

The Youth Justice Board for England and Wales

ANNUAL REPORT AND ACCOUNTS 2010/11



The Youth Justice Board for England and Wales

ANNUAL REPORT AND ACCOUNTS 2010/11

Presented to Parliament pursuant to Schedule 2, paragraphs 8 (2) and 9 (4) of the Crime and Disorder Act 1998

Ordered by the House of Commons to be printed on 18 July 2011

© Youth Justice Board for England and Wales (2011)

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Youth Justice Board for England and Wales copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this document should be sent to us at:

Youth Justice Board for England and Wales
1 Drummond Gate
London
SW1V 2QZ
Tel: 020 3372 8000
Fax: 020 3372 8002

This publication is also available for download at www.official-documents.gov.uk and is also available from our website at www.yjb.gov.uk/publications.

ISBN: 9780102972436

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2433353

07/11

Printed on paper containing 75% recycled fibre content minimum.

Contents

	02 Foreword
	03 Who we are and what we do
Section 1	04 Review of the year 2010/11
Section 2	22 Management commentary
Section 3	29 Remuneration report
	35 Annual accounts for year ended 31 March 2011

FOREWORD

A key part of the role of the Youth Justice Board for England and Wales (YJB) is to provide leadership to the 158 youth offending teams (YOTs) and the secure estate for children and young people, and to work in partnership with the wide range of agencies that make up the youth justice system.

All the agencies responsible for administering justice and supporting young people can only achieve real improvement if they work effectively together. The continuing progress in this area during 2010/11 is evidence of the great commitment of our partner agencies, locally and nationally, to reduce youth crime and to rehabilitate those young people who do offend.

We are pleased to report that the number of first-time entrants to the youth justice system fell by 28% between 2009 and 2010. The frequency of young people's proven reoffending continued to decline, as did the number of young people in custody. In March 2011, there were 2,083 young people in custody, a reduction of 4% from March 2010. As a result of this continuing reduction, we have been able to decommission 598 places in 2010/11, saving approximately £20 million in the year.

Of the children who left custody this year, many more have access to the support they need through the resettlement initiatives sponsored by the YJB. In England, we have promoted the establishment of resettlement consortia, linking young offender institutions and the local authorities whose young people they support. In Wales, resettlement support panels were developed. Both initiatives are designed to

improve access to education, training or employment, and to make accommodation and personal support available to young people leaving custody, which is a time when they are at their most vulnerable to the pressure to return to crime.

We have supported restorative justice initiatives and helped YOTs to develop better services for victims. We have also produced a new commissioning plan for the secure estate and encouraged increased participation of young people at all stages in the youth justice system.

However, reoffending rates remain high and there are still young people sentenced to custody for whom a community sentence would be more appropriate. It remains a challenge for all of us involved in youth justice to identify consistently the most effective practice, and to share that information across the youth justice system, so that local communities become safer and young people at risk of reoffending are more likely to lead crime-free lives.

In January 2011, the Public Accounts Committee examined the youth justice system in England and Wales. One of its conclusions was that: "The youth justice system has been successful in reducing the number of criminal offences by young people over the last ten years, an achievement in which the Youth Justice Board has played a central role."

During the year we have responded to the Government's decision to transfer our functions to the Ministry of Justice – subject to the passing of the Public Bodies Bill – by working closely with the department on transition planning. The Government has committed to ensuring that the skills and experience of staff at the YJB are not lost, but are built on in the new arrangements. As the transition plans are developed, we remain firmly focused on continuing to deliver better results in youth justice.



Frances Done
Chair



John Drew
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. We also receive funding from the Department for Education, and from the Home Office for targeted YOT grants.

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:

- 158 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 – young offender institutions (YOIs), secure training centres (STCs) and secure children’s homes.

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 2010/11

We work across the youth justice system to make improvements. Our achievements in 2010/11 are set out in this section.

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.

England and Wales

There has been a continuing fall in the number of young people who are first-time entrants to the Criminal Justice System, from 84,643 in 2008, to 67,662 in 2009, to 48,606 in 2010.¹ This shows a 28% reduction since 2009.

Reoffending data published by the Ministry of Justice² showed an 11.6% reduction in the frequency of reoffending by children and young people from 2005 to 2009.³ Between 2000 and 2009, the frequency of reoffending fell by 27%, and between 2008 and 2009 the frequency of reoffending fell by 3%.

Between 2000 and 2009, the number of serious offences committed by young people who have previously offended has remained broadly stable at between 0.7 and 1.0 offences per 100 offenders. In 2009, there were 0.96 serious offences committed per 100 young people who had previously offended, representing a 13.3% increase from 2008. However, because of the small numbers of serious offences, these figures should be interpreted with caution.

The number of young people in custody has fallen over the past year, with data showing that in March 2011, the custody population (for those under 18) stood at 2,083. This means that there were 97 (4%) fewer young people in custody than in March 2010. The custody rate (proportion of custodial sentences given at court) was 5.5% in 2009/10, compared to 6.1% in 2008/09.

Wales

In Wales, we have continued to make progress across the three headline Wales youth justice indicators.

- The number of first-time entrants to the Criminal Justice System has fallen each year in Wales since 2006.⁴ Recent data shows a 33% reduction in first-time entrants between 2009 and 2010.⁵
- Although reoffending rates in Wales have increased by 23% compared to the same period in 2009/10,⁶ the rate of reoffending since 2005 has nevertheless reduced by 18.6%.
- The custody rate in Wales has remained relatively constant at around 5.6% (down from 5.8% in 2009/10), despite a significant reduction of 13% in the number of sentences, and the number of custodial disposals in Wales reducing by 16.6%.

¹ See Table 7.1 of *Criminal Justice Statistics: Quarterly Update to December 2010. Ministry of Justice Statistics Bulletin* (Ministry of Justice, London, May 2011).

² Ministry of Justice (March 2011) *Reoffending of Juveniles: Results from the 2009 Cohort. England and Wales*. London: Ministry of Justice.

³ The frequency of reoffending is measured by the number of offences committed per 100 young people who have previously offended. 2005 was chosen as a baseline year, in which targets were set to achieve a 10% reduction in offending by 2011.

⁴ See Table 7.1 of *Criminal Justice Statistics: Quarterly Update to December 2010. Ministry of Justice Statistics Bulletin*.

⁵ Wales data from the Police National Computer, measured to year-end.

⁶ The figure for 2010/11 for Wales is provisional, and is based on 9 months of YOT data.

Business plan for 2010/11

Our business plan for 2010/11 was focused on delivery of the YJB's four strategic objectives, which are to:

- prevent offending by children and young people
- reduce reoffending by children and young people
- increase victim and public confidence in the youth justice system
- ensure the safe and effective use of custody.

To support our progress towards these objectives, we also worked towards an organisational objective to build the capacity of the YJB.

Our work programme was reviewed during the year to take account of the policies of the coalition Government and the emergency budget issued in July 2010. We also sought to align our work to our emerging plans for delivering savings over the 2011-15 Spending Review period and to the Green Paper, *Breaking the Cycle*,⁷ which was published in December 2010.

In 2010/11, we have:

- continued to focus on ensuring that young people do not receive custodial sentences where a community sentence would be appropriate
- implemented an extensive programme to decommission accommodation in the secure estate in response to continued decreases in the number of young people in custody (we completed decommissioning of approximately 598 beds during 2010/11, saving around £20 million)
- brought together local authorities and voluntary sector groups to support the resettlement of young people coming out of custody
- developed a new YOT supervision and support programme in partnership with the Local Government Association, including a youth justice model of peer review between YOTs
- made £1.8 million savings on our operating costs, representing 6% of our overall operating costs for 2010/11
- supported restorative justice initiatives and helped YOTs to develop better services for victims
- continued to advise ministers on the operation of the youth justice system, including supporting the preparation of the Green Paper, *Breaking the Cycle*, leading the consultation on this Green Paper, and helping the Government to formulate its response to the consultation. Additionally we have helped the Government develop its policies for youth justice
- commenced work to transition our core functions into the Ministry of Justice in line with the Government's decision to abolish the YJB, subject to the passing of the Public Bodies Bill.

Our business plan set out 38 key actions for the year. Our achievements in relation to these are set out below.

⁷ Ministry of Justice (2010) *Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders*. London: The Stationery Office.

Strategic objective 1 Preventing offending

Key action 1

Provide YOTs with funding of £31.45 million for local projects to prevent young people from offending, thus maintaining the level of funding provided in 2009/10.

Outcome

Preventing children from becoming involved in crime is fundamental to our role and we are continuously looking at ways to work in partnership with organisations across the community to target prevention activities at young people who are at risk of offending.

During 2010/11, we were able to maintain the level of prevention funding to YOTs. They received £31 million in direct grants from the YJB, which funded a range of prevention services, including Youth Inclusion Programmes (YIPs), Youth Inclusion and Support Panels (YISPs), parenting programmes, and local prevention staff posts. In 2010/11, YOTs were also required to contribute £2 million, either in cash or in kind, to the expansion of Family Intervention Projects (FIPs).

The aim of the Youth Inclusion Programmes is to give young people somewhere safe to go where they can learn new skills, and obtain advice and guidance that may help to change their attitudes to education and crime. The Youth Inclusion and Support Panels reinforce this aim and ensure that young people and their families can access mainstream public services.

In 2009/10, we had a target to reduce by 1.5% the number of young people entering the youth justice system for the first time after having participated in prevention programmes. In July 2010 we were able to report

against this target, using information provided by YOTs on the number of young people who joined prevention programmes between April and June 2009, and the proportion of these young people who went on to enter the Criminal Justice System for the first time, as at the end of June 2010. The analysis showed that 11% of the cohort had gone on to enter the Criminal Justice System for the first time. Compared to a proxy baseline of 12.7%, this represented a percentage decrease of 13%, significantly exceeding the 1.5% target set out in the 2009/10 deliverable. (The proxy baseline is based on young people joining a YJB-funded prevention programme between April and September 2007, of whom 12.7% became first-time entrants to the Criminal Justice System.) We continue to monitor the impact of prevention programmes.

Key action 2

Support greater use of restorative justice by disseminating examples of effective practice, including the learning from police force areas that have adopted the Youth Restorative Disposal.

Outcome

We have worked very closely with the Association of Chief Police Officers (ACPO) in developing their *Restorative Justice Guidance and Minimum Standards*. This document is due for publication during summer 2011. It sets out the strategic benefits of restorative justice and a model for delivering restorative justice in policing, giving more professional discretion to officers to determine the course of action for a young person. Restorative justice provides the

opportunity for those directly affected by an offence – victim, offender and members of the community – to communicate and agree how to deal with the offence and its consequences.

The ACPO guidance will be consistent with the recommendations contained in the forthcoming evaluation report for the Youth Restorative Disposal pilot. The Youth Restorative Disposal intervention was piloted in 2008/09 and used principles of restorative justice to provide an effective, meaningful and proportionate response to minor offending. Early findings suggest that the Youth Restorative Disposal appeared to satisfy the needs of victims and was popular with officers.

Work to support the Youth Restorative Disposal feeds into the wider review of out-of-court disposals that the Government is conducting as part of its Green Paper proposals. Out-of-court disposals aim to divert young people away from the youth justice system and are used for offences where a formal charge or appearance in court is not necessary.

Strategic objective 2 Reducing reoffending

Key action 3

Support effective use of Referral Orders and the introduction of new standards in restorative justice. This includes updating *Panel Matters* training for volunteers, and providing support for Restorative Justice Consortium (Restorative Justice Council from September 2010) pilots to ensure the continuing confidence of sentencers and the community.

Outcome

Referral Order panels are made up of volunteers from the general public who represent their local area and have interests in how young people who offend are managed in the community. (There are approximately 5,000 volunteer panel members and 2,000 volunteers fulfilling other roles.) In 2010/11, we successfully scoped and planned the work required to deliver additional *Panel Matters* training to equip panel volunteers and YOT workers with the skills to become restorative justice conference facilitators. In 2011/12, we will develop this training as part of the wider workforce development work. Milestones will be closely linked to the proposals to increase the use of restorative justice contained in the Green Paper, *Breaking the Cycle*.

We have worked in partnership with the Restorative Justice Council and Skills for Justice to support four practice accreditation pilot programmes on restorative justice. There has been a strong uptake of these programmes, and plans are underway to widen their availability nationally. We have also worked with the Restorative Justice Council on the review of their practice guidance,

which was published in February 2011 and was formally supported by us along with other key stakeholders.

Key action 4

Review the benefits of the Scaled Approach and identify where improvements can be made so that YOTs can strengthen their management of young offenders and reduce the likelihood of reoffending.

Outcome

The Scaled Approach was launched in 2009. It enabled YOTs to tailor their interventions for a young person based on a detailed assessment, in order to help to reduce the young person's likelihood of reoffending and causing serious harm to others.

In 2010/11, we carried out post-implementation reviews with YOTs and magistrates (including representatives of the Youth Court Bench) to review the benefits of the programme. Early results from the forthcoming benefits report suggest that there has been an improvement in the quality of assessments and plans, a reduction in the number of incidents of serious harm to the public, a reduction in the number of offences, and an increase in the proportion of community sentences given. Neutral outcomes were recorded on the number of incidents of breach of sentence conditions and on overcoming discrimination towards minority or 'at risk' groups within the youth justice system.

We have also consulted with practitioners on how the Scaled Approach should operate in the future, to ensure that this can be taken into account in our development of a new framework for assessing the risks and needs of young people, and for planning interventions aimed at addressing these needs.

Key action 5

Develop case management and sentence planning guidance, and tools for the secure estate that will help providers to operate in a more effective and consistent way.

Outcome

We launched a project to improve sentence planning guidance and tools for staff working with young people in custody. Through this project, we are developing new sentence planning forms and guidance, updates to eAsset (the YJB electronic case management tool used by secure estate staff) in line with the *National Standards for Youth Justice Services*,⁸ and information about effective practice in case management. The new tools will assist staff to better identify the risks associated with remanded and sentenced young people (including the risks the young people pose to themselves and others, and the risks posed to them by others). The project will also produce training packages for all establishments, including units where young people on long-term sentences are placed, which require specialised training and information relating to young people serving indeterminate sentences.

⁸ Ministry of Justice, Department for Children, Schools and Families, and Youth Justice Board (2010) *National Standards for Youth Justice Services*. London: Youth Justice Board.

The scope of the project is now aligned with a wider project to develop a revised framework for assessing the risks and needs of young people. We will deliver the business change, technical change and workforce development activities needed to implement the new framework in the secure estate.

During 2010/11, we contacted governors, directors of secure training centres and managers of secure children's homes to inform them of the upcoming developments and training approaches. We have asked each establishment to nominate change champions to work with the project team to assist with delivering the business change and training required across both projects.

Key action 6

Develop a new approach to working with YOTs that is based on supporting, enabling and sustaining improvement from within the youth justice sector itself.

Outcome

We have worked in partnership with YOTs and stakeholders to develop proposals for a new approach to the oversight and performance improvement of YOTs in the light of recommendations given in the Green Paper, *Breaking the Cycle*, and Government priorities. This approach supports a more risk-based inspection programme and allows for more professional discretion.

A key component of this approach is the design and development of a sector-led improvement model. We have been working closely with the Local Government Association and

their improvement and development section to develop a youth justice model of peer review and support whereby YOTs support each other to improve. This will involve the recruitment and training of youth justice specialist peers to undertake peer reviews and support the dissemination and implementation of effective practice across the sector. The first training modules are under development, with plans to pilot this approach in late 2011, before rolling out a programme more widely from 2012/13.

Key action 7

Work with the resettlement consortia to identify how best to commission and provide support packages for young people coming out of custody, and to evaluate their success.

Outcome

In 2009/10, we helped establish resettlement consortia in the North West and South West of England and a third consortium was launched in Wessex in April 2011. The aim of the consortia is to provide a co-ordinated approach across local authorities for all young people leaving custody so that they can access the services they need to help prevent them from reoffending.

We have influenced the delivery models for each consortium and provided project support. We have also shared our knowledge about local commissioning so that the programmes can continue beyond their funding from central grants (funding has been agreed for 2011/12). In order to evaluate the consortia's success we have issued grant funding

to allow each area to co-ordinate its own evaluation and we will be able to draw national comparisons. The estimated date for completing evaluations is June 2012, when an appropriate testing period has passed. There are already indications that the resettlement consortia are helping to reduce rates of reoffending.

In 2011/12, we are working to establish up to five more consortia across England (East and West Midlands, Devon and Cornwall, Kent) and Wales.

We have also supported the Mayor of London's Daedalus project to pilot an enhanced 30-bed resettlement unit at Feltham YOI (The Heron Unit). The project was launched on 29 September 2009 as part of the Greater London Authority's 'Time for Action' strategy and seeks to provide young people with opportunities to access employment and offender behaviour programmes. The YJB has worked in close partnership with the Greater London Authority and has offered significant support to this project, for example by seconding a member of staff to the London Criminal Justice Partnership to manage the project. A YJB Board member also chairs the strategic group for this project and we have written operational guidance for governing the practice of the programme. Our Placement Service provides operational support to the project by helping to manage the placement of young people in the unit and ensure it operates at full capacity. We have also increased awareness of the project with London YOTs and third-sector providers. The pilot is due to continue until May 2012. Interim evaluation results are encouraging and work is now underway to ensure these results inform future secure estate and community resettlement work.

Key action 8

Improve information-sharing across the youth justice system and access to youth justice system IT services through the Youth Justice Information Sharing programme.

Outcome

The overarching Youth Justice Information Sharing programme was brought to a close during 2010/11 due to budget constraints;⁹ however elements of the programme remain and are progressing well into 2011/12.

1. Youth to Adult safeguarding transition project (Y2A)

As part of this wider safeguarding transition project, we are piloting a portal for sharing consistent and streamlined case transfer information between YOTs and the Probation Service. In 2010/11, we secured funding to roll out the project nationally. This will significantly improve information-sharing for the transition of 17 to 18-year-old young offenders from the youth justice system to the adult system.

2. Placement process redesign

As part of a larger change programme occurring in our Placement Service (which manages the placement of young people into custody), we are developing an auditable, integrated process for managing information (see also key action 22).

In 2010/11, we also launched the Performance Improvement Framework Application (PIFA), providing our Performance team with a robust reporting tool to help monitor YOT performance. We have continued to enhance the functionality of the Youth Justice Management Information System (Youth Justice MIS) to enable us to extract meaningful occupancy data from the secure estate.

Key action 9

Implement a sustainable, cost-effective framework for managing youth justice system shared IT services.

Outcome

The framework for managing youth justice system shared IT services has greatly improved over 2010/11. We successfully transferred the technical management of shared IT services such as eAsset, Connectivity and Youth Justice MIS to the Ministry of Justice Information Technology Department. Contracts were arranged by the Ministry of Justice to support delivery of these services and the result is a more sustainable model which does not rely on short-term contracts. The transfer will mean that there is continuity in the event of our youth justice functions transferring into the Ministry of Justice.

Key action 10

Produce advice that will help YOTs to improve their work with victims to ensure that victims have every opportunity to be involved in the progress of their case. This work addresses reparation and victim priorities, revision of the victims' code of practice, victims' champion challenges¹⁰ and the role of victims' workers.

Outcome

A victims toolkit has been developed and this was published in June 2011. Eleven YOTs were invited to provide feedback about the draft toolkit, as was the charity Victim Support. It is planned that other YOTs will be invited to give feedback on the toolkit.

Additionally, we established a pilot project with West Sussex YOT and Surrey YOT in partnership with their local Victim Support service. Victim Support supports wider use of restorative justice and we are dedicated to getting more victims directly involved in the youth justice system. The pilot ran from January to May 2011 and explored how the two YOTs could be supported by Victim Support volunteers to engage and support more victims to attend Referral Order 'youth offender panels' so that victims' concerns could be addressed and young offenders could understand the impact of being their actions on others. The information being gathered will help us to achieve an integrated working relationship between YOTs and Victim Support.

⁹ See Note 16 on page 59.

¹⁰ See Appendix B of *Redefining Justice: Addressing the Individual Needs of Victims and Witnesses* (Sara Payne MBE, Victims' Champion, 2009). Available at: www.justice.gov.uk/publications/docs/sara-payne-redefining-justice.pdf.

Key action 11

Implement a victims and public confidence improvement plan. This will include activity to improve YOT services to victims and to strengthen YOT engagement with their local communities.

Outcome

A victims and public confidence improvement plan was developed in April 2010 and partially implemented. Some work was deferred pending a review of victim and public confidence issues in light of the proposals set out in the Green Paper, *Breaking the Cycle*. The improvement plan included:

- developing a victims toolkit for YOTs – this was published on our website in June 2011. It is designed to help YOTs to assess their current performance and practice in relation to victims and identify ways of improving. It amalgamates all legislation, guidance and resources on victims into a single, easily accessible location
- a YOT partnership self-assessment, which includes a specific section on victims and public confidence. This enables YOTs to self-assess their arrangements in relation to victims and public confidence, and to develop individual improvement plans during the course of the year. All YOTs undertook this self-assessment and submitted their assessments to the YJB in April 2010.

Key action 12

Establish a YOT Restorative Justice Development Network to promote the effectiveness and quality of restorative justice conferencing, including increased victim participation (see also key actions 2 and 3 above).

Outcome

In 2010/11, we brought together a network of 11 YOTs on two occasions to establish the Restorative Justice Development Network. We collected information from each YOT involved in the network via a template. Outlines of their restorative justice developments have been published on the YJB website so that local emerging practice and knowledge can be shared. We have also visited participating YOTs to learn about their local programmes, and specific products that the YOTs have developed to support their local restorative justice work have been published on the YJB Directory of Emerging Practice.

The network has provided us with invaluable information on how the use of restorative justice can be widened, and we will be focusing on extending the network for 2011/12 in line with the Government's proposals in the Green Paper, *Breaking the Cycle*.

Key action 13

Revise our advice to YOTs on Multi-Agency Public Protection Arrangements (MAPPA) and support YOTs and other agencies to focus on those young people who are most at risk of serious offending.

Outcome

MAPPA is a mechanism for agencies to work together when dealing with offenders assessed as posing a high risk of harm to others. In June 2010, we published revised guidance to include legislative changes that were brought in by the Criminal Justice and Immigration Act (CJIA) 2008. Among the changes was a new set of referral documents, which the guidance supported.

At the same time as publishing the updated MAPPA guidance, we produced updated guidance on public protection sentences and 'dangerousness'. This updated existing guidance in the light of the CJIA 2008 and explained the implications for YOTs in relation to assessing, report writing and post-sentence supervision of young offenders who are assessed as posing a significant risk of serious harm to members of the public and who are subject to a public protection sentence. The guidance was linked to other YJB documents to assist practitioners in reducing the risks of serious offending.

In 2010/11, we continued to support our knife crime prevention programme in 104 YOTs and expanded this to eight further areas. An evaluation of the programme will be published in due course, and we will seek to apply the learning from the programme to other areas. We have worked with

YOTs to establish forums to share good practice about addressing gang-related issues. We have also contributed to the Home Office's guidance for the introduction of gang injunctions; in 2011/12, we will support practitioners involved in the Home Office's youth pilot of gang injunctions.

Key action 14

Develop and implement a new communications and engagement strategy, working with local and national partners to better explain the approaches taken to youth justice and to promote public confidence in the youth justice system.

Outcome

We reviewed our communications strategy mid-way through the year and changed our approach to this objective following the change in Government and the removal of the Public Services Agreement (PSA) target on promoting public confidence in the Criminal Justice System. We are now on track to deliver a revised communications strategy in the first quarter of 2011/12.

The Annual Youth Justice Convention 2010, held in Newport, South Wales, attracted some 600 delegates from across the youth justice system in England and Wales. They included Parliamentarians, magistrates, police and youth justice service managers. The programme of keynote addresses and seminars covered a range of contemporary topics, including the new Government's thinking on the 'rehabilitation revolution', 'big society', value for money and the conveyor belt to crime. The event

was highly regarded, and evaluation results showed that delegates rated the event organisation at 'good - very good'. The event bolstered relations between core service providers in the youth justice arena.

Key action 15

Increase the participation of young people in the youth justice system to ensure that support is tailored to their needs and promotes better outcomes for them.

Outcome

In 2010/11, we have continued to champion the participation of young people in the youth justice system in the following ways.

- We supported a project by the Communication Trust to provide free training to 20 YOTs about the speech, language and communication needs of young offenders. We have agreed to fund wider roll-out of this training to a further 55 YOTs during 2011/12. A major objective of the training is to promote techniques and awareness to improve participation by tackling communication difficulties.
- In developing a new assessment and planning intervention framework, we commissioned Young People in Focus to obtain views from young people and their families as part of the stakeholder consultation.
- We have developed a new professional development resource for the Youth Justice Interactive Learning Space (YJILS) to explore the relationship between participation and engagement. The professional development resource includes a module on

'Young People's Perspectives' which considers ways in which young people's views can be sought at key stages in order to increase their engagement in the management of their case and their understanding of the youth justice system. The module 'Participation and Engagement' considers appropriate approaches to enable young people to have an influence on the development and delivery of the services that affect them.

- Across the secure estate, in YOIs, STCs and secure children's homes, we take a strong interest in the provision to consult and interact with young people. This includes contracting advocacy services in STCs and YOIs.

Key action 16

Provide YOT management boards with information on best practice in the governance, leadership and management of YOTs.

Outcome

In light of the Green Paper, *Breaking the Cycle*, and the Government's commitment to promote local decision-making, we took the view that it was not appropriate to update and re-issue *Sustaining the Success* as formal guidance to local partnerships.

However, a number of documents were updated and made available via our website. These include:

- a review of the findings of YOT inspections in relation to leadership and management
- the results of two national surveys of YOT management boards in England and in Wales
- summaries of interviews with chairs of high-performing YOT management boards
- a template for an induction guide for new members of YOT management boards
- information about the experiences of YOTs that work across local authority boundaries.

To this document set we have added links to the key legislation and Government guidance so that YOT managers and their boards have the information they need all in one place.

We have also added:

- a statement of the minimum requirements of local authorities and their partners in relation to the establishment of a YOT
- a self-assessment tool for YOT management boards.

Key action 17

Revise *Making it Count in Court* to help YOTs provide effective support to courts and to increase courts' confidence in YOT services and programmes. Support better working between YOTs and courts by developing a joint national protocol with Her Majesty's Courts Service¹¹ and the Magistrates' Association.

Outcome

Following its launch in 2009/2010, the updated version of *Making it Count in Court* was published and circulated to 28,000 targeted court stakeholders. The publication helps YOTs provide the best possible information for their cases, and aims to give court professionals and partners confidence in the range of different sentence options available. It was extremely well received and it is regularly referenced at large stakeholder events.

A *Making it Count in Court* toolkit was subsequently launched in November 2010, to be used in conjunction with the guidance. It provides practical advice and templates to enable users to maximise the effectiveness of the pre-court, at-court and post-court experience for young people. We have worked hard to promote the toolkit with key court stakeholders in order to increase their confidence in YOT services and programmes.

The document referred to as 'a joint national protocol' was issued by the Magistrates Association to its members in December 2010, titled *Liaison between Magistrates and Youth Offending Teams (YOTs) – Guidance*.

¹¹ This is now Her Majesty's Courts and Tribunals Service.

Key action 18

Develop a three-year commissioning plan for the secure estate and, to achieve value for money, review our commissioning of accommodation places in YOIs, STCs and secure children's homes.

Outcome

We set out to develop a three-year secure estate strategy, but this was deferred to enable us to better align a new strategy to changes in Government priorities, the custodial population and Spending Review commitments. The strategy is expected to be published in 2011/12 and it will be fully aligned with the proposals in the Green Paper, *Breaking the Cycle*.

Our regular annual commissioning plan for the secure estate was approved by ministers in November 2010, and set out our operational plans for 2011/12 and provisional plans for the whole Spending Review period. The plan included proposals for further decommissioning across all sectors, subject to the current downward trend in demand continuing.

To achieve value for money, the YJB, as commissioner of the secure estate, is able to:

- drive forward measures to achieve better value for money across the youth justice system, including using competitive pressures on providers to improve outcomes for children and young people in custody
- purchase sufficient capacity to ensure that young people remanded or sentenced to custody can be

placed safely and, for sentenced young people, ensure that their offending behaviour is addressed

- balance supply with demand across all sectors, based on need and legal constraints
- improve the cost-effectiveness of provision with the establishment of more specialist units and provision that is more targeted to the needs of certain groups within the population.

Significant decommissioning was achieved during the year (see key action 20) to ensure value for money.

Key action 19

Develop a national strategy for collaborative commissioning with our partners, supporting a seamless service for young people in the secure estate.

Outcome

Work is ongoing to develop co-commissioning arrangements with our partner commissioners for health and education services within the secure estate. The aim of this work is to better align and integrate services received by young people within custody, and to ensure maximum value for money is achieved by all three commissioners. In 2010/11, we developed a draft high-level strategy setting out the key principles of this approach, and we have since started to engage with the commissioners for health and education about how implementation of the strategy will work in practice.

This work will continue into 2011/12 as delivery structures for offender health and education services are developed and agreed. Given the changes in Government policy in key areas such as health and education, the future commissioning roles of the YJB and other key stakeholders are yet to be confirmed.

Key action 20

With fewer young people in custody, decommission secure accommodation to reflect current demand. Continue to manage and monitor contracts and service level agreements with providers to ensure quality, safety and value for money. Take greater account of young people's views in our monitoring of services.

Outcome

With sustained falls in demand for custody, the YJB began a decommissioning programme in 2009. In 2010/11, we decommissioned 598 places at a number of establishments to reflect this decline in demand, while ensuring that stability across the estate was maintained. Decommissioning included the following: Castington (168 beds), Huntercombe (360 beds) and Foston Hall (16 beds). In addition, capacity was reduced at Ashfield (40 beds) and Cookham Wood (14 beds). Agreement was also reached in January 2011 to decommission Stoke Heath (202 beds) and reduce capacity at New Hall (17 beds); these projects will be completed by July 2011.

Decisions about the possibility and scope of any further decommissioning are taken on a regular basis. We also carefully plan decommissioning activity to ensure that the inevitable disruption caused to the secure estate is minimal and is managed effectively. The manner in which the YJB has decommissioned beds since November 2009 has reflected this approach.

As part of our monitoring of services, we commissioned a report from ex-offender-led charity, User Voice, to find out young people's views. As a result, we made a series of commitments in response to the points raised. We have enhanced the children and young people in custody survey from Her Majesty's Inspectorate of Prisons that we use to gather the views of young people. We have analysed the results of that survey and targeted a number of establishment-specific issues.

We gather the issues raised by young people with advocates. We address these issues with the relevant provider on a quarterly basis, and, on an annual basis, we present an overview to internal stakeholders to enhance their knowledge of the issues that young people are seeking support in resolving. We required the providers of some of our contracted services (secure escorts and interventions for young people who sexually abuse) to introduce new mechanisms for gathering young people's views on their service and how it could be improved.

Key action 21

With the National Offender Management Service (NOMS), develop specifications and operating procedures for YOIs that are distinct from those for adults in custody and are tailored to the needs of young people.

Outcome

During 2010/11, NOMS has been working with the YJB in revising the specifications and operating procedures that it sets for the secure estate for children and young people. Rather than basing this on existing specifications for the adult secure estate, the new approach being developed by NOMS is based on principles and expectations set out in the YJB's new specification for YOIs.

We developed the new specification as part of Project Fosse, a proposed new YOI development at Glen Parva in Leicester, which was not taken forward following the Government's emergency budget in 2010.¹² The new specification considers issues that are unique to the secure estate for children and young people, and encourages a needs-led approach to services, together with development of a workforce that is appropriately skilled and trained to deal with the YOI population.

Key action 22

The YJB Placement Service places young people in appropriate accommodation across the secure estate. Implement a change programme to improve the way placement decisions are made, including revising documentation and improving the way decisions are recorded, to increase transparency. The work also covers a comprehensive learning and development programme for staff.

Outcome

Our Placement Service has been significantly reformed and streamlined during 2010/11, resulting in a more efficient and auditable process for placing young people across the secure estate. The change programme has focused on process redesign elements and a staff restructure.

The eAsset software application, which stores data about a young person, is in the process of being redesigned so that information is easier to access for staff and a record of decision-making is retained. In 2010, we ran pilots to introduce a new placements information form – a feature of the eAsset software – to selected YOTs and to obtain their feedback. The form enables information to be updated and shared and will eventually be self-populating, reducing the work required to input data. In 2011/12, we will roll out the form nationally, having incorporated the feedback from YOTs.

Another element of the change programme has been to streamline staff and realign the management structure in the Placement Service. One notable change has been the appointment of Placement Planning

Officers to manage the placement of individual young people. This has replaced a more general approach to casework across establishments, and has enabled the service to focus on and identify 'at risk' young people.

Key action 23

Through our capital development programme, reconfigure the secure estate so that the geographical spread of places better matches demand, improve education and vocational facilities, and provide more flexible living units. Refurbish facilities at Warren Hill YOI to improve the induction of young offenders, and the healthcare facilities available.

Outcome

During 2010/11, the YJB has continued to invest in improving safeguarding and the built environment in YOIs.

At Warren Hill YOI, the YJB has developed a new bespoke housing block with integrated facilities for young people. The YJB prioritised Warren Hill based on issues identified from our own safeguarding reviews, which had highlighted the need for better facilities at the YOI.

The new accommodation features an improved reception area where initial assessments can be conducted more effectively in facilities designed to recognise the need to settle young people and allow them to discuss issues in privacy. The accommodation also includes day-care healthcare facilities, with better provision for consultations to take place confidentially in facilities that now meet current NHS standards. There

¹² See Note 16 on page 59.

is also a 20-bed induction unit where young people will spend their first nights in an appropriate environment, and a 40-bed discrete unit for young people serving long-term sentences.

The opportunity to construct new accommodation (rather than redevelop the existing accommodation) offered the best option to deliver significant improvements in care and support to young people at points when they are most likely to feel unsettled.

Construction of the new accommodation began in February 2010. Some last-minute changes have been requested by NOMS, and, once these have been completed, we anticipate that the new facilities will be fully operational and utilised by autumn 2011.

We are planning future capital developments, but the detail of where and what these are will be influenced by the outcome of the consultation exercise being undertaken for our new secure estate strategy (this is taking place during 2011). However, we will continue to make the case for capital investment to improve safeguarding, including developing business cases to fund specialist units offering enhanced support to young people, which will allow for a more flexible use of the secure estate.

Key action 24

Survey YOTs to analyse their views on the service being delivered in secure establishments.

Outcome

In July 2010, we carried out surveys among YOTs and secure establishments with a view to identifying what worked well between the two services and potential areas for improvement. This was the first time such a survey had been carried out, and the participation rate was high at 67% and 74% respectively.

The results allowed us to tackle perceived problem areas with individual YOTs and secure establishments via monitors and senior performance advisers. This will help to improve communication and working relationships, which will enhance the support that is available to young people both during and after custody. The results also led us to carry out more focused research on certain areas in order to identify best practice; the results of this research are expected to be communicated in 2011/12.

Key action 25

Create a service level agreement between Ofsted, Her Majesty's Inspectorate of Prisons, the Ministry of Justice and the YJB relating to the inspection of STCs.

Outcome

The YJB is represented on a steering group with Ofsted and HMI Prisons to create a joint inspection framework and standards. This directly responds to the *Independent Review of Restraint*¹³ recommendation that the two agencies unite to specialise in the inspection of restraint regimes and practices in STCs and secure children's homes.

The new framework will attempt to resolve issues of divergence in the approaches taken by the inspectorates, and, as such, it will result in a fully co-ordinated inspection with a greater focus on restraint and with the interests of young people at its heart.

It is expected that the new framework will be piloted during 2011/12 and then implemented in 2012/13. A revised service level agreement will then be drawn up to reflect the new arrangements.

¹³ Smallridge, P. and Williamson, A. (2008) *Independent Review of Restraint in Juvenile Secure Settings*.

Corporate objective

Building capacity

Key action 26

Complete implementation of our financial change programme and strengthen our budget management and forecasting capability so that we can continue to improve financial management and secure best value for money from our programme and operational budgets.

Outcome

In 2010/11, our finance team formed closer links with senior managers responsible for delivery and budget management, to help support improvements to financial management. In addition, a new electronic expenses system was launched to streamline and automate the previously paper-based process; this was proved to reduce processing times by half.

Our finance function has also responded to increased ad hoc reporting needs and configured a user interface for reporting from specialist financial systems, e.g. SUN and Vision XL.

We closely monitored the delivery of savings that resulted from our decommissioning of places within the secure estate, and, in the third quarter, our declared underspend of £25 million was passed back to the Ministry of Justice.

Key action 27

Identify and deliver savings of £1 million on the YJB's operating costs in 2010/11 by identifying efficiency savings, including considering the feasibility of outsourcing or sharing some of the YJB's finance and HR services with other organisations, such as the Ministry of Justice, our sponsor department.

Outcome

We successfully delivered savings of £1 million by building these savings into budgets at the start of the year. An additional underspend of £0.8 million was delivered against the reduced running costs budget. This was achieved by efficiency savings, a freeze on recruitment and realising some savings from the YJB headquarters relocation that took place in February 2010. Plans to outsource HR and finance functions to a shared services model are now being taken forward as part of the transition of youth justice functions into the Ministry of Justice.

Key action 28

Implement our updated business continuity plan to ensure that key operations can function in the event of an emergency.

Outcome

During 2010/11, we finalised and implemented our business continuity plan. A key part of the plan ensures that, in the event of a major problem at our headquarters building, we are able to continue to provide our core service for placing young people in secure establishments. We tested the effectiveness of the plan during the year, enacting a realistic scenario which engaged a number of senior managers as well as staff from our Placement Service. The final element of the plan was to procure and configure back-up IT equipment away from our headquarters building, to ensure that IT services can be provided to staff in the event of a major problem. This was completed in June 2011.

Key action 29

Take forward the updating of our internal control framework, including the creation of an anti-fraud programme.

Outcome

In 2010/11, the system of internal control checks was reviewed and updated to provide greater assurance that the YJB Statement on Internal Control is being delivered. Directors are required to provide evidence that systems are in place, and are being followed, across a number of core areas, including risk management, corporate planning, procurement, project management, budget-setting and monitoring, finance, human resources and information assurance. The results are reviewed by the YJB's Executive Management Group.

Following a cross-directorate fraud risk self-assessment in December 2009, a fraud policy statement and response plan was put in place. The response plan contains guidance on how to detect fraudulent activity and will be supported by a series of fraud awareness training sessions for senior staff. We also updated the organisational whistle-blowing policy.

Key action 30

Further strengthen our information assurance systems in order to protect confidential data and other information assets.

Outcome

Our IT systems (including Connectivity, eAsset and Youth Justice MIS) have been reviewed by the Ministry of Justice's Architecture, Technology and Information Assurance (ATIA) team. As a result, further work to accredit these systems for information assurance purposes is now being progressed, under the guidance of the Ministry of Justice's ATIA team, and we are working to bring our information assurance systems in line with the Ministry of Justice's approaches. See our statement on internal control (pages 36 to 40) for more information about information assurance in the YJB.

Key action 31

Introduce a new performance appraisal system that will identify our highest performers, tackle poor performance, and support staff in driving forward improvement across the YJB.

Outcome

During 2010/11, we introduced a new performance appraisal system and co-ordinated seminars for staff to roll it out across the organisation.

The new system places more emphasis on the employee to demonstrate organisational values and competencies for their role, requiring them to evidence statements in the appraisal documentation. There is also an emphasis on the quality of conversation between appraiser and appraisee. At the end of the appraisal year, HR liaised with a working group to review the new performance process and incorporate suggested amendments.

To support staff in driving forward improvement across the YJB, we have formalised a number of HR policies such as conduct, grievance and disciplinary policies to equip managers to deal with performance issues. HR staff have worked closely with managers to support policy implementation. In 2010/11, we launched a values-based staff recognition scheme to show appreciation of effort by staff performing at the highest level.

Wales

The devolution of children's services, education and health policies to Wales means that a significant part of YOT activity in Wales is subject to Welsh Government oversight. The YJB works closely with the Welsh Government¹⁴ to ensure alignment between the UK Government's youth justice policies and the Welsh Government's approach to the provision of the services for which it has responsibility.

Key action Wales 1

Oversee implementation of the *All Wales Youth Offending Strategy Delivery Plan 2009–11*¹⁵ objectives through the joint chairing of the Youth Justice Committee for Wales and its sub-committees.

Outcome

Throughout 2010/11 we oversaw implementation of the *All Wales Youth Offending Strategy Delivery Plan 2009–11*, and delivered all but five of the objectives within the reporting period.

Over the last two years, much has been achieved within the youth justice system in Wales. There have been continued reductions in the number of first-time entrants to the youth justice system, in the rate of juvenile reconviction and in the use of custody for young people. New services have been established, such as integrated family support, additional provision at Hillside secure children's home, resettlement support panels and Child and Adolescent Mental Health Services at Parc YOI.

The five remaining objectives from the delivery plan were either longer term projects or have developed into new work streams. These objectives, together with a small number of emerging priorities, will be pursued under an interim delivery plan during 2011/12.

The *All Wales Youth Offending Strategy* has been in place since 2004. The Welsh Government and the YJB are in the process of reviewing the need for a new strategy, taking account of new policy imperatives from the UK Government and the Welsh Government's developing policies on children and young people. This review includes examination of the current governance and leadership arrangements provided by the Youth Justice Committee for Wales and its sub-groups. In March, the Youth Justice Committee for Wales agreed to reduce the number of sub-committees to two in recognition of the extent to which delivery plan objectives had been delivered and the need to reduce the burden of attendance on key stakeholders.

Key action Wales 2

Monitor national, regional and local performance against the six performance measures in the Wales YOT indicator set.

Outcome

During 2010/11, the youth justice indicators for Wales continued to be reviewed and monitored by the YJB Wales team and shared with members of the Youth Justice Committee for Wales. The end-of-year results for 2010/11 in Wales demonstrate the following.

- The number of first-time entrants to the youth justice system has continued to fall each year in Wales since 2006. Police National Computer data demonstrates a 33.3% reduction in first-time entrants between 2009 and 2010, in contrast to a reduction of 16.2% between 2008 and 2009.
- Although reoffending rates in Wales (nine-month rate for 2010/11) have increased by 23% compared to the same period in 2009/10, the rate of reoffending since 2005 has nevertheless reduced by 18.6%.
- The custody rate in Wales has remained relatively constant at around 5.6% (down from 5.8% in 2009/10), despite a significant reduction of 13% in the number of sentences, and the number of custodial disposals in Wales reducing by 16.6%.

¹⁴ Previously the Welsh Assembly Government.

¹⁵ Youth Justice Board (2009) *All Wales Youth Offending Strategy: Delivery Plan 2009–11*. London: Youth Justice Board.

The YJB Wales team continues to support youth justice services in Wales, assisting areas that are demonstrating poorer results against the youth justice indicators for Wales, while continuing to address thematic issues that have been raised as a result of Her Majesty's Inspectorate of Probation's inspection regime and the outcomes of YOTs' self-assessments. This work has included APIS (Assessment, Planning Interventions and Supervision) quality assurance workshops throughout Wales, reoffending analysis workshops and targeted support for specific YOTs, as appropriate. The facilitation of a review of prevention strategies across Wales continues, and workshops focusing on breach and remand toolkits developed through the National Performance Improvement Team are planned for this coming quarter.

Key action Wales 3

Assist the Department for Health and Social Services (Wales) to develop integrated family support services.

Outcome

Throughout 2010/11, the YJB Wales team has consistently represented the youth justice system on the Welsh Government Integrated Family Support Services Programme Board.

We have supported the launch of four pilot schemes (with funding offered to an additional two areas) which are intended to strengthen links between services for adults and children through a focus on the family. The pilots are also testing out ways to overcome barriers to integrated delivery across sectors such as social care and youth justice.

Halfway through 2010/11 we supported the Welsh Assembly Government in producing a briefing for staff working in the youth justice system in Wales, including YOTs, police officers, sentencers and court staff. The briefing explained integrated family support services and explored how youth justice staff could work together to improve the lives of 'at risk' children and their families.

Key action Wales 4

Work with the Children's Commissioner for Wales to embed consultation with, and the participation of, children and young people in the youth justice system.

Outcome

In 2010/11, we developed an induction pack to give guidance on the effective participation of children and young people in the youth justice system. The induction pack is aimed at practitioners and provides advice on adjusting language and behaviour to take account of child development issues, differing learning styles and issues related to speech, language and communication styles. The induction pack will be tested during summer 2011 with groups of young people currently involved with community and custodial youth justice services and with practitioners' groups.

At the end of 2010/11, we looked at ways to include young people in reviewing and evaluating their court orders with the aim of informing service improvement and achieving better outcomes. We will continue to work towards this deliverable into 2011/12.

Key action Wales 5

Implement the *Youth Crime Action Plan*¹⁶ in Wales in partnership with the Welsh Assembly Government.

Outcome

Funding for discrete *Youth Crime Action Plan* interventions in Wales ended in March 2011. During 2010/11, we supported two programmes that ran in Newport and Cardiff. In Cardiff, where the Triage model was supported, our role took the form of liaison and monitoring. In Newport, three options were trialled: Triage, street-based teams of targeted prevention workers, and reparation in leisure time. Here we played a more active role with the YOT, initially by attending a number of steering group meetings to provide advice.

Looking forward into 2011/12, continuation of these services will be subject to local discretion, but we are aware that both areas will try to continue to fund and deliver Triage. Gwent Police (who operate in Newport) is reviewing Triage, the Bureau (as delivered by Swansea YOT), and the Youth Restorative Disposal (as delivered by North Wales Police) as options. The Head of the YJB's Wales team is a member of a steering group which has been established to develop this work strand.

¹⁶ HM Government (2008) *Youth Crime Action Plan 2008*. London: HM Government.

Key action Wales 6

Consolidate and broaden locally based resettlement and aftercare provision for children and young people leaving the youth justice system, in particular those leaving custody. Evaluate the six funded resettlement programmes in Wales and disseminate best practice.

Outcome

Throughout 2010/11 we have supported pilot resettlement support panels in six Welsh YOT areas. The pilot period ended on 31 March 2011 and delivery of resettlement support is now at local discretion, although we are aware that resettlement support panels will be maintained in the original pilot areas. In addition, another three YOTs have asked for support from the YJB's Wales team to establishment panels.

The model shows encouraging results. In the most successful pilot sites, we have seen increased engagement in pre- and post-custody cases by a range of partners that are now contributing resources to resettlement interventions. Furthermore, Parc YOI, Stoke Heath and Redbank community home are all sending representatives to panels in their catchment YOTs.

An interim evaluation report has identified the following benefits in areas that have faithfully implemented the model:

- improved communication and planning between YOTs and the secure estate
- an improvement in partnership-working and information-sharing
- identification of gaps in service provision and local solutions to overcome barriers

- development of multi-agency support packages
- development of out-of-hours provision to disrupt patterns of offending
- an improvement in compliance with statutory orders and a reduction in breach of sentence conditions
- an improvement in the relationships between young people and service providers.

The greatest benefits were seen in areas where there is sufficiently senior representation from partners on the panel, in combination with a dedicated worker providing day-to-day oversight of resettlement plans and personal support to young people.

Work to broaden the use of voluntary resettlement support will be continued under the 2011/12 delivery plan. This will include amendment of the resettlement support panel guidance to integrate findings from the final evaluation, and work to determine the scope for establishing a resettlement consortium based around Parc YOI in South Wales.

Key action Wales 7

Implement a Welsh language action plan to provide Welsh learning options for children and young people from Wales housed in secure establishments, including developing practice guidance for YOTs on delivering services in the Welsh language.

Outcome

Following a report by the Welsh Affairs Select Committee, in 2009 the YJB made a commitment to review the provision of Welsh language services in the secure estate, and identified

four key areas for consideration. Actions resulting from this review were amalgamated into a Welsh Language Action Plan, and were delivered under the *All Wales Youth Offending Strategy Delivery Plan 2009-11*.

Wherever possible, the YJB places children and young people from Wales in establishments that are close to home, and, where appropriate, able to address individual needs. For young people from mid to north Wales, the nearest provision is in England.

Prior to Stoke Heath YOI being decommissioned, the YJB and the Welsh Government committed to enhance the service specification for Welsh young people placed in the secure estate in England. This included developing a specialist unit at Hindley YOI in Wigan, Lancashire. The enhanced service specification seeks to promote the welfare, educational, cultural and resettlement needs of Welsh young people. It has the potential to overcome long-standing barriers to effective resettlement of these individuals, including much needed access to Wales-specific careers advice and bilingual provision.

To ensure that young people are able to access the Welsh language and culture when placed in Hindley YOI, the service specification sets out key activities, including:

- offering discrete Welsh culture groups for young people
- providing 'quick reads' in Welsh for the library
- providing the library with Welsh books, newspapers and periodicals in the Welsh language and in English/Welsh
- ensuring induction information and all core booklets are available in Welsh.

SECTION 2

MANAGEMENT COMMENTARY

The YJB oversees the youth justice system in England and Wales. This section describes how we operated during 2010/11.

The YJB was established on 30 September 1998 as an executive non-departmental public body under the Crime and Disorder Act 1998. We are sponsored by the Ministry of Justice and our Board members are appointed by the Secretary of State for Justice. We also receive funding from the Home Office. Until May 2010 we were jointly sponsored by the Ministry of Justice and the Department for Education, but since then sponsorship has been provided solely by the Ministry of Justice.

Principal activities

The YJB oversees the youth justice system in England and Wales. We work to prevent offending and reoffending by children and young people under the age of 18, and to ensure that custody for them is safe, secure, and addresses the causes of their offending behaviour.

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.

We base our work on evidence, where this exists.

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 51) and it does not include any fees for non-audit work (no fees for non-audit work were recorded in 2009/10).

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 between three and five years. The Board members who served during the year were:

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

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 and this was last reviewed in September 2010. The code of practice provides for a Register of Members' Interests. The code of practice is available at www.yjb.gov.uk/board.

Members of the Board, in consultation with the YJB's sponsoring department, appoint the Chief Executive. 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 audit service, and the management of risks.

For biographical details of the YJB's Board members, go to www.yjb.gov.uk/board or www.justice.gov.uk/about/yjb/yjb-board.htm.

* Member of the Audit and Risk Committee.

Executive Management Group

During 2010/11, the Executive Management Group consisted of the Chief Executive, the Director of Corporate Services, the Director of Secure Accommodation, the Director of Strategy, the Director of Performance and the Director of Communications (until 30 September 2010).

John Drew

Chief Executive

Lucy Dawes

Director of Performance

Bob Ashford

Director of Strategy

Adam Morris

Director of Communications (until 30 September 2010)

Ray Hill

Director of Secure Accommodation (from 1 July 2010)

Craig Watkins

Director of Corporate Services (until 11 July 2010)

Martin Skeats

Director of Secure Accommodation (until 19 July 2010)

Director of Corporate Services (from 19 July 2010)

Craig Watkins left as Director of Corporate Services on 11 July 2010. Adam Morris left as Director of Communications on 30 September 2010 and there was an agreed reduction of one SCS (senior civil servant) post in the YJB establishment. Brendan Finegan left as Director of Strategy on 30 April 2010.

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 35.

Summary of performance against targets

See pages 4 to 21.

Financial review

The YJB received total funding of £452.3 million in 2010/11, representing a £51.9 million (10%) reduction on the level of funding received in 2009/10. The funding for 2010/11 was supplied as follows:

- £402.0 million (89%) from the Ministry of Justice
- £29.4 million (6%) from the Department for Education
- £20.7 million (5%) from the Home Office
- £0.2 million from the Arts Council.

The YJB incurred expenditure during 2010/11 of £454.5 million.

£268.9 million (59% of overall expenditure) was spent on secure accommodation, compared to £305.6 million (61%) in the previous year. Demand for accommodation in the secure estate for children and young people declined steadily during the year. Occupancy fell from 2,382 young people in custody in April 2010 to 2,084 in April 2011, including those over the age of 18. Significant savings were realised in 2010/11 by the YJB decommissioning 598 places, mainly by withdrawing from Huntercombe and Castington YOIs.

One-third of the YJB's budget (£151 million) was allocated to community-based programmes. Significant grant funding streams from the YJB to YOTs were:

- effective practice £54.6 million
- crime prevention £36.2 million
- Intensive Supervision and Surveillance £33.3 million
- resettlement and substance misuse £15.1 million.

The YJB's running costs¹⁷ of £15.0 million represent 3% of total expenditure (£16.8 million in 2009/10).

Equal opportunities

We have 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 race, colour, nationality, gender, disability, sexual orientation, religion, or any other irrelevant factor, whether in recruitment, training, promotion or in any other way. It is our policy to follow the codes of practice issued by the Equality and Human Rights Commission. The Director of Corporate Services has overall responsibility for ensuring that the policy operates effectively for employment issues.

¹⁷ Running costs are defined as the core staff costs of permanent staff and Board members (Note 2 on page 49) and non-programme costs (Note 3 on page 51).

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 Equality and Diversity Action Plan complements the strategy and is a comprehensive work plan which breaks down the areas of work and responsibilities across directorates. The actions associated with this plan are monitored by the Equality and Diversity Board, which meets quarterly and is chaired by the Chief Executive.

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

Employee relations

We aim 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 perceptions 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 to ensure a two-way flow of information. We have also regularly reviewed how internal communications can be improved, which has led to initiatives such as more shared learning sessions in the senior management briefings – these are then cascaded to all staff.

A weekly bulletin, *InterCom*, is distributed to all staff. An all-staff conference is held annually and staff can access a range of material on the YJB intranet.

Disabled people

At 31 March 2011, the number of registered disabled people employed was 2 (in 2010, the number of registered disabled people employed was 3). When advertising posts, we specifically welcome 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 that we have a duty under the Disability Discrimination Act (DDA) 1995 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.

Our headquarters building is fully DDA-compliant and is accessible for disabled employees and visitors.

Staff absence

The average number of days taken by staff due to sickness was 4.48 in the financial year ending 31 March 2011. This compares to an average of 2.98 days in 2009/10, when we were in the process of rolling out our online HR systems to all YJB staff. These systems have strengthened the system for absence reporting.

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. Since relocating to our new headquarters in 2010, we have increased our recycling capacity and reduced our use of paper by centralising printing and scanning.

We have participated in a 'dry run' benchmarking exercise co-ordinated by the Ministry of Justice to compare our use of resources with other organisations and highlight any improvements that can be made.

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 during the year showed that 95% (2010: 90%) 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.

Personal data-related incidents

In 2010/11 three incidents were reported to the Information Commissioner's Office (ICO). Further details on our arrangements relating to risk and control can be found in our statement on internal control on page 36 to 40.

1. Youth Justice Management Information System (Youth Justice MIS)

In September 2010, the ICO revised its opinion on data stored on the Youth Justice MIS, to define it as personal data. This meant that the data was subject to handling guidelines and controls associated with the Data Protection Act.

We immediately reviewed data controls within Youth Justice MIS and put in place an interim solution of removing key non-mandatory data items from the core data set available to application users. A longer term solution is being developed with the input of stakeholders who use the shared service.

2. Children's charity

In January 2011, it transpired that we had breached information security because we had been giving details of young people in London to a children's charity so that they could support individuals leaving custody.

We informed the ICO of this breach of information security because we/the Ministry of Justice were unable to identify a legal basis for sharing data with the charity. We immediately stopped providing information and instead we offered support to the charity in enlisting YOTs to share information via data-sharing protocols with the charity. The charity deleted all the data that we had provided them with on young people.

3. Furniture from former YJB headquarters sold on by a third party

Following the relocation of YJB headquarters in March 2010, much of the redundant furniture situated at the former YJB offices was sold to a removals company. Despite a two-stage checking procedure, a desk sold on to a member of the public was found to contain documentation about two young people. The incident was reported by a member of the public in April 2010.

The information breach was reported to the ICO in April 2010 and the mislaid documents were returned to the YJB. Steps were taken to check remaining furniture that had been sold and we issued a reiterative message to the business regarding document control and data protection.

Our principal risks and uncertainties

Our principal risks include:

- the challenging financial climate and local partners reducing their funding for YOTs
- failure to meet our duty of care in our secure accommodation functions
- the risks involved in managing the transfer of functions to the Ministry of Justice, following the Government's decision to abolish the YJB, subject to parliamentary agreement.

Future activities

Our plans are published annually in our corporate plan, which is approved by the Ministry of Justice. This sets out the strategic objective for 2011–15 of working in partnership with agencies across the community and commissioning the secure estate in order to:

- prevent offending and reduce reoffending by children and young people under the age of 18
- 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 deliver a streamlined and distinctive youth justice function, which is prepared for transition into the Ministry of Justice, but which retains the skills and expertise of the YJB.

For further information on the development and operation of the YJB's business, please refer to the review on page 4, which includes a summary of performance against our targets.

Going concern

The activities of the YJB are mainly financed by the Ministry of Justice. The YJB's confirmed Near Cash budget for 2011/12 (£404.5 million) is derived from two main sources: the Ministry of Justice (£390 million) and the Home Office (£14.5 million).

The Ministry of Justice has communicated its indicative Near Cash funding to the YJB as £385 million, £368 million and £356 million for 2012/13, 2013/14 and 2014/15 respectively. Home Office funding to the YJB is likely to drop to £12.5 million for 2012/13 and to nil thereafter.

On 14 October 2010, the Cabinet Office announced the Government's intention to abolish the YJB and to bring its functions within the Ministry of Justice. The vehicle for abolition is the Public Bodies Bill, which is scheduled to pass through Parliament during 2011, followed by secondary legislation in 2012. Legislative changes are at Parliament's discretion, so there is uncertainty as to the nature and timing of changes that will affect the YJB's future.

Subject to enactment of the proposed legislation, the YJB and the Ministry of Justice are jointly leading a programme to transfer responsibility for key functions to the Ministry of Justice. As part of this transition, contractual issues and future liabilities will be addressed.

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

Signed on behalf of the YJB by

John Drew
Chief Executive
and Accounting Officer

Date: 12 July 2011

SECTION

3

ACCOUNTS 2010/11

The following section sets out our accounts for 2010/11 and describes our system of internal control.

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) approved by the Ministry of Justice. In some cases Home Office terms and conditions apply, which are endorsed by the Ministry of Justice. Civil Service terms and conditions of service apply to the rates of pay paid to our staff seconded from the Ministry of Justice. Direct employees are paid at equivalent Civil Service rates or at rates approved by the Ministry of Justice. Payment is made in accordance with the *Civil Service Management Code*, except where prior approval has been given by the Ministry of Justice to vary such rates. We operate a performance-related pay scheme set annually by the Ministry of Justice.

Performance bonuses paid to YJB executive management are governed by the Senior Civil Service (SCS) pay arrangements administered by the Cabinet Office. For the year ending 31 March 2011, the Cabinet Office determined that a bonus could be awarded to SCS staff assessed as being in the top 25% of performers. SCS staff are allocated to one of four groups based on an assessment of their contribution relative to others operating at the same level.

Service contracts

Appointment of Board members, including the Chair, is for a fixed period of up to five years. Reappointment is possible, but members are prevented by statute from serving for a continuous period of more than ten years. The appointment of Board members, and extension of their contracts, is made by the Secretary of State at the Ministry of Justice, in line with guidance issued by the Office of the Commissioner for Public Appointments. Appointments and extensions are approved by the Commissioner.

Frances Done was reappointed as Chair of the YJB by the Secretary of State for Justice for a period of three years (with effect from 1 February 2011) or until the date on which the YJB is abolished. All reappointments are made on merit and political activity plays no part in the selection process.

Early termination of Board members' contracts is at the discretion of the Secretary of State, on such financial terms as are deemed appropriate by the Secretary of State, with the approval of HM Treasury.

Executive managers are permanent employees who hold appointments which are, unless otherwise stated below, open-ended. Early termination 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://www.civilservice.gov.uk/jobs/Background/Civil-Service-Commissioners/civil-service-commission.aspx>.

Remuneration committee

Our Remuneration Committee meets annually to agree the appraisal of the Chief Executive, and to consider his or her remuneration. The Chair is Frances Done, and a quorum for the committee is at least one other member of the Board plus the Chair.

Remuneration (audited information) Board members

The Board members' remuneration, with the exception of the Chair's remuneration, is based on the number of days worked. In the year ended 31 March 2011, the Board members received remuneration as follows.

Name	2011 Remuneration £'000	2011 Benefits in kind £'000	2011 Total £'000	2010 Remuneration £'000	2010 Benefits in kind £'000	2010 Total £'000	Start date	Unexpired term from 31/03/2011
Frances Done	85	2.5	88	85	5.7	91	01/02/2008	2 years and 10 months
Graham Robb	18	5.0	23	18	1.0	19	01/10/2004	5 months
Alan Billings	15	2.5	18	15	0.8	16	01/10/2004	5 months
Charles Clark	9	1.2	10	9	-	9	01/03/2007	1 year 11 months
Bob Reitemeier	15	-	15	15	-	15	01/06/2006	1 year 2 months
Rosanna O'Connor	9	0.1	9	9	0.1	9	11/05/2007	1 year 11 months
Jennifer Izekor	10	-	10	9	-	9	09/04/2009	1 year
Angela Sarkis	9	-	9	9	-	9	09/04/2009	1 year
John Wrangham	12	1.1	13	12	-	12	09/04/2009	1 year
*David Simpson	-	-	-	-	-	-	01/10/2004	5 months

* David Simpson waives his entitlement to Board member fees.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the YJB and treated by HM Revenue and Customs 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 HM Revenue and Customs 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 were as below. None of the other Board members has any pension entitlements associated with their YJB positions.

Name and title	Accrued pension at 60 as at 31/03/11 £'000	Real increase in pension at 60 as at 31/03/11 £'000	Related lump sum at 60 £'000	Real increase in related lump sum at 60 £'000	2011 CETV @ 31/03/11 £'000	2010 CETV @ 31/03/10* £'000	Real increase in CETV £'000
Frances Done Chair	5-10	0-2.5	-	-	100	65	30

* The figure may differ from the closing figure 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.

Executive management

The salary, bonus and pension entitlements of our executive management were as below.

Name and title	2011 Salary £'000	2011 Bonus £'000	2011 Total £'000	2010 Salary £'000	2010 Bonus £'000	2010 Total £'000
John Drew Chief Executive	135-140	5-10	140-145	135-140	-	135-140
Martin Skeats Director of Corporate Services (from 19/07/2010)	70-75 (90-95 full year equivalent)	-	70-75	-	-	-
Director of Secure Accommodation (from 01/12/2009 to 19/07/2010)	20-25 (80-85 full year equivalent)	-	20-25	25-30 (80-85 full year equivalent)	-	25-30
Ray Hill Director of Secure Accommodation (from 01/07/2010)	70-75 (100-105 full year equivalent)	-	70-75	-	-	-
Brendan Finegan Director of Strategy (to 30/04/2010)	5-10 (85-90 full year equivalent)	-	5-10	85-90	-	85-90
Bob Ashford Director of Strategy (from 01/05/2010)	75-80 (85-90 full year equivalent)	0-5	75-80	-	-	-
Lucy Dawes Director of Performance	90-95	0-5	95-100	85-90	5-10	90-95
Craig Watkins Director of Corporate Services (to 11/07/2010)	30-35 (100-105 full year equivalent)	5-10	35-40	100-105	5-10	105-110

Adam Morris, the Director of Communications, left the Board on 30 September 2010. £62,128 was paid to Adam Morris Communication Limited for his management services during 2010-2011. The post of Director of Communications was deleted from the establishment following his departure.

Salary

'Salary' includes gross salary, 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. However, it excludes performance pay or bonuses in line with the requirements of the Government *Financial Reporting Manual* (FRM).¹⁸ This report is based on payments made by the YJB and thus recorded in these accounts.

Compensation

Brendan Finegan left on 30 April 2010 under Compulsory Early Severance terms of the prior financial year ending 31 March 2010. Under these terms a lump sum of £149,992.56 was paid to him. However the payment was made during the financial year 2010/11.

¹⁸ See www.hm-treasury.gov.uk/frem_index.htm

Civil Service pensions

Name and title	Accrued pension at 60 £'000	Real increase in pension at 60 £'000	Related lump sum at 60 £'000	Real increase in related lump sum at 60 £'000	CETV @ 31/03/11 £'000	CETV @ 31/03/10* £'000	Real increase in CETV £'000
John Drew Chief Executive	5-10	2.5-5	-	-	108	56	52
Ray Hill Director of Secure Accommodation (from 01/07/2010)	20-25	2.5-5	60-65	7.5-10	248	204	29
Martin Skeats Director of Corporate Services (from 19/07/2010) Director of Secure Accommodation (from 01/12/2009 to 19/07/2010)	20-25	5-7.5	-	-	245	164	81
Bob Ashford Director of Strategy (from 01/05/2010)	30-35	2.5-5	95-100	10-12.5	684	560	81
Lucy Dawes Director of Performance	40-45	**	-	-	**	**	**
Brendan Finegan Director of Strategy (to 30/04/2010)	30-35	0-2.5	60-65	-	472	463	9
Craig Watkins Director of Corporate Services (to 11/07/2010)	25-30	0-2.5	40-45	-	325	305	25

* The figure may differ from the closing figure 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.

** The accrued pension figure at 60 for Lucy Dawes is an estimate. All other pension information for Lucy Dawes is unavailable due to delays in the transfer of information between administrators.

Other details (as required by EPN 268), relating to the pension benefits disclosed above are as follows.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a final salary scheme (Classic, Premium or Classic Plus) or a whole career scheme (nuvos). The 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 changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality money purchase stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 in respect of 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 RPI. In all cases members may opt to give up (commute) pension for 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 approved products. 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: www.civilservice-pensions.gov.uk.

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 arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, 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 individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction of benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

**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, 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.

The executive managers are ordinary members of the Principal Civil Service Pension Scheme (PCSPS), and are employed by the YJB under permanent contracts, except for the Director of Communications.

Signed on behalf of the YJB by

John Drew

Chief Executive
and Accounting Officer

Date 12 July 2011

ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2011

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*,¹⁹ 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 judgments and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government *Financial Reporting Manual*, have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

¹⁹ See www.hm-treasury.gov.uk/psr_managingpublicmoney_publication.htm

YJB statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the YJB's policies, aims and objectives while safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in *Managing Public Money*.

These responsibilities are further outlined in the *Management Statement and Financial Memorandum*, drawn up by our sponsorship unit at the Ministry of Justice in consultation with the YJB. The management statement section of this document, which is based on a model prepared by HM Treasury, was revised and re-issued in September 2010. It sets out the overarching framework within which the YJB operates and in particular:

- 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 accountable for its performance.

The financial memorandum section sets out the financial provisions that the YJB must observe, in accordance with *Managing Public Money*.

In 2010/11, I was accountable to the YJB Board, and ministers and senior officials in our sponsor departments, the Ministry of Justice and (until May 2010) the Department for Education. Day-to-day business is carried

out in close collaboration with our sponsorship unit at the Ministry of Justice, the Youth Justice Policy Unit.

The purpose of the system of internal control

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

- identify and prioritise the risks to the achievement of the YJB's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage the risks efficiently, effectively and economically.

The system of internal control accords with HM Treasury guidance, and has been in place in the YJB for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

The YJB is well placed to manage risks at all levels of the organisation. Under my chairmanship, the YJB's Executive Management Group provides leadership by modelling the behaviours and creating the corporate environment necessary for effective risk management across the YJB. The Executive Management Group takes ownership of corporate risks and significant risks escalated from business areas, programmes and projects, and members are allocated responsibility for owning the implementation of the mitigating actions for specific risks.

The Executive Management Group encourages staff to:

- consider the risks relevant to their work
- utilise guidance provided to all staff on the YJB's approach to risk management
- access relevant training, including that provided by the Ministry of Justice (for example, information assurance training is compulsory for all staff).

The YJB's Change and Governance Unit provides resource to manage and coordinate the YJB's corporate-level risk processes, enhancing the Executive Management Group's capacity to monitor and manage risks.

The risk and control framework

Our corporate risk framework guides the YJB risk management system. It aligns with HM Treasury's *The Orange Book: Management of Risk – Principles and Concepts*²⁰ and the Ministry of Justice *Risk Management Policy of April 2010*. A revised framework was approved by the Audit and Risk Committee in September 2010. This includes greater detail on 'risk appetite' and the establishment of a directorate risk group to support risk management at directorate level and across the YJB.

Day-to-day responsibility for identifying and managing risks lies with programme and project leads within the YJB's directorates. The Executive Management Group reviews risks on a monthly, quarterly and annual basis, through a formal examination and update of the YJB Corporate Risk Register. On a quarterly basis, the Audit and Risk

²⁰ HM Treasury (2004) *The Orange Book: Management of Risk – Principles and Concepts*. London: The Stationery Office.

Committee reviews the Corporate Risk Register and the Board reviews the highest scoring risks. They are also involved in a six-monthly risk review and annual review of the risk framework.

Risk management is embedded into the YJB's approach to its core business of supporting local authorities' youth offending teams (YOTs) and overseeing the secure estate for children and young people. Specific risks are escalated to our sponsor department as necessary. The YJB engages in regular consultation with key stakeholders, including other Government departments, voluntary sector organisations and other non-governmental organisations, to discuss all aspects of our business.

The key risks for the YJB at present are as follows.

Funding

We continue to work with the Ministry of Justice on our plans for delivering Government priorities in the current context of a challenging financial climate. In particular, we are working to mitigate the effect of reductions in funding, at both national and local level, on the performance of the youth justice system. We recognise the need for youth justice services to deliver more, with fewer resources, and are seeking to encourage professional discretion and innovation, including:

- developing payment by results schemes
- identifying and disseminating best practice
- developing approaches for peer support between practitioners.

Safeguarding and serious incidents

The arrangements for managing risk of harm to young people who offend are set out in the national standards and practice guidance that local youth offending services are required to comply with. Our contract management and monitoring of the secure estate provides a means to assess whether providers have adequate risk management arrangements in place. Our Serious Incidents Programme Board oversees specific actions and monitors trends arising from deaths in custody and reportable incidents. We are also increasing the capability of our Placements Service with a change programme to improve the way placement decisions are made and managed. Additionally, we are supporting implementation of a programme of work covering the use of restraint in the secure estate and a new behaviour management system for use in YOIs and secure training centres.

Organisational change arising from transition of functions to the Ministry of Justice

As part of a wider review of arm's length bodies, the Ministry of Justice has determined to abolish the YJB and transfer our core functions into the Ministry of Justice (subject to the passing of the Public Bodies Bill). See Management Commentary pages 22 to 27. Until then, we will remain focused on delivering our aims and objectives, while at the same time working with our sponsorship department in managing the transition. A Transition Programme Board has been established to deliver the transition programme. This board meets monthly and is comprised of senior staff from the YJB, the Ministry of Justice and the Welsh Government. It is committed to

developing, overseeing and delivering an effective transition. In the meantime, we remain committed to the delivery of our corporate plan, and to working with national and local partners and stakeholders to this effect.

Information assurance strategy

The information assurance strategy ensures that 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*,²¹ and, in particular, security policy number four in that document, 'Information Security and Assurance'. In the summer of 2010, all YJB staff were required to complete the information assurance online training module on the National School of Government website. A revised ICT acceptable use policy was issued in September 2010, complementing the suite of other information assurance policies which all staff have access to via the YJB intranet. These include policies on the information loss process, laptop and blackberry security, using Secure email, protective marking, and password-protecting files.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the YJB who have responsibility for the development and maintenance of the internal control framework. It is also informed by comments made by the external auditors in their management letter and other reports. I have been

²¹Cabinet Office (2011) *HMG Security Policy Framework*, London: The Cabinet Office

advised on the implications of the result of my review by the Board and the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control is assured by the following structures and processes.

The YJB Board and committees

The Secretary of State for Justice appoints up to 12 Board members, who establish the organisation's overall strategic direction, ensure that we operate within the limits of our statutory authority, and agree corporate targets recommended by the Executive Management Group. The Board formally met seven times during 2010/2011. A sub-committee structure supports the Board, comprising an Audit and Risk Committee, a Reducing Offending Committee, a Secure Accommodation Committee, and a Youth Justice Committee for Wales. These committees, made up of Board members, directors and senior YJB staff, meet on a quarterly basis.

The work of the Board and the committees is formally prescribed in their terms of reference and in other governance documents, including the *YJB Standing Orders*, the *Code of Practice for YJB Board Members* and the *YJB Scheme of Delegation*. These documents expand on the responsibilities and accountabilities given in the *Management Statement and Financial Memorandum*, to ensure that YJB powers are delegated appropriately, that the functions of the YJB Board and its committees are clear and are carried out. The terms of reference for all committees were reviewed and revised during the course of the year, as was the Scheme of Delegation.

The Audit and Risk Committee, in particular, provides a forum for the scrutiny of our corporate governance. Regular agenda items include:

- a review of the YJB's Corporate Risk Register
- a report on investigations into deaths in secure accommodation
- a quarterly 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 Youth Justice Policy Unit, Ministry of Justice Internal Audit and the National Audit Office attend the Audit and Risk Committee meetings.

The Executive Management Group

The Executive Management Group comprises the Chief Executive and Accounting Officer and all of the YJB's directors. The group meets formally on a weekly basis to plan, deliver and oversee the work of the YJB. The Executive Management Group agrees corporate priorities, reviews and monitors budgets and expenditure, and identifies and manages risk. The Executive Management Group covers four distinct directorates. Three of these – Secure Accommodation, Performance and Strategy – are responsible for delivering our strategic objectives. The fourth – Corporate Services – supports the others in delivery, providing services including ICT, human resources, communications, facilities management and corporate governance.

YJB regional teams

Our regional teams, which form part of the Performance Directorate, help embed the YJB's work across England and Wales, as well as developing and maintaining working relationships at the local level.

YJB corporate and business plan

The 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 delivery. The *YJB Business Plan 2010/11*²² was approved by both YJB Board members and ministers, and the Board has been monitoring its delivery via the corporate performance reports put to them on a quarterly basis. The policies of the new coalition Government, the emergency budget set in July 2010 and the Spending Review in October 2010 have required us to review and reprioritise our activities throughout the course of the year. We are working with the Ministry of Justice to design an operating model that will support the new governance arrangements for the youth justice system.

The system of internal control checks

The system of internal controls checks was revised and relaunched in Autumn 2010. The system requires directors to provide evidence that internal governance processes are being followed, to identify any weaknesses and to explain how those weaknesses are being addressed. The results are reviewed and discussed by the Executive Management Group. The control checks reported on include evidence of financial planning

²² Youth Justice Board (2010) *YJB Business Plan 2010/11*. London: Youth Justice Board.

and monitoring; the development of directorate business plans; budget delegation; and the checking of a random sample of invoices and expense claims, which identified a small number of minor coding errors which were corrected. Opportunities for improving budget planning in some areas were found, resulting in closer working between business managers and our finance team. We will continue to refine and extend these control checks in 2011/12.

The Ministry of Justice's Internal Audit Team and annual audit plan

The Ministry of Justice'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 Executive Management Group. The plans are endorsed by the Audit and Risk Committee and approved by me. The Internal Audit Team issued six reports during the period from 1 April 2010 to 31 March 2011. Plans for implementing recommendations resulting from internal audits are monitored by the Audit and Risk Committee.

The Head of Internal Audit at the Ministry of Justice 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 audit work of the National Audit Office and the internal auditor's confidence as to whether agreed actions to remedy weaknesses will be implemented on time. 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 2010/11 concludes that the Chief Executive can take a high/medium level of assurance that the frameworks are generally adequate and effective, an equivalent rating to that for 2009/10.

External assurance

During 2010, the National Audit Office carried out a study entitled *The Youth Justice System in England and Wales: Reducing Offending by Young People*,²³ which was published on 10 December 2010. The report covered the following areas:

- the extent of offending by young people, and its cost
- whether the assessments of young offenders drive resource allocation to reduce future offending
- the extent to which work carried out with young offenders is effective in reducing the risk of offending
- the performance of the YJB in improving outcomes in the youth justice system.

The report was then the subject of a hearing of the Public Accounts Committee on 12 January 2011. The final Public Accounts Committee report was published on 15 February 2011,²⁴ and included the following statement from the Committee Chair, Margaret Hodge MP:

The youth justice system has been successful over the last 10 years in reducing the number of criminal offences committed by young people. The number of young people held in custody has also fallen, at a time when adult custody figures have been

rising. We commend the Youth Justice Board for the central role it has played in these achievements.

The report made a number of specific recommendations, including the need to:

- have a clear and measurable strategy to address reoffending
- develop a system to help weaker YOTs to improve their performance
- improve the dissemination of effective practice
- identify the strengths of the YJB that led to our success and make sure that they are maintained in the new structure in the Ministry of Justice.

Our corporate plan for 2011–15 includes work to address these recommendations, while a formal response to the report is awaited from HM Treasury.

The NAO also investigated concerns raised with them from external sources regarding the involvement of the YJB in the development of a new case management system. The NAO highlighted some concerns with the project regarding:

- risks to value for money
- risks arising from potential conflicts of interest
- risks arising from procurement processes
- risks relating to the appropriateness of governance arrangements.

The project was halted during 2010, following the withdrawal of funding as a consequence of the Government's commitment to identify £6bn of savings in May 2010. However, the

²³ National Audit Office (2010) *The Youth Justice System in England and Wales: Reducing Offending by Young People*. London: The Stationery Office.

²⁴ House of Commons Committee of Public Accounts (2011) *The Youth Justice System in England and Wales: Reducing Offending by Young People*. London: The Stationery Office.

YJB recognised that the NAO's concerns could have wider relevance to YJB's corporate governance and other related activities and carried out a review of programme and project governance. As a result we will clarify specific governance and decision making arrangements for projects and provide clearer sources of good practice and guidance to project managers and their senior responsible officers.

The YJB also responds to recommendations affecting the YJB made by other external bodies such as Her Majesty's Inspectorate of Probation and Her Majesty's Inspectorate of Prisons in the course of their inspections of secure establishments and youth offending teams. A cross-directorate group reviews progress against these quarterly.

Significant internal control issues

We identified a requirement to improve the information assurance accreditation of the YJB and the youth justice system ICT systems for which the YJB is responsible. This is currently a high priority issue that is being addressed in collaboration with the Ministry of Justice. Details of personal data related incidents reported to the Information Commissioner's Office are set out in the management

commentary (pages 22 to 27).

We are aware of the increased risk of fraud that could arise during a period of significant change for the YJB. Fraud awareness training will be given to all managers during 2011/12.

I am able to report that there were no significant weaknesses in the YJB's system of internal control in 2010/11. The internal control issues above did not detrimentally affect the achievement of the YJB's key aims and objectives.

John Drew
Chief Executive
and Accounting Officer

Date: 12 July 2011

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

I certify that I have audited the financial statements of the Youth Justice Board for the year ended 31 March 2011 under the Crime and Disorder Act 1998. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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, Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and Chief Executive 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 misstatements or inconsistencies I consider the implication for my audit certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

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 2011 and of its 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 directions issued thereunder by the Secretary of State.

Emphasis of Matter - Going Concern Uncertainty

Without qualifying my opinion, I draw attention to the disclosures made in note 1 to the financial statements concerning the application of the going concern principle. These disclosures are made in light of draft legislation, which is subject to ongoing Parliamentary scrutiny, to abolish the Youth Justice Board and transfer its

functions to the Secretary of State. The existence of this draft legislation indicates the existence of a material uncertainty which may cast significant doubt on the Youth Justice Board's ability to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions issued by the Secretary of State under the Crime and Disorder Act 1998; and
- the information given in the Management Commentary 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London SW1W 9SP
Date: 14 July 2011

ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	2010-11 £'000	Restated 2009-10 £'000
Expenditure			
Staff costs	2	18,900	26,753
Depreciation	5	3,120	3,510
Amortisation	6	397	248
Other Expenditure	3	430,274	471,434
Net Expenditure		452,691	501,945
Interest payable/receivable	3,4	1,766	1,936
Net Expenditure after interest		454,457	503,881

Other Comprehensive Expenditure

	Notes	2010-11 £'000	Restated 2009-10 £'000
Net (gain) / loss on revaluation of Property, Plant and Equipment		2,718	5,294
Total Comprehensive Expenditure for the year ended 31 March 2011		457,175	509,175

Prior year figures have been restated due to a change in the accounting policy where the Cost of Capital is no longer required. Please refer to Accounting Policy 1(h) where further details are provided.

All results arise from continuing activities.
The notes on pages 46 to 59 form part of these accounts.

Statement of Financial Position as at 31 March 2011

	Notes	2011 £'000	Restated 2010 £'000
Non-current assets			
Property, Plant and Equipment	5	67,540	75,134
Intangible assets	6	<u>1,339</u>	<u>991</u>
Total non-current assets		68,879	76,125
Current assets			
Trade and other receivables	8	7,670	8,147
Cash and cash equivalents	9	<u>15,114</u>	<u>24,033</u>
Total current assets		22,784	32,180
Total assets		91,663	108,305
Current liabilities			
Trade and other payables	10	<u>(15,338)</u>	<u>(24,423)</u>
Total current liabilities		(15,338)	(24,423)
Non-current assets plus net current assets		76,325	83,882
Non-current liabilities			
Trade and other payables	10	<u>(23,211)</u>	<u>(25,875)</u>
Total non-current liabilities		(23,211)	(25,875)
Assets less liabilities		53,114	58,007
Taxpayers' Equity			
Revaluation reserve		5,121	7,950
General reserve		47,993	50,057
Total capital and reserves		53,114	58,007

There has been a change in the Accounting Policy during the year with regards to the Cost of Capital 1(h).

In presenting the effects of this change in accounting policy, IAS 1 has not been applied in full, which would have required the presentation of comparative data for 2009 in the Statement of Financial Position. This decision was taken because the restatement would not have altered these figures.

John Drew

Chief Executive and Accounting Officer

Date: 12 July 2011

The notes on pages 46 to 59 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Cash flows from operating activities			
Net Expenditure after interest		(454,457)	(503,881)
Depreciation and amortisation	5,6	3,517	3,758
Loss on re-indexation of non-current assets	3	1,759	703
Loss on write-off of non-current assets	3	67	83
Interest received		212	289
Interest paid		(204)	(415)
Decrease in trade and other receivables	8	477	1,918
(Decrease) in trade and other payables, excluding interest and PFI liabilities	10	(9,276)	(1,547)
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	5	(174)	(258)
Net cash outflow from operating activities		(458,079)	(499,350)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(70)	(2,905)
Purchase of Intangible asset	6	(571)	(185)
Net cash outflow from investing activities		(641)	(3,090)
Cash flows from financing activities			
Grant-in-Aid from Ministry of Justice		401,990	432,750
Grants from Home Office		20,666	26,075
Grants from Arts Council		245	250
Grant funding from DFE		29,381	45,127
Capital Element of payments in respect of on-balance sheet PFI contracts		(2,481)	(2,310)
Net Financing		449,801	501,892
Net Decrease in cash and cash equivalents in the period	10	(8,919)	(548)
Cash and cash equivalents at the beginning of the period		24,033	24,581
Cash and cash equivalents at the end of the period		15,114	24,033

Grants from Government departments are all treated as contributions from a controlling party, as directed by the FRoM, and recognised on a cash basis with an opposite entry in the General Reserve (see Statement of Changes in Taxpayers' Equity). In 2010/11, £4.7m of funding was agreed with the Home Office which was not received before the year end. Following the cash-based policy for recognition of this funding, no account has been taken of this £4.7m in these financial statements.

The notes on pages 46 to 59 form part of these accounts.

Statement of changes in Taxpayers' Equity for the year ended 31 March 2011

	Notes	Revaluation reserve £000	General reserve £000	Total reserves £000
Balance at 31 March 2009		13,523	49,456	62,979
Changes in accounting policy	1(h)	-	-	-
Restated balance at 1 April 2009		13,523	49,456	62,979
Changes in Taxpayers' equity for 2009-10				
Grants from Parent		-	504,203	504,203
Net Expenditure for the year		-	(503,881)	(503,881)
Movements in Reserves				
Release of reserves to the General reserve		(279)	279	-
Net loss on revaluation of property, plant and equipment		(5,294)	-	(5,294)
Balance at 31 March 2010		7,950	50,057	58,007
Changes in Taxpayers' equity for 2010-11				
Grants from Parent		-	452,282	452,282
Net Expenditure for the year		-	(454,457)	(454,457)
Movements in Reserves				
Release of reserves to the General reserve		(111)	111	-
Net loss on revaluation of property, plant and equipment		(2,718)	-	(2,718)
Balance at 31 March 2011		5,121	47,993	53,114

NOTES TO THE ACCOUNTS

1.1 Going Concern

The activities of the YJB are mainly financed by the Ministry of Justice (MoJ). The YJB's confirmed Near Cash budget for 2011/12 (£404.5m) is derived from two main sources: MoJ (£390.0m) and the Home Office (£14.5m).

MoJ has communicated its indicative Near Cash funding to the YJB as £385m, £368m and £356m for 2012/13, 2013/14 and 2014/15 respectively.

Home Office funding to the YJB is likely to drop to £12.5m for 2012/13 and to nil thereafter.

On 14 October 2010 the Cabinet Office announced the government's intention to abolish the YJB and to bring its functions within the MoJ. The vehicle for abolition is the Public Bodies Bill which is scheduled to pass through Parliament during 2011, followed by secondary legislation in 2012. Legislative changes are at Parliament's discretion so there is uncertainty as to the nature and timing of changes that affect the YJB's future.

Subject to enactment of the proposed legislation, the YJB and MoJ are jointly leading a programme to transfer responsibility for key functions to the MoJ. As part of this transition, contractual issues and future liabilities will be addressed.

Having considered the circumstances described above and from discussion with 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* (FReM) 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 historical cost convention, modified to include non-current assets at their value to the business by reference to current costs. The accounts are also consistent, where appropriate, with International Financial Reporting Standards (IFRS) and the FReM. There are no new standards in issue that are expected to have a material impact on the YJB's accounts.

b. 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 (Youth Justice Programme Expenditure). There is no income or expenditure relating to geographical areas outside the United Kingdom.

c. Grant-in-Aid

The YJB is principally funded by grant-in-aid received from the Ministry of Justice, 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.

d. 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.

e. 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.

f. 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 or grouped basis, is £1,000 or more. The cost of Furniture is not capitalised (treated as expenditure in the year of acquisition).

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 Statement of Comprehensive Net Expenditure (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.

Modified Historic Cost Accounting is used as a proxy for fair value since the IFRS *Financial Reporting Manual* (FRM) does not allow the application of this cost model.

Other non-current Assets are valued at current replacement cost by using the *Price Index Numbers for Current Cost Accounting* published by the Office for National Statistics, except in the year of acquisition when their current and historical cost will not be materially different, or in subsequent years when the difference is immaterial.

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 Board'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.

g. Depreciation

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	Forty years for Hassockfield STC Fifty years for Medway, Oakhill and Rainsbrook STCs
Buildings, machine and electrical equipment	Twenty-five years
Information Technology	Three years
Internally developed computer software	Five years
Office equipment	Five years
Leasehold improvements - Drummond Gate HQ (3 year lease)	Three years

h. Cost of Capital Charge

The notional charge for the cost of capital employed in the previous year was removed, resulting in a change to the accounting policy. The effects of which have been noted below.

i. 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. Expenditure incurred on other Wiring up Youth Justice projects is written off fully in the period incurred.

j. 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. In respect of the defined benefit contribution schemes, the YJB recognises the benefits payable for the year.

k. Operating Leases

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

l. Private Finance Initiative transactions

Private Finance Initiative (PFI) transactions are accounted for in accordance with *Financial Reporting Manual (FRM) IAS 17 and IFRIC 12*. Where the balance of risks and rewards of ownership of the PFI property are 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.

m. STC Remands

The YJB recovers one-third of the cost of remands made to Secure Training Centres from Local Authorities. The net cost of STC placements is disclosed in the Financial Statements.

Change of accounting policy / Prior Year Restatement

With effect from the 2010/11 reporting period, the *Financial Reporting Manual* states that notional costs should not be recorded for the cost of capital, resulting in the removal of cost of capital. This is a change in accounting policy from earlier periods when such items were recorded in the Statement of Comprehensive Net Expenditure.

The effect of this change on the certified 2009/10 accounts and the impact of the change on the results of the current year is shown below.

Note there is no impact on the Statement of Financial Position and the Total Comprehensive Net Expenditure for the year as a result of this change in policy.

	For the year ended 31 March 2010 (as previously stated) £'000	Impact of adopting the new policy £'000	For the year ended 31 March 2010 (restated) £'000
Net Expenditure after cost of capital charge	504,062	(2,117)	501,945
Cost of capital reversal	(2,117)	2,117	-
Net Expenditure before interest	501,945	-	501,945

	For the year ended 31 March 2011 (without applying the new policy) £'000	Impact of adopting the new policy £'000	For the year ended 31 March 2011 (applying the new policy) £'000
Net Expenditure after cost of capital charge	452,691	(1,945)	450,746
Cost of capital reversal	(1,945)	1,945	-
Net Expenditure before interest	450,746	-	450,746

2. Staff Numbers and related costs

	Board Members £'000	Permanent Staff £'000	Other (including agency) staff costs £'000	2011 Total £'000	2010 Total £'000
Core Staff Costs					
Wages and salaries	183	8,769	7,073	16,025	23,974
Social security costs	15	707	180	902	901
Other pension costs	21	1,559	393	1,973	1,878
	219	11,035	7,646	18,900	26,753
Wiring up Youth Justice Staff Costs (Included within Core Staff Costs)					
Wages and salaries	-	611	4,140	4,751	11,807
Social security costs	-	39	-	39	35
Other pension costs	-	87	-	87	(59)
	-	737	4,140	4,877	11,783

There has been a reclassification of staff costs from programme expenditure (Note 3) to core staff costs (Note 2) during the year.

The cost of contractors and permanent staff employed on the Wiring Up Youth Justice programme is disclosed above, and forms part of the total core staff costs as disclosed above. No staff costs were capitalised.

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).

For 2010/11, employers' contributions of £1.973 million were payable to the PCSPS (2009/10 £1.879 million) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands.

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 2010/11 year (Nil in 2009/10). 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:

	2011	2010
Permanent and seconded staff	271	286
Temporary Staff	49	106
Total	320	392

2.1 Reporting of Civil Service and other compensation schemes - exit packages

Exit packages cost band 2011 (2010)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost)
<£10,000	13	7 (2)	108,754 (12,629)
£10,000 - £25,000	2	6 (5)	123,685 (79,918)
£25,000 - £50,000	-	2 (1)	62,840 (33,509)
£50,000 - £100,000	-	1	63,727 (-)
£100,000 - £150,000	- (1)	-	- (149,993)
Total number of exit packages by type (total cost)	15 (1)	16 (8)	359,006 (276,049)
Total resource cost (£s)	89,807 (149,993)	269,199 (126,056)	359,006 (276,049)

Redundancy and other departure costs have been paid in accordance with provisions of the Civil Service Compensation Scheme, a statutory Scheme, under the Superannuation Act 1972 except for £0.042 million that was not part of the Civil Service Compensation Scheme which was paid directly to Capita in respect of fixed term contractors. 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	2011 £'000	2010 £'000
Accommodation Costs		1,937	1,419
Audit Fee-external		42	49
Audit Fee-internal		100	118
Board Meetings		50	78
Communications		248	728
Conferences		14	175
Consultancy		80	524
General administration		144	349
IT costs		4	65
Legal costs		204	173
Personnel costs		183	636
Professional fees		14	31
Loss on write-off of non-current assets	5	67	83
Travel and subsistence		553	661
Corporation Tax		140	-
Programme Expenditure			
Young Offender Institutions (HM Prison Service and PFI prisons) including escorts		176,041	214,291
Secure children's homes		39,035	39,812
Secure training centres		53,887	51,467
Direct YOT Funding		54,606	52,551
Intensive Supervision and Surveillance Programme		33,333	34,179
Crime prevention programmes		36,148	34,041
Substance Misuse		15,093	14,007
Youth Justice ICT programmes		4,313	10,360
Community education and youth justice practitioner training		8,923	9,370
Other grants for intervention programmes		2,924	2,415
Research		157	666
Other Programme Expenditure		275	2,483
Net Expenditure for the year excluding Staff Costs		428,515	470,731
Non-cash costs			
Gain on indexation of non-current assets other than land and buildings		(52)	(36)
Loss on Land and Buildings revaluation		1,811	739
Total pre interest and depreciation		430,274	471,434
Interest			
Interest Payable to Ministry of Justice		212	289
Interest Payable PFI Debt		1,766	1,936
Total		432,252	473,659

YJB paid capital grants of £12.993 million (2009/10 £9.560 million) to NOMS for infrastructure development projects at Young Offender Institutions.

Included in the Programme Expenditure is the PFI Service Element of £51.346 million which was paid during the year (2009/10 £48.050 million).

4. Interest Receivable

	2011 £'000	2010 £'000
The YJB earned interest on funds deposited at the bank, which is payable to the Ministry of Justice	212	289

Secure Training Centre remand income from Local Authorities amounted to £5.066 million during 2010/11 (2009/10: £5.014 million), as per the accounting policy this is netted off against the secure training expenditure in Note 3.

5. Property, plant and equipment

	Land £'000	Buildings £'000	Information Technology £'000	Office Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost/Valuation at 01 April 2010	9,347	81,973	1,293	2	3,065	95,680
Additions	-	-	70	-	-	70
Disposals/Write-offs	-	-	(748)	-	-	(748)
Revaluation/Indexation	(580)	(5,088)	(8)	-	85	(5,591)
Cost/Valuation at 31 March 2011	8,767	76,885	607	2	3,150	89,411
Depreciation at 01 April 2010	-	18,334	1,189	2	1,021	20,546
Charge for the year	-	2,048	22	-	1,050	3,120
Disposals/Write-offs	-	-	(681)	-	-	(681)
Revaluation/Indexation	-	(1,138)	(4)	-	28	(1,114)
Depreciation at 31 March 2011	-	19,244	526	2	2,099	21,871
Net Book Value at 31 March 2011	8,767	57,641	81	-	1,051	67,540
Asset financing:						
Owned	-	-	81	-	-	81
Finance Leased	-	-	-	-	1,051	1,051
On-balance sheet PFI contracts	8,767	57,641	-	-	-	66,408
Net book value at 31 March 2011	8,767	57,641	81	-	1,051	67,540

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. The revaluations are based on the Depreciated Replacement Cost of the Buildings i.e. their value in existing use, in accordance with the methodology described in the RICS *Appraisal and Valuation Manual*. All land and buildings are held under PFI contracts (see Note 12), at the end of which the ownership of the relevant freeholds will revert to YJB. Other non-current assets were revalued using published price indices. Refer to Accounting policy Note 1(f).

	Land	Buildings	Information Technology	Office Equipment	Leasehold Improvements	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation at 01 April 2009	10,097	88,556	1,389	63	885	100,990
Additions	-	-	99	-	3,064	3,163
Disposals/Write-offs	-	-	(287)	(61)	(871)	(1,219)
Revaluation/Indexation	(750)	(6,583)	92	-	(13)	(7,254)
Cost/Valuation at 31 March 2010	9,347	81,973	1,293	2	3,065	95,680
Depreciation at 01 April 2009	-	17,448	1,117	62	801	19,428
Charge for the year	-	2,184	221	1	1,104	3,510
Disposals/Write-offs	-	-	(204)	(61)	(871)	(1,136)
Revaluation/Indexation	-	(1,298)	55	-	(13)	(1,256)
Depreciation at 31 March 2010	-	18,334	1,189	2	1,021	20,546
Net Book Value at 31 March 2010	9,347	63,639	104	-	2,044	75,134
Asset financing:						
Owned	-	-	104	-	-	104
Finance Leased	-	-	-	-	2,044	2,044
On-balance sheet PFI contracts	9,347	63,639	-	-	-	72,986
Net book value at 31 March 2010	9,347	63,639	104	-	2,044	75,134

6. Intangible Assets

	Inhouse Software Development £'000	Total £'000
Cost/Valuation at 01 April 2010	1,239	1,239
Additions	745	745
Disposals	-	-
Revaluation/Indexation	-	-
Cost/Valuation at 31 March 2011	1,984	1,984
Amortisation at 01 April 2010	248	248
Charge for the year	397	397
Disposals	-	-
Revaluation/Indexation	-	-
Amortisation at 31 March 2011	645	645
Net Book Value at 31 March 2011	1,339	1,339
Asset financing:		
Owned	1,339	1,339
Finance Leased	-	-
On-balance sheet PFI contracts	-	-
Net book value at 31 March 2011	1,339	1,339

Additions during the year include a capital accrual of £0.174 million

	Inhouse Software Development £'000	Total £'000
Cost/Valuation at 01 April 2009	1,054	1,054
Additions	185	185
Disposals	-	-
Revaluation/Indexation	-	-
Cost/Valuation at 31 March 2010	1,239	1,239
Amortisation at 01 April 2009	-	-
Charge for the year	248	248
Disposals	-	-
Revaluation/Indexation	-	-
Amortisation at 31 March 2010	248	248
Net Book Value at 31 March 2010	991	991

Asset financing:

Owned	991	991
Finance Leased	-	-
On-balance sheet PFI contracts	-	-
Net book value at 31 March 2010	991	991

7. Financial Instruments

International Financial Reporting Standard IFRS 7, *Financial Instruments: Disclosures*, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. At the year end, there were funds on short term deposit, but short term assets and liabilities are excluded from IFRS 7. Because of 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 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 Ministry of Justice. 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 Ministry of Justice annually, as is its capital expenditure. The YJB is, therefore, not exposed to significant credit risks. 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 Ministry of Justice 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 Ministry of Justice. 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.

Interest rate profile

The following table shows the interest rate and currency profiles of the YJB's financial liabilities.

At 31 March 2011	Total	Fixed rate	Fixed rate	Weighted average
	£'000	financial liabilities		Period until maturity
		£'000		Years
Sterling - Medway STC	1,567	1,567	8%	2 years, 1 month
Sterling - Rainsbrook STC	2,120	2,120	8%	3 years, 2 months
Sterling - Hassockfield STC	2,675	2,675	8%	3 years, 6 months
Sterling - Oakhill STC	19,513	19,513	5.5%	18 years, 5 months
Total	25,875	25,875		

The financial liabilities included above all relate to PFI projects.

Foreign currency risk

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

Fair Value

The book values and fair values of the financial liabilities differ due to discounting of the long term creditors at 3.5% per annum to determine their fair value, while cash flows include imputed interest calculated at 8% per annum for all STCs, except for Oakhill where the rate is 5.5%. The rate of 3.5% has been used as this is the standard discount rate required by HM Treasury.

	Book Value as at 31 March 2011 £'000	Fair value as at 31 March 2011 £'000	Notional Discount Rate
Financial Liabilities			
Sterling - Medway STC	1,567	1,484	3.5%
Sterling - Rainsbrook STC	2,120	1,969	3.5%
Sterling - Hassockfield STC	2,675	2,468	3.5%
Sterling - Oakhill STC	19,513	13,488	3.5%
Total	25,875	19,409	

8. Trade receivables and other current assets

	2011 £'000	2010 £'000
Other receivables	4,625	4,052
Prepayments and accrued income	244	74
Grant prepayments	2,801	4,021
	7,670	8,147

Intra-government balances

Balances with central Government bodies	2,601	2,206
Balances with NHS Trusts	425	-
Balances with local authorities	4,091	5,559
Balances with bodies external to Government	553	382
	7,670	8,147

9. Cash and cash equivalents

	2011 £'000	2010 £'000
Balance at 1 April	24,033	24,581
Net change in cash and cash equivalent balances	(8,919)	(548)
Balance at 31 March	15,114	24,033
Commercial Banks and cash in hand	15,114	24,033
Balance at 31 March	15,114	24,033

10. Trade payables and other liabilities

Amounts falling due within one year	Notes	2011 £'000	2010 £'000
Trade payables		8,720	17,945
Interest payable to the Ministry of Justice		43	35
Accruals and deferred income		3,911	3,962
Current part of imputed finance lease element of on-balance sheet PFI contracts		2,664	2,481
		15,338	24,423

Intra-government balances

Balances with central government bodies		4,485	8,899
Balances with NHS Trusts		-	250
Balances with local authorities		6,104	6,897
Balances with bodies external to government		4,749	8,377
		15,338	24,423

Amounts falling due after more than one year		2011 £'000	2010 £'000
Imputed finance leases element of on-balance sheet PFI contracts	12	23,211	25,875

Intra-government balances

Balances with bodies external to government		23,211	25,875
---	--	--------	--------

11. Commitments under leases

11.1 Operating leases

The YJB is committed to making the following minimum lease payments under operating leases during the 2010/11 financial year.

Obligations under operating lease comprise:

	Prison	Buildings	Secure children's homes	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000
Not later than one year	142,057	2,027	38,563	182,647	213,948
Later than one year and not later than five years	-	1,018	115,689	116,707	128,282
Later than five years	-	-	-	-	-
Total	142,057	3,045	154,252	299,354	342,230

11.2 Other Commitments

There were no capital commitments at 31 March 2011. Commitments under finance leases related entirely to existing PFI contracts which are disclosed in Note 7 and Note 12.

During the 2011/12 financial year other commitments consist of grant payments to external organisations amounting to £117.915 million.

12. 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.

Total obligations under on-balance sheet PFI contracts for the following periods comprises:

	Oakhill £'000	Medway £'000	Rainsbrook £'000	Hassockfield £'000	Total 2010/11 £'000
Not later than one year	638	719	614	693	2,664
Later than one year and not later than five years	2,924	848	1,506	1,982	7,260
Later than five years	15,951	-	-	-	15,951
	19,513	1,567	2,120	2,675	25,875
Less interest element	(12,006)	(199)	(368)	(505)	(13,078)
	7,507	1,368	1,752	2,170	12,797

STC future minimum lease payments comprise:

	STC contracts £'000
Not later than one year	63,157
Later than one year and not later than five years	154,230
Later than five years	247,978
Total	465,365

13. Contingent Liabilities disclosed under IAS 37

As at 31 March 2011 there were no Contingent Liabilities (2010: £ nil).

14. Related party transactions

The YJB is an executive non-departmental public body that, during the 2010/11 financial year, was sponsored by the Ministry of Justice (MoJ) and Department for Education (DfE). The YJB also received funding from the Home Office for certain programmes. The MoJ and DfE are, therefore, regarded as related parties.

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 a number of 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 for inspection at the YJB's offices.

Board members and related parties

Member	Company/Partnership/ Trust/Organisation	Role in, relationship to	Transactions	£
Bob Reitemeier	The Children's Society	Chief Executive	Staff costs - Payment of his fees goes to The Children's Society	15,000

15. Events after the Reporting Period

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

No events during this reporting period have been identified which would require disclosure to give a proper understanding of the financial position.

16. Losses and Special Payments

In May 2010 two major projects were stopped, resulting in constructive losses being incurred by the YJB.

The Glen Parva (Fosse) project to build a 360 bed secure unit was halted. The YJB had incurred expenditure of £2m on start up costs which had been charged to the Statement of Comprehensive Net Expenditure in 2009/10.

The YOT Case Management System (CMS) project to develop a new CMS for YOTs to record casework and which was due to replace two existing systems was also terminated.

The YJB had incurred expenditure of £6.9m on the project which had been charged to the Statement of Comprehensive Net Expenditure since 2008/09. These measures were taken to contribute to the MoJ's savings target as part of the Government's commitment to reduce spending by £6bn in the Emergency Budget.

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, telephone, fax and email
TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Parliamentary Bookshop
12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/general enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other accredited agents

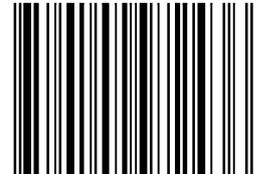
Customers can also order publications from:
TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Telephone orders/general enquiries: 028 9023 8451
Fax orders: 028 9023 5401

This publication can be downloaded from the YJB website
www.yjb.gov.uk/publications

Youth Justice Board for England and Wales
1 Drummond Gate
London
SW1V 2QZ
Tel: 020 3372 8000
Fax: 020 3372 8002
www.yjb.gov.uk

Stock code: B458

ISBN 978-0-10-297243-6



9 780102 972436