youth offending teams and performance oversight**

Section 41(5) of the Crime and Disorder Act gives the YJB authority to make grants, with the approval of the Secretary of State, to local authorities or other bodies to develop good practice and commission research. In 2012/13, the YJB distributed £108m to YOTs, based on a historical assessment of need, with a view to achieving reductions in youth reoffending, first-time entrants to the justice system and the use of custody. The terms and conditions of the YOT grant allow local flexibility for YOTs to direct resources according to their local analysis of need, and in alignment with their youth justice strategic plans. The terms and conditions of grant were signed by senior YOT managers as proof of acceptance prior to funding being released by the YJB, and audit certificates signed by local authority finance managers were received at the end of the financial year to evidence regularity of expenditure.

In line with the government's localism agenda, the YJB's approach to overseeing performance and driving outcomes is based on light-touch monitoring and reduced central prescription. We facilitate and promote sector-led improvement activity, providing the tools and resources to support performance improvement and central support where that improvement is most difficult to sustain. Each YOT is allocated a named member of the YJB regional/Welsh team, to act as the service's primary YJB contact and attend YOT managers' meetings and relevant fora.

Progress is monitored on a quarterly basis by a Performance Oversight and Commissioning Group, which is chaired by the YJB deputy chief executive of the Community Division. The group reviews performance against the three justice indicators (first-time entrants, proven reoffending and use of custody) and business area team knowledge of YOT issues and development. This work is supported by an annual review of the youth justice plan for each service. The information is used to help identify where support is needed and how best to provide it.

Improved outcomes are driven through co-ordinated peer support, deployment of performance improvement support to address both individual service issues and themes that concern groups of YOTs, and the monitoring of progress against post-inspection improvement plans set by HM Inspectorate of Probation. There is a process to escalate risk gradually and, in very extreme cases, to ministerial level. The results of such activities contribute to the risk-based inspection of YOTs by HM Inspectorate of Probation.

The Ministry of Justice Audit and Assurance Team conduct an annual audit of the governance of grants, to provide YJB management with an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2012/13, this involved the team visiting 10 YOTs to review their financial and governance arrangements. The final audit report returned an amber/green rating, meaning that no significant improvements are required in control design or operation in order to manage the risks to the achievement

of objectives. The audit planned for 2013/14 will have an added emphasis on verifying that grant money is spent solely within the conditions of the grant. In 2013/14, YOTs will also be asked to produce a costed 'good practice development plan', showing how they intend to use the grant to develop good practice and/or research into good practice. Advice has been sent to YOTs with the conditions of grant on how to produce this document.

## Highlights of the YJB Board and committee reports

The standing agenda items for the YJB Board meetings have been listed above. In addition, a number of other items are considered at each YJB Board meeting. In 2012/13, such items included:

- the secure children's home (SCH) and secure training centre (STC) escort competition contract award
- the effectiveness of community sentences
- gangs and serious youth violence
- YOT grant funding
- the long-term secure estate strategy
- the YJB Cymru response to the Welsh Government youth justice Green Paper
- the government consultation on youth custody
- the YJB assessment and planning interventions framework – AssetPlus
- the YJB *Corporate Plan* and budget for 2013/14.

The standing agenda items of the Audit and Risk Committee are also listed above, but the committee considered a number of other issues throughout the course of the year. These included the following:

- review of the *Annual Report and Accounts*

- the Framework Document
- governance of grants.

A large number of other issues were considered by the Secure Accommodation Committee, the Community Justice Committee, and the Wales Youth Justice Advisory Panel.

### Internal audit

The MoJ's Internal Audit Team, operating to the standards set out in HM Treasury's Government Internal Audit Standards, draws up its annual audit plans based on an analysis of the risk to which the YJB is exposed and discussions with members of the EMG. The plans are endorsed by the Audit and Risk Committee and approved by the Chief Executive. The implementation of recommendations resulting from internal audits is monitored by the Audit and Risk Committee.

Of particular note from a governance point of view are the regular internal audit reports to the Audit and Risk Committee. Six such audits were commissioned during the year, on the following subjects:

- performance monitoring in the secure estate
- corporate governance
- the YOT self-assessment framework
- governance of grants
- Youth to Adult Information Sharing Portal (Y2A)
- the flow of information through the youth justice system.

### Overall view of internal audit

The Head of Internal Audit at the MoJ provides an annual report on their internal audit activity at the YJB, informed by work conducted during the year, together with individual meetings with senior managers.

The report includes the internal auditor's independent opinion on the overall adequacy and effectiveness of the organisation's frameworks of governance, risk management and control. The draft report for 2012/13 concludes that the YJB Chief Executive can "...take a reasonable assurance that the frameworks are generally adequate and effective", an equivalent rating to that for 2011/12.

## Risk assessment

### Capacity to handle risk

The YJB is well placed to manage risks at all levels of the organisation. The YJB's EMG provides leadership by modelling the behaviours and creating the corporate environment necessary for effective risk management across the YJB. The EMG takes ownership of corporate risks and significant risks escalated from programmes and projects, and members are allocated responsibility for managing specific risks.

The EMG encourages staff to:

- consider the risks relevant to their work
- use guidance provided to all staff on the YJB's approach to risk management
- access relevant training, including that provided by the MoJ; for example, information assurance training is compulsory for all staff.

For staff leading projects and programmes, the YJB's Planning, Support and Governance Unit provides bespoke support, advice and coaching on risk management, as well as general programme management support and reporting to the EMG. The unit also provides a dedicated resource to manage and coordinate the YJB's corporate-level risk processes, enhancing the EMG's capacity to monitor and manage risks.

### The risk and control framework

The YJB's Risk Management Framework informs the YJB's risk management system, aligning with HM Treasury's *Orange Book, Management of Risk – Principles and Concepts* (2004) and with the MoJ's *Risk Management Policy* (April 2010).

Day-to-day responsibility for identifying and managing risks lies with managers and programme and project leads within the YJB's divisions. A regular Divisional Risk Group meets to discuss risks identified across the organisation and to assist in the compilation of the overall Corporate Risk Register. The EMG reviews all such risks on a monthly, quarterly and annual basis, through a formal examination and update of the YJB's Corporate Risk Register. On a quarterly basis, the Audit and Risk Committee and the YJB Board review the top risks on the Corporate Risk Register, as well as those escalated by the EMG. They are also involved in six-monthly risk reviews and annual reviews of the Risk Management Framework.

The operation of the Risk Management Framework underwent an internal audit in 2011. This resulted in an amber/green rating, meaning that although there are some weaknesses in control design or operation of controls, they do not require significant improvement in order to manage risks or for the achievement of system objectives. As a result, the YJB has committed to making risk management briefings more widely available to staff.

### Risk profile

The key risks and mitigating actions identified during 2012/13 were as follows.

#### 1. Funding reductions lead to loss of services aimed at preventing offending and reducing reoffending.

Local youth justice services have seen reductions in their funding. The YJB has sought to limit its own reductions to YOT grants and we continue to make the case to other partners to invest in prevention activities. We continue to support YOTs in developing information to make the case for youth justice funding locally, for example to inform police and crime commissioners' investment decisions, and we provided a value-for-money toolkit for YOTs. Our work programme is designed to take account of the need to deliver more, with fewer resources, and to encourage professional discretion and innovation. This includes developing schemes to incentivise performance, identifying and disseminating effective practice, and developing approaches for peer support between practitioners.

#### 2. Demand for custody does not reduce, with the result that savings cannot be delivered.

The YJB closely monitors trends in the demand for custody in order to commission the secure estate effectively. Our work programme includes projects to reduce the unnecessary use of remand, and reduce demand for custody where an appropriate community sentence is available. We continue to work closely with the MoJ to influence

and shape policy development and its implementation, so that this will have the desired impact on reducing demand.

#### 3. Safeguarding issues and risk of serious harm to young people who offend.

Arrangements for managing risk of harm to children and young people who offend are set out in the national standards and practice guidance with which local youth offending services are expected to comply. Our contract management and monitoring for the secure estate provides a means to assess whether providers have adequate risk management arrangements in place. As part of establishing a new performance management framework, we are reviewing our approach to managing contracts with secure accommodation providers. We have also increased the capability of our Placement Service and are supporting implementation of a programme of work covering use of restraint in the secure estate, and a new behaviour management system for use in under-18 YOIs and STCs.

The YJB's Placement Service and Safeguarding Team are working together to improve the reporting of serious and significant incidents, and are reviewing this in line with changes which have been introduced to the community safeguarding and public protection incidents process. Our Safeguarding Governance Panel oversees specific actions and trends arising from deaths in custody and reportable incidents, and we are developing a YJB safeguarding strategy to clarify

and structure the YJB's role and expectations around safeguarding in the youth justice system.

#### **4. Loss of coherent delivery of youth justice at the national and local level.**

Increased local accountability for delivery presents opportunities for local innovation and reduced bureaucracy by allowing for more professional discretion. Our work programme supports this, including lighter-touch, outcome-based oversight of youth justice services, with intervention in the poorest performing YOTs, and continued monitoring of the delivery of secure estate contracts. In a changing local delivery environment, we continue to work closely with national and local partners so that health, education and other support services are available to address young people's welfare needs and offending behaviour. We are providing guidance to YOTs on changes relating to the commissioning of health services, and on working with police and crime commissioners. We have also advised local partners on their main obligations relating to YOTs and their management boards.

#### **5. YOT performance declines.**

We continue to work with YOTs to help them improve and share effective practice. The Youth Justice Performance Improvement Framework is the YJB's approach to monitoring and performance improvement for YOT partnerships in England and Wales. The Youth Justice Performance Improvement Framework encompasses a number of elements that work

together to support improvements to YOT practice and performance, underpinned by information and knowledge of local, regional and national youth justice delivery. As part of the Youth Justice Performance Improvement Framework, the YJB has developed and embedded a new approach to YOT oversight. This includes a revised quarterly performance oversight process, an approach to how the oversight process links with risk-led inspections, and new peer review and support arrangements.

#### **6. Potential legal action on historic use of restraint.**

The YJB has been named as a defendant in protective claims for damages from seven individuals who believe they were subject to unlawful restraint in secure training centres (STCs) prior to 2008, when the High Court ruled definitively that restraints that had taken place in STCs for the purpose of 'maintaining good order and discipline' before that date had been unlawful. Responding to these claims and any others which may arise will present a significant challenge to YJB resources; work has been undertaken to quantify the costs and implications, and has been informed by legal advice.

#### **Information assurance and lapses of data security**

The YJB Information Assurance Strategy ensures that the information held by the YJB is handled securely, appropriately protected, as accurate as possible, and made available to the right people, at the right time, for the right reasons. The strategy complies with the Cabinet Office document

*HMG Security Policy Framework* and, in particular, security policy number four in that document, Information Security and Assurance. The policy was updated following the internal audit of ICT in 2011/12, and widely advertised across the organisation. YJB staff are required to complete, annually, the information assurance online training module on the Civil Service Learning website. In 2012, the YJB undertook work to ensure that the ICT systems we operate on behalf of the youth justice system are appropriately accredited for security and information assurance.

There were no cases of personal data loss in 2012/13, and no losses reported to the Information Commissioner. However, there were six cases of potential data loss, due to the loss or theft of laptops and blackberries. Given that the equipment was all password protected and can be disabled remotely if compromised, it is unlikely that any data was actually accessed in these cases.

Signed on behalf of the YJB by

**Lin Hinnigan**  
Chief Executive and  
Accounting Officer

Date: 15 July 2013

# THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Youth Justice Board for the year ended 31 March 2013 under the Crime and Disorder Act 1998. 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 Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are 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 Crime and Disorder Act 1998. 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 Youth Justice Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Youth Justice Board; 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.

## Basis for qualified opinion on regularity

The YJB has disclosed that the Ministry of Justice has not provided retrospective approval for benefit in kind payments to the Deputy Chief Executive, Secure Accommodation. I have concluded that this expenditure is not in conformity with the authorities which govern it and is, therefore, irregular. Further details can be found in my report on page 53.

## Qualified opinion on regularity

In my opinion, except for the matter described in the basis for qualified opinion paragraph above, 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 the Youth Justice Board's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Crime and Disorder Act 1998 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Crime and Disorder Act 1998; and
- the information given in the Management Commentary and Key Actions for 2012-13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 15 July 2013

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL ON THE 2012-13 ACCOUNTS OF THE YOUTH JUSTICE BOARD

## Introduction

1. The Youth Justice Board (YJB) is an executive NDPB set up under the Crime and Disorder Act 1998 and sponsored by the Ministry of Justice (the Ministry). The YJB has two principal roles: the commissioning of secure accommodation for young offenders and the supervision of Local Authority led Youth Offending Teams.
2. This report explains the basis for the qualification of my opinion on regularity on the YJB's 2012-13 financial statements.

## Qualification of my regularity opinion

3. As disclosed in the Remuneration Report, benefit in kind payments made by the YJB to the Deputy Chief Executive, Secure Accommodation have not been retrospectively authorised by the Ministry. These payments, principally for travel from home to work, do not conform with the authorities which govern them. I have therefore qualified my opinion on regularity.

## Action taken by the YJB

4. As outlined in the Governance Statement, YJB Board members and the newly appointed Accounting Officer recognise that there has been a lack of oversight, scrutiny and transparency of senior management remuneration. This lack of oversight led to several issues including the irregular payments outlined above. The YJB is undertaking a review of governance arrangements for senior staff remuneration and has an action plan to address the weaknesses in internal controls related to the issues arising. The Ministry of Justice, as sponsor department, has requested additional actions to further improve governance, accountability and capability at the YJB.
5. I will review the outcome of these actions as part of my audit of the YJB's 2013-14 financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
 157-197 Buckingham Palace Road  
 Victoria  
 London  
 SW1W 9SP

Date: 15 July 2013

# ACCOUNTS

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
<b>Expenditure</b>			
Staff costs	2	11,919	12,295
Depreciation	5	2,166	3,221
Amortisation	6	397	397
Other expenditure	3	350,024	379,086
<b>Net expenditure</b>		<b>364,506</b>	<b>394,999</b>
Interest payable/(receivable)	3,4	1,385	1,582
<b>Net expenditure after interest</b>		<b>365,891</b>	<b>396,581</b>

## Other comprehensive expenditure

	Notes	2013 £'000	2012 £'000
Net (gain) on revaluation of property, plant and equipment	5	(613)	(2,376)
<b>Total comprehensive expenditure for the year ended 31 March 2013</b>		<b>365,278</b>	<b>394,205</b>

All results arise from continuing activities.

The notes on pages 58 to 72 form part of these accounts.

## Statement of Financial Position as at 31 March 2013

	Notes	2013 £'000	2012 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	65,135	66,714
Intangible assets	6	<u>1,896</u>	<u>942</u>
<b>Total non-current assets</b>		<b>67,031</b>	<b>67,656</b>
<b>Current assets</b>			
Trade and other receivables	8	2,860	3,835
Cash and cash equivalents	9	<u>17,311</u>	<u>19,531</u>
<b>Total current assets</b>		<b>20,171</b>	<b>23,366</b>
<b>Total assets</b>		<b>87,202</b>	<b>91,022</b>
<b>Current liabilities</b>			
Trade and other payables	10	(9,928)	(9,275)
PFI liabilities	13	<u>(2,306)</u>	<u>(2,862)</u>
<b>Total current liabilities</b>		<b>(12,234)</b>	<b>(12,137)</b>
<b>Non-current assets plus net current assets</b>		<b>74,968</b>	<b>78,885</b>
<b>Non-current liabilities</b>			
PFI liabilities	13	<u>(18,043)</u>	<u>(20,349)</u>
<b>Total non-current liabilities</b>		<b>(18,043)</b>	<b>(20,349)</b>
<b>Assets less liabilities</b>		<b>56,925</b>	<b>58,536</b>
<b>Taxpayers' Equity</b>			
Revaluation reserve		7,428	7,163
General reserve		49,497	51,373
<b>Total capital and reserves</b>		<b>56,925</b>	<b>58,536</b>

**Lin Hinnigan**

Chief Executive and Accounting Officer

Date: 15 July 2013

The notes on pages 58 to 72 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after interest	SoCNE	(365,891)	(396,581)
Depreciation and amortisation	5,6	2,563	3,618
Loss on re-indexation of non-current assets	3	-	(15)
Loss on write-off of non-current assets	3	26	-
Interest received		98	194
Interest paid		(147)	(191)
Decrease in trade and other receivables	8	975	3,835
Increase/(decrease) in trade and other payables, excluding interest and PFI liabilities	10	699	(3,402)
<b>Adjustments for non-cash transactions</b>			
Non-cash interest on PFI liabilities		347	-
Payments made for STC expenses by sponsoring department	3	36,348	-
Services and facilities provided by sponsoring department	3	2,374	-
<b>Net cash outflow from operating activities</b>		<b>(322,608)</b>	<b>(392,542)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	-	(4)
Intangible asset under construction	6	(1,351)	-
<b>Net cash outflow from investing activities</b>		<b>(1,351)</b>	<b>(4)</b>
<b>Cash flows from financing activities</b>			
Grant-in-Aid from Ministry of Justice		322,410	399,627
Capital element of payments in respect of on-balance sheet PFI contracts		(671)	(2,664)
<b>Net financing</b>		<b>321,739</b>	<b>396,963</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(2,220)</b>	<b>4,417</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>19,531</b>	<b>15,114</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>17,311</b>	<b>19,531</b>

Grants from government departments are all treated as contributions from a controlling party, as directed by the *Financial Reporting Manual* (FReM), and recognised on a cash basis with an opposite entry in the General Reserve (see Statement of changes in Taxpayers' Equity).

The notes on pages 58 to 72 form part of these accounts.

## Statement of changes in Taxpayers' Equity for the year ended 31 March 2013

	Notes	Revaluation reserve £'000	General reserve £'000	Total reserves £'000
<b>Balance at 1 April 2011</b>		<b>5,121</b>	<b>47,993</b>	<b>53,114</b>
<b>Changes in Taxpayers' Equity for 2011/12</b>				
Grant-in-Aid from the MoJ	11	-	399,627	399,627
Net expenditure for the year	SoCNE	-	(396,581)	(396,581)
<b>Movements in reserves</b>				
Release of reserves to the General Reserve		(334)	334	-
Net gain on revaluation of property, plant and equipment	5	2,376	-	2,376
<b>Balance at 31 March 2012</b>		<b>7,163</b>	<b>51,373</b>	<b>58,536</b>
<b>Changes in Taxpayers' Equity for 2012/13</b>				
Grant-in-Aid from the MoJ	11	-	322,410	322,410
<b>Non-cash charges from sponsor</b>				
Payments made for STCs by sponsoring department			38,883	38,883
Services and facilities provided by sponsoring department			2,374	2,374
Net expenditure for the year	SoCNE	-	(365,891)	(365,891)
<b>Movements in reserves</b>				
Release of reserves to the General Reserve		(348)	348	-
Net gain on revaluation of property, plant and equipment	5	613	-	613
<b>Balance at 31 March 2013</b>		<b>7,428</b>	<b>49,497</b>	<b>56,925</b>

# NOTES TO THE ACCOUNTS

## 1.1 Going concern

The activities of the YJB are financed by the Ministry of Justice (MoJ). The YJB's confirmed Near Cash budget for 2013/14 is £310.5m.

Liabilities falling due in future years can only be met by future Grant-in-Aid from the MoJ. This is because according to Parliamentary control over income and expenditure, such grants are not paid in advance of need. Grant-in-Aid for 2013/14, taking the amounts required to meet the YJB's liabilities falling due that year, has already been included in the MoJ estimates for that year, which have been approved by Parliament.

There is therefore no reason to believe that future sponsorship and Parliamentary approval will not be forthcoming. As a result, it is deemed appropriate to adopt the going concern basis for the preparation of these accounts.

Having considered the circumstances described above, and from discussion with the MoJ, the YJB's management considers it appropriate to adopt a going concern basis for the preparation of these financial statements.

## 1.2 Accounting policies

### Basis of accounts

These financial statements have been prepared in accordance with the government *Financial Reporting Manual* (FRoM) issued by HM Treasury.

They are in a form as directed by the Secretary of State with the approval of Treasury and in accordance with section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998.

The following principal accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### a. Principal accounting policies

The accounts are prepared under the International Financial Reporting Standards (IFRS) and the FRoM.

#### b. Changes in accounting policies

##### Accounting for co-funding from other government departments

The YJB has made a change in respect of the accounting for co-funding from other government departments.

Previously, co-funding from other government departments was recorded as financing from other government departments within the YJB's accounts.

As a result of the change, co-funding from other government departments is now recorded as income in the sponsor department's Consolidated Statement of Comprehensive Net Expenditure, offset by an equivalent increase in Grant-in-Aid payments made to non-departmental public bodies. As such, the YJB will now record all funding as Grant-in-Aid received from the MoJ Core.

This change has no impact on net assets and net operating costs.

The YJB has changed its accounting policy with regard to the threshold value over which non-current assets are capitalised, on an individual basis from £1,000 to £10,000 (in line with MoJ core policy), and on a grouped basis from £1,000 to £100,000.

#### c. New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2012 and not adopted early

The YJB's management has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable. References to 'new IFRSs' include new interpretations and any new amendments to IFRSs and interpretations.

IAS 1 'Presentation of Financial Statements – Other Comprehensive Income' (effective for accounting periods beginning on or after 1 July 2012), retains the option to present other comprehensive expenditure on a separate statement from net operating cost items, and to reclassify certain other comprehensive expenditure items to net operating cost. The FReM's adaptation of the IAS 1 amendment is effective for public sector application from 1 April 2013.

IAS 19 (revised 2011) 'Employee Benefits' (effective for accounting periods beginning on or after 1 January 2013) was amended in June 2011. The impact on the MoJ will be to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2015) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition and depends on the contractual cash flow characteristics of the instrument and the method in which an entity manages its financial instruments.

IFRS 13 'Fair Value Measurement' (effective for accounting periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and UK GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or UK GAAP.

The above standards to be adopted are not expected to have a material impact on the YJB accounts.

**d. Net expenditure**

Net expenditure is wholly attributable to the YJB's goal of providing leadership in the youth justice system. For this reason, it is not deemed necessary to disclose results by segment. The disclosure requirements of IFRS 8 (Operating Segments) are met by Note 3. There is no income or expenditure relating to geographical areas outside the United Kingdom.

**e. Grant-in-Aid**

The YJB is principally funded by Grant-in-Aid received from the MoJ, which is accounted for when received. Similarly, grants received for revenue purposes are also treated on a cash basis. Grant-in-Aid and grant received to finance activities and expenditure which support the statutory and other objectives of the YJB are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

**f. Grant expenditure**

Grants payable in respect of YJB expenditure are accounted for on an accruals basis. A liability is deemed to arise when the grant recipient carries out the specific activity, which forms the basis for entitlement. Funds provided, which have not been fully utilised by the grantee, are disclosed as a prepayment in the Statement of Financial Position.

**g. Value added tax**

The YJB is not eligible to recover value added tax (VAT) incurred, and all costs are shown inclusive of any VAT charged.

**h. Corporation tax**

The YJB is liable for corporation tax on interest earned. Corporation tax payable is charged to net expenditure as disclosed in Note 3.

**i. Non-current assets**

Tangible and Intangible Assets are capitalised if they are intended for use on a continuous basis for more than one year and their original cost, on an individual basis, is £10,000 or more, or on a grouped basis, is £100,000 or more.

Internal software development costs on projects are capitalised as Intangible Assets under IAS 38 where those projects are deemed to support future service delivery of the YJB itself.

Professional valuations of freehold land and buildings are obtained approximately every five years and modified in the intervening years by use of appropriate indices. Buildings are valued on an existing use basis. The valuations are in accordance with Royal Institution of Chartered Surveyors (RICS) guidance. A surplus is taken to the revaluation reserve, except where it reverses a deficit previously taken to the SoCNE. A deficit is taken to the revaluation reserve only to the extent that a surplus for that particular asset exists within the revaluation reserve. Any further deficit is taken to the Statement of Comprehensive Net Expenditure. Increased depreciation charges arising from the revaluation are matched by transfers from the Revaluation Reserve to the General Reserve.

Other non-current assets are valued at cost less depreciation by the FREM for low-value non-property erections.

Land and buildings at the four STC sites were professionally revalued by independent surveyors, Lambert Smith Hampton and CB Richard Ellis, at 31 March 2009. In the periods between professional revaluations, STC sites are valued at current cost by using published price indices.

Intangible non-current assets are generally not revalued or indexed, but maintained at cost less depreciation or amortisation unless they have a readily ascertainable market value, in which case this valuation is used.

It is the YJB's policy to charge a full year's depreciation charge in the first year (i.e. the year of acquisition) in which assets are recognised.

**j. Depreciation and Amortisation**

Depreciation and Amortisation is provided on all non-current assets, except land, on a straight-line basis to write off the cost or valuation (less any estimated residual value) evenly over the asset's anticipated life, as follows:

Buildings core	40 years for Hassockfield STC 50 years for Medway, Oakhill and Rainsbrook STCs
Buildings, machine and electrical equipment	25 years
Information technology	3 years
Internally developed software	5 years
Office equipment	5 years
Leasehold improvements - Drummond Gate HQ (3-year lease)	3 years

**k. Impairment**

The carrying amounts of assets (tangible fixed assets, intangibles and debtors) were reviewed at the reporting date to determine whether there has been a permanent reduction in their value. Impairment losses are recognised as charges to net expenditure.

**l. Research and development**

Research expenditure into the evaluation of good practice within the youth justice system is written off fully in the period incurred. Software development costs are capitalised under IAS 38 as Intangible Assets where expenditure is deemed to support future service delivery by the YJB itself.

**m. Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The YJB recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability of payment for future benefits is a charge on the PCSPS.

**n. Operating leases**

Operating lease expenditure is written off in the year in which it is incurred.

**o. Private Finance Initiative transactions**

Private Finance Initiative (PFI) transactions are accounted for in accordance with *Financial Reporting Manual* (FREM) IAS 17, IFRIC 4 and IFRIC 12. Where the balance of risks and rewards of ownership of the PFI property is borne by the YJB, the property is recognised as a non-current asset and the liability to pay for it accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge. The YJB has not entered into any off-balance sheet PFI contracts.

During the 2012/13 year, the YJB transferred the administrative function of three STC contracts (Medway, Hassockfield and Rainsbrook) to the MoJ as part of the department's strategy to centralise administrative processes and enhance ministerial oversight within the MoJ. As part of this change, the MoJ received and settled invoices directly with the PFI contractor on the YJB's behalf. The YJB continued to bear the 'risk and rewards' of the contract and therefore continued to recognise the PFI asset and liabilities in its accounts.

**p. STC remands**

The YJB recovers one-third of the cost of remands made to STCs from local authorities. The net cost of STC placements is disclosed in Note 3.

**q. Notional recharges from the Ministry of Justice**

Notional recharges take two forms. Firstly, 'soft charges' are recorded for three STC contracts which, while managed by the YJB, are administered (paid for) by the MoJ. Secondly, non-cash recharges represent the YJB's usage of MoJ corporate services (accommodation and IT).

**2. Staff numbers and related costs**

	<b>Board members</b>	<b>Permanent staff</b>	<b>Other (including agency) staff costs</b>	<b>2013 total</b>	<b>2012 total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	188	8,821	604	<b>9,613</b>	9,927
Social security costs	16	732	-	<b>748</b>	767
Other pension costs	25	1,533	-	<b>1,558</b>	1,601
<b>Total</b>	<b>229</b>	<b>11,086</b>	<b>604</b>	<b>11,919</b>	<b>12,295</b>

No staff costs were capitalised during 2012/13 (2011/12 nil).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but the YJB is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2012/13, employers' contributions of £1.558m were payable to the PCSPS (2011/12: £1.601m) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands (2011/12: 16.7% to 24.3%).

The scheme actuary reviews employer contributions every four years following 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.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. No employees have taken this option during 2012/13 (2011/12: nil). There were no contributions due to the partnership pension providers at the statement of financial position date.

**Average number of persons employed**

The average number of whole-time equivalent persons employed by the YJB during the year was as follows:

	<b>2013</b>	<b>2012</b>
Permanent staff	<b>178</b>	189
Temporary and seconded staff	<b>32</b>	32
<b>Total</b>	<b>210</b>	<b>221</b>

**2.1 Reporting of Civil Service and other compensation schemes – exit packages**

Exit packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2013	2012	2013	2012	2013	2012
<£10,000	-	-	1	4	1	4
£10,000 - £25,000	-	-	2	8	2	8
£25,000 - £50,000	-	-	2	8	2	8
£50,000 - £100,000	-	-	2	2	2	2
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	-	7	22	7	22
<b>Total resource cost (£)</b>	-	-	<b>220,628</b>	<b>562,557</b>	<b>220,628</b>	<b>562,557</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### 3. Other expenditure

	Notes	2013 £'000	2012 £'000
<b>Admin expenditure</b>			
Accommodation costs		984	2,324
Audit fee – external*		52	44
Audit fee – internal		51	58
Board meetings		25	40
Communications		90	170
Conferences		41	63
Consultancy		14	93
General administration		180	165
IT costs		1,582	1,500
Legal costs		14	200
Personnel costs		149	83
Professional fees		10	5
Loss on write-off of non-current assets	5	26	-
Travel and subsistence		681	497
Corporation tax		22	54
		<b>3,921</b>	<b>5,296</b>
<b>Programme expenditure</b>			
Young offender institutions (HMPS and PFI) including escorts		139,674	150,387
Secure children's homes		33,545	36,648
Secure training centres		14,439	58,463
Good Practice Grants to YOTs		107,333	118,362
Intensive Fostering		1,930	1,398
Youth justice ICT programmes		4,419	2,563
Community education and youth justice practitioner training		975	1,784
Other grants for intervention programmes		1,624	2,545
Research		-	204
Other programme expenditure		3,442	1,451
		<b>307,381</b>	<b>373,805</b>
<b>Net expenditure for the year excluding staff costs</b>		<b>311,302</b>	<b>379,101</b>
<b>Non-cash costs</b>			
(Gain)/loss on indexation of non-current assets other than land and buildings		-	(15)
Loss on land and buildings revaluation		-	-
Payments made for secure training centres by sponsoring department**		36,348	-
Services and facilities provided by sponsoring department***		2,374	-
<b>Total pre-interest and depreciation</b>		<b>350,024</b>	<b>379,086</b>
<b>Interest</b>			
Interest payable to the MoJ		98	194
Finance charges on PFI debt		1,385	1,582
<b>Total</b>		<b>351,507</b>	<b>380,862</b>

\* External audit fees for 2013 (£52k) include £5k for extra audit work undertaken by NAO during the 2012 audit.

\*\* Medway, Rainsbrook and Hassockfield STC contracts are administered by the MoJ but managed by the YJB. Payments made to operators on behalf of the YJB are notionally recharged by the MoJ.

\*\*\*The MoJ 'soft charged' the YJB £1.420m for accommodation and £0.954m for IT for the first time in 2012/13.

#### 4. Interest receivable

	2013 £'000	2012 £'000
The YJB earned interest on funds deposited at the bank, which is payable to the MoJ	98	194

Secure training centre remand income from local authorities amounted to £3.87m during the 2012/13 year (2011/12: £5.54m); as per the accounting policy, this is netted off against the secure training centre expenditure in Note 3.

#### 5. Property, plant and equipment

	Land £'000	Buildings £'000	Information technology £'000	Office equipment £'000	Leasehold improvements £'000	Total £'000
<b>Cost/valuation at 01 April 2012</b>	9,081	79,636	611	2	3,195	92,525
Additions	-	-	-	-	-	-
Disposals/write-offs	-	-	(611)	(2)	(3,195)	(3,808)
Revaluation/indexation	84	731	-	-	-	815
<b>Cost/valuation at 31 March 2013</b>	<b>9,165</b>	<b>80,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,532</b>
<b>Depreciation at 01 April 2012</b>	-	22,054	561	2	3,194	25,811
Charge for the year	-	2,141	25	-	-	2,166
Disposals/write-offs	-	-	(586)	(2)	(3,194)	(3,782)
Revaluation/indexation	-	202	-	-	-	202
<b>Depreciation at 31 March 2013</b>	<b>-</b>	<b>24,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,397</b>
<b>Net book value at 31 March 2013</b>	<b>9,165</b>	<b>55,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,135</b>
<b>Asset financing</b>						
Owned	-	-	-	-	-	-
Finance leased	-	-	-	-	-	-
On-balance sheet PFI contracts	9,165	55,970	-	-	-	65,135
<b>Net book value at 31 March 2013</b>	<b>9,165</b>	<b>55,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,135</b>

	Land	Buildings	Information technology	Office equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost/valuation at 01 April 2011</b>	8,767	76,885	607	2	3,150	89,411
Transfers	-	-	-	-	-	-
Additions	-	-	4	-	-	4
Disposals/write-offs	-	-	-	-	-	-
Revaluation/indexation	314	2,751	-	-	45	3,110
<b>Cost/valuation at 31 March 2012</b>	<b>9,081</b>	<b>79,636</b>	<b>611</b>	<b>2</b>	<b>3,195</b>	<b>92,525</b>
<b>Depreciation at 01 April 2011</b>	-	19,244	526	2	2,099	21,871
Charge for the year	-	2,121	35	-	1,065	3,221
Disposals/write-offs	-	-	-	-	-	-
Revaluation/indexation	-	689	-	-	30	719
<b>Depreciation at 31 March 2012</b>	-	<b>22,054</b>	<b>561</b>	<b>2</b>	<b>3,194</b>	<b>25,811</b>
<b>Net book value at 31 March 2012</b>	<b>9,081</b>	<b>57,582</b>	<b>50</b>	-	<b>1</b>	<b>66,714</b>
<b>Asset financing</b>						
Owned	-	-	50	-	-	50
Finance leased	-	-	-	-	1	1
On-balance sheet PFI contracts	9,081	57,582	-	-	-	66,663
<b>Net book value at 31 March 2012</b>	<b>9,081</b>	<b>57,582</b>	<b>50</b>	-	<b>1</b>	<b>66,714</b>

Land and buildings at the four STC sites were professionally revalued by independent surveyors, Lambert Smith Hampton and CB Richard Ellis, at 31 March 2009. All land and buildings are held under PFI contracts (see Note 13), at the end of which the ownership of the relevant freeholds will revert to the YJB. Refer to accounting policy Note 1i.

## 6. Intangible assets

	Assets under construction £'000	Internally generated software £'000	Total £'000
<b>Cost/valuation at 01 April 2012</b>	-	1,984	1,984
Additions	1,351	-	1,351
Disposals	-	-	-
<b>Cost/valuation at 31 March 2013</b>	<b>1,351</b>	<b>1,984</b>	<b>3,335</b>
<b>Amortisation at 01 April 2012</b>	-	1,042	1,042
Charge for the year	-	397	397
Disposals	-	-	-
<b>Amortisation at 31 March 2013</b>	-	<b>1,439</b>	<b>1,439</b>
<b>Net book value at 31 March 2013</b>	<b>1,351</b>	<b>545</b>	<b>1,896</b>
<b>Asset financing</b>			
Owned	1,351	545	1,896
Finance leased	-	-	-
On-balance sheet PFI contracts	-	-	-
<b>Net book value at 31 March 2013</b>	<b>1,351</b>	<b>545</b>	<b>1,896</b>
	Assets under construction £'000	Internally generated software £'000	Total £'000
<b>Cost/valuation at 01 April 2011</b>	-	1,984	1,984
Transfers	-	-	-
Additions	-	-	-
Disposals	-	-	-
<b>Cost/valuation at 31 March 2012</b>	-	<b>1,984</b>	<b>1,984</b>
<b>Amortisation at 01 April 2011</b>	-	645	645
Charge for the year	-	397	397
Disposals	-	-	-
<b>Amortisation at 31 March 2012</b>	-	<b>1,042</b>	<b>1,042</b>
<b>Net book value at 31 March 2012</b>	-	<b>942</b>	<b>942</b>
<b>Asset financing</b>			
Owned	-	942	942
Finance leased	-	-	-
On-balance sheet PFI contracts	-	-	-
<b>Net book value at 31 March 2012</b>	-	<b>942</b>	<b>942</b>

## 7. Financial instruments

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Under international reporting, there are various standards that encompass Financial Instruments (IFRS 7, IAS 32 and IAS 39). The standards cover disclosure, presentation and recognition/measurement. As a collective, these standards enable an assessment to be made of the way in which all Financial Instruments have, during the period, created or changed the risks an entity faces in undertaking its business activities. Due to the largely non-trading nature of its activities and the way in which non-departmental public bodies are financed, the YJB is not exposed to the degree of financial risk faced by other business entities.

Moreover, Financial Instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The YJB has no powers to borrow or purchase foreign currency with Grant-in-Aid. Surplus grant may be held on deposit, but interest must be repaid to the MoJ. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the YJB in undertaking its activities.

### **Credit risk**

The YJB's net revenue resource requirements are financed by submitting plans to the MoJ annually, as is its capital expenditure. The vast majority of the YJB's receivables are local authorities. The YJB is, therefore, not exposed to significant credit risks.

### **Liquidity risk**

The YJB's net revenue resource requirements are financed by submitting plans to the MoJ annually, as is its capital expenditure. The YJB is, therefore, not exposed to significant liquidity risks.

### **Market risk**

The YJB has no long-term interest-bearing deposits and any interest earned on short-term deposits is paid to the MoJ. There is an imputed interest cost for the PFI creditor calculated at 8% for all STCs, except for Oakhill, where the rate is 5.5%. As this is a fixed rate for the term of the contract, the YJB does not face market risk.

### **Foreign currency risk**

All material assets and liabilities are denominated in sterling, so the YJB is not exposed to currency risk.

**8. Trade receivables and other current assets**

	2013 £'000	2012 £'000
Other receivables	2,369	3,149
Prepayments and accrued income	362	482
Grant prepayments	129	204
	<b>2,860</b>	<b>3,835</b>

**Intra-government balances**

Balances with central government bodies	32	1,290
Intra-departmental balances	1,584	-
Balances with NHS Trusts	-	425
Balances with public corporations	1,157	1,305
Balances with bodies external to government	87	815
	<b>2,860</b>	<b>3,835</b>

**9. Cash and cash equivalents**

	2013 £'000	2012 £'000
Balance at 1 April	19,531	15,114
Net change in cash and cash equivalent balances	(2,220)	4,417
<b>Balance at 31 March</b>	<b>17,311</b>	<b>19,531</b>

Government banking service and cash-in-hand	17,065	-
Commercial banks and cash-in-hand	246	19,531
<b>Balance at 31 March</b>	<b>17,311</b>	<b>19,531</b>

**10. Trade payables and other liabilities**

	2013 £'000	2012 £'000
<b>Amounts falling due within one year</b>		
Trade payables	1,079	3,501
Interest payable to the MoJ	-	46
Payable to the MoJ	3,481	1,281
Payable to NOMS	546	779
Accruals and deferred income	4,822	3,668
	<b>9,928</b>	<b>9,275</b>

**Intra-government balances**

Balances with central government bodies	4,923	3,153
Balances with NHS Trusts	80	-
Balances with local authorities	3,396	5,273
Balances with bodies external to government	1,529	849
	<b>9,928</b>	<b>9,275</b>

## 11. Funding

	2013 £'000	2012 £'000
<b>Grant-in-Aid funding from the MoJ</b>	<b>322,410</b>	399,627
	<b>322,410</b>	<b>399,627</b>

The above includes contributions from other government departments as well as the MoJ.

	2013 £'000	2012 £'000
Direct Grant-in-Aid from the MoJ	314,464	381,564
Grants from the Home Office	7,925	18,033
Grants from the Welsh Government	21	30
	<b>322,410</b>	<b>399,627</b>

## 12. Commitments under leases

### 12.1 Operating leases

The YJB is committed to making the following minimum lease payments under operating leases during the 2012/13 financial year.

#### Obligations under operating leases comprise:

	YOIs*	Buildings	Secure children's homes**	Secure training centre (Medway)***	2013 Total	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than one year	99,613	5	35,201	10,738	<b>145,557</b>	177,913
Later than one year and not later than five years	-	-	18,214	11,714	<b>29,928</b>	35,011
Later than five years	-	-	-	-	-	-
<b>Total</b>	<b>99,613</b>	<b>5</b>	<b>53,415</b>	<b>22,452</b>	<b>175,485</b>	<b>212,924</b>

\* This relates to the annual service level agreement between the YJB and NOMS for the provision of beds in the secure estate for children and young people. The service level agreement is negotiated annually between the YJB and NOMS.

\*\* Contracts between the YJB and eight secure children's home providers run until March 2014. Contracts between the YJB and the remaining two secure children's home providers expire in March 2016.

\*\*\* The PFI contract for Medway Secure Training Centre ended in April 2013 (see Note 13). An extension of 23 months has been agreed (as an operating lease) until March 2015.

### 12.2 Other commitments

There were no capital commitments at the Balance Sheet date. Commitments under finance leases related entirely to existing PFI contracts which are disclosed in Note 13.

Other commitments consist of grant payments to external organisations amounting to £94.689m, which are due in 2013/14.

### 13. Commitments under PFI contracts

#### On-balance sheet

The YJB holds a reversionary interest in the STC buildings at the end of the contract term. Under IFRIC 12 Service Concession Arrangements, STC buildings have been capitalised as non-current assets and depreciated accordingly in the financial statements. The original fair capital value has been established by external independent surveyors, and a corresponding notional debt to the contractor established based on a mortgage over the contract term. This debt, and the imputed interest on it, is repaid from part of the total amount paid to the contractors each year. The balance of the amount paid is treated as a service element, i.e. the cost of operating the centre each year, and this and the imputed interest are taken separately to the net expenditure account.

#### Obligations under on-balance sheet PFI contracts recognised in SoFP

	Oakhill £'000	Medway* £'000	Rainsbrook* £'000	Hassockfield* £'000	Total 2012/13 £'000
<b>Imputed minimum lease payment due:</b>					
Not later than one year	1,711	77	784	907	3,479
Later than one year and not later than five years	6,846	-	136	460	7,442
Later than five years	19,540	-	-	-	19,540
	<b>28,097</b>	<b>77</b>	<b>920</b>	<b>1,367</b>	<b>30,461</b>
Less interest element	(9,895)	(6)	(78)	(133)	(10,112)
<b>PFI liability recognised in SoFP</b>	<b>18,202</b>	<b>71</b>	<b>842</b>	<b>1,234</b>	<b>20,349</b>
Of which:	<b>£'000</b>				
Current PFI liability	2,306				
Non-current PFI liability	18,043				
<b>Total</b>	<b>20,349</b>				

\* During the 2012/13 year, the administrative functions for Medway, Rainsbrook and Hassockfield transferred from the YJB to the MoJ. Invoices were received and settled directly by the MoJ with the PFI contractors. The YJB continued to bear the 'risks and rewards' of the contract and therefore continued to recognise the PFI asset and liability.

The PFI contract for Medway Secure Training Centre ended in April 2013. An extension of 23 months has been agreed (as an operating lease) until March 2015 (see Note 12).

The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions was £52.172m (2011/12: £60.045m). Of this total, the service element was £50.787m (2011/12: £58.463m) and the interest charges £1.385m (2011/12: £1.582m).

Payments in respect of PFI contracts to which the YJB is committed are as follows.

#### Total minimum lease payments including service and imputed interest element for on-balance sheet PFI contracts:

	STC contracts £'000
Not later than one year	44,529
Later than one year and not later than five years	85,861
Later than five years	221,085
<b>Total</b>	<b>351,475</b>

**Remaining terms for on-balance sheet PFI contracts**

STC	Length of term	Contract end date
Medway	15 years	April 2013
Rainsbrook	15 years	May 2014
Hassockfield	15 years	Sep 2014
Oakhill	25 years	May 2029

**Off-balance sheet**

The YJB is not party to any off-balance sheet PFI contracts.

**14. Contingent liabilities disclosed under IAS 37**

The YJB has been named as a defendant in protective claims for damages from seven individuals who believe they were subject to unlawful restraint in secure training centres (STCs) prior to 2008, when the High Court ruled definitively that restraints that had taken place in STCs for the purpose of 'maintaining good order and discipline' before that date had been unlawful. Responding to these claims and any others which may arise will present a significant challenge to YJB resources. The amount of the present obligation cannot be measured reliably and therefore no provision has been made in the financial statements (2012: £nil).

**15. Related party transactions**

The YJB is an executive non-departmental public body that, during the 2012/13 financial year, was solely sponsored by the MoJ. The YJB also received funding from the Home Office for certain programmes. The MoJ is, therefore, regarded as a related party. There is an agreement between NOMS and the YJB for the provision of beds in the secure estate for children and young people.

Board members are required under the Code of Practice to declare any personal, financial and business interests which may conflict with their duties on the Board. Members may not participate in Board discussions or decisions on financial matters where a conflict of interest arises.

During the year, the YJB entered into transactions with organisations with which Board members were related parties. These transactions are detailed below.

A register of Board members' interests is maintained and is available at [www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf](http://www.justice.gov.uk/downloads/about/yjb/register-members-interests.pdf).

**Board members and related parties**

Member	Company/partnership/trust/organisation	Transactions	£'000
Angela Sarkis	Angela Sarkis Consultancy	-	-
	Foster carer with Harrow Council	Grant payments	309
Christine Davies	Trustee, Early Intervention Foundation - Sutton LBC	Grant payments	265
	Board Member, Virtual Staff College	-	-
	Advisory Board for the Office of the Children's Commissioner	-	-
Bob Reitemeier	Ambassador, Make Justice Work campaign	-	-
	Panel Member, Civil Society Charity Annual Awards	-	-
	Member, St George's Chapel Finance and General Purposes Committee	-	-
	Remuneration Panel Member for senior staff, Essex County Council	Grant payments	1,548
David Banks	Trustee - Koestler Trust	Grant payments	15
	Consultant, Carillion Plc	-	-
	ADB Consulting Ltd	-	-
	Member of Finance Committee, Y Care International	-	-

The YJB financial results are consolidated by the MoJ. The MoJ group accounts are published at [www.gov.uk](http://www.gov.uk).

## 16. Events after the reporting period

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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 by the Accounting Officer. This is interpreted as the date of the certificate and report of the Comptroller and Auditor General. There are no relevant issues that require disclosure.

## 17. Losses and special payments

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During the year, there was one case (2011/12: one case) of extra-contractual special payments identified, totalling £34,165 (2011/12: £41,250). This case related to the remuneration of a senior manager, which resulted in certain payments (disclosed as 'benefits in kind' in the Remuneration Report) being made in addition to those stipulated within the senior manager's contract. These payments were not properly authorised and while retrospective approval from our sponsor department, the Ministry of Justice (MoJ), was requested, this request was subsequently rejected. As the approval was rejected by the MoJ, no further approval was sought from HM Treasury. The taxation implications of these payments are now under review and action will be taken to ensure that the appropriate tax is paid.



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