



Youth Justice Board
Bwrdd Cyfiawnder Ieuencid

The Youth Justice Board for England and Wales

ANNUAL REPORT AND ACCOUNTS 2014/15



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FOREWORD

Despite an increasingly challenging financial situation, the YJB has continued to work successfully with the youth justice sector. Over the last year, our work with the sector has reduced further the number of young people who enter the youth justice system, who are in custody, and who reoffend.

The number of first-time entrants to the youth justice system has fallen to 21,016 - a reduction of 11% compared to the previous year and a reduction of 78% since 2004. The number of young people in custody has reduced by 13% from the previous year to just 1,004, and by 62% since March 2005.

Overall the number of young people who reoffend has also continued to decrease this year, although the 12-month reoffending rate for young people has increased by 1.3 percentage points to 36.6%. While this increase is disappointing, it needs to be seen in the context of a continuing overall reduction in the number of offences committed by young people. It also reflects the fact that as we successfully divert young people from the justice system, those that remain tend to have more entrenched offending behaviour and often more complex needs.

We are committed to tackling reoffending by young people and have taken forward a range of work over the course of the year to support this. Firstly we have extended the use of a new reoffending toolkit, so more youth offending teams (YOTs) can analyse offending behaviour and better target their efforts to prevent further offences being committed. We have also developed AssetPlus, a new assessment and intervention framework that will more effectively enable the delivery of targeted support and interventions for young people across the youth justice system. We will begin to roll this out across YOTs and custodial settings over the course of the coming year.

Reoffending rates are, unsurprisingly, highest amongst those young people released from custody. To help tackle this, we firstly want to ensure that we commission services in custody which effectively support their rehabilitation. During this year we have been improving learning opportunities for those in custody with a new Virtual Campus available across YOIs to enable young people to access bespoke web-based learning resources. This means they can increase their skills while they are in custody and boost their chances of securing work and further training when they leave. We have also negotiated new education contracts at four YOIs, which will significantly increase the hours that young people can spend in classes.

We know that effective resettlement back into the community is also key and that supporting young people to access work or training opportunities helps their resettlement and reduces the likelihood of them reoffending. We have therefore established the Turn Around To Work initiative which has brought together 20 employers in London and Manchester, to create more training and work placements for young people leaving custody.

All this work has been delivered against a challenging financial backdrop. The reduction in numbers of young people in custody has enabled us to deliver cumulative savings of £319m since 2009, and last year we met the requirement for further savings by decommissioning 360 places – the majority of these were at Hassockfield STC and Hindley YOI. We have also driven efficiencies through our wider commissioning and delivery activity, as well as through successfully delivering an internal restructuring exercise which should support the more efficient and flexible allocation of resources.

There are still significant challenges facing the youth justice system. The over-representation of some specific groups of young people in the youth justice system remains a concern for us. Children who have been in care are four times more likely to have committed an offence, compared to all children nationally and recent reports show that 40% of young people in custody are from black and minority ethnic (BME) communities. We are working with Lord Laming in his review of how best to prevent children moving from care to custody. We are also working with YOTs in the areas where we see the highest levels of BME children in the youth justice system, to better understand and tackle the factors which contribute to their over-representation.

We remain very proud that the YJB and the youth justice system have consistently delivered results, despite these continuing pressures on budgets and resources, and we will continue our focus on the specific needs of young people in the coming year.



Lord McNally
Chair



Lin Hinnigan
Chief Executive

SECTION

1

STRATEGIC REPORT 2014/15

- Who we are and what we do
 - Summary of performance
 - Achievements during 2014/15
 - Chief Executive's report
 - Governance statement
-

WHO WE ARE AND WHAT WE DO

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

The Act states that the principal aim of the youth justice system is to prevent offending. The YJB fulfils that aim as it influences, shapes and advises across the youth justice system for the benefit of children and young people, and their communities.

Our vision is that every child and young person lives a safe and crime-free life, and makes a positive contribution to society. It has children and young people at its heart. We want every child in England and Wales to be able to live a life free from the impact of crime. Our work contributes to preventing children and young people becoming offenders or victims of crime and to mitigating the impact of crime on families, communities and 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:

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

The statutory functions of the YJB include:

- monitoring the youth justice system and its services
- identifying, making known and promoting good practice
- advising the Secretary of State for Justice
- purchasing secure accommodation for children and young people
- making grants and
- commissioning research and publishing information.

We work closely with the Ministry of Justice and other government departments to provide advice on good practice and to support the development and implementation of policy affecting youth justice.

SUMMARY OF PERFORMANCE

We measure the performance of the youth justice system in three main areas:

- first-time entrants to the criminal justice system
- the use of custody
- reoffending.

First-time entrants

There has been a continuous reduction in the number of first-time entrants to the youth justice system.^{1,2} In the 12 months ending December 2014, there were 21,016 first-time entrants, a fall of 11% when compared with the 12-month period ending December 2013. The number of first-time entrants has fallen by 81% since its peak level in the 12 months to December 2006; and by 78% since the 12 months to December 2004.

The rate of first-time entrants per 100,000 population³ has fallen by 10% from 450 to 405 over the last 12 months.

The reduction in the number of first-time entrants since the peak in the year to December 2006 reflects both the decrease in the number of young people being issued with a Youth Caution⁴ (Reprimand or Warning, prior to 8 April 2013) and the decrease in the number of young people found guilty in all courts.

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

Use of custody

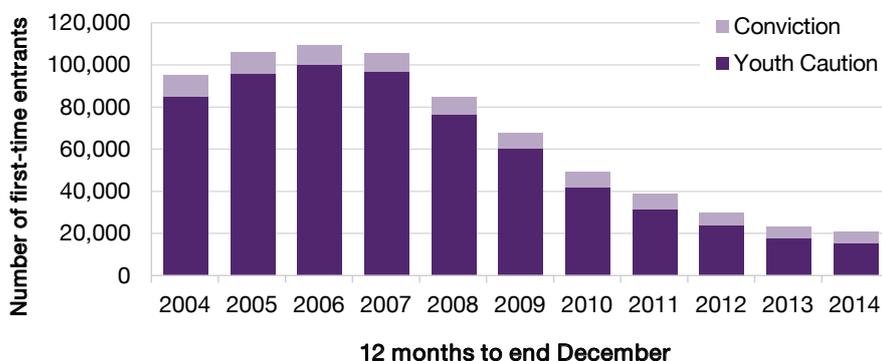
In March 2015, the number of young people under the age of 18 in custody was 1,004,⁵ down by 13.2% when compared with the number in March 2014 and by 68.6% since the peak custody figure of 3,200 in October 2002. The fall in the number of young people entering the youth justice system will have contributed to this. In addition, the Youth Rehabilitation Order, introduced in November 2009, offers more flexibility around the interventions given to young people as part of a community sentence.

The following areas of YJB work are also likely to have resulted in more young people being diverted from custody:

- focused efforts to raise awareness of different custody rates between local authority areas
- targeted work with YOTs with high levels of custody
- development work associated with legislation to transfer the cost of secure remands to local authorities.

The number of custodial disposals per thousand 10 to 17-year-olds (population) was 0.53 in 2013/14. This represents a 14.0% decrease compared with 2012/13, and a 35.6% decrease compared with 2010/11.

Figure 1: Number of first-time entrants aged 10 to 17 years, 2004 to 2014



1 First-time entrants to the criminal justice system are classified as young people aged 10 to 17 years, resident in England and Wales, who received their first Youth Caution (formerly Reprimands or Warnings) or conviction, based on data recorded by the police on the Police National Computer.

2 See *Criminal Justice Statistics* for the year to December 2014, available online at: www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2014. This is the most recent data for the 2014/15 period. Please also see the *Youth Justice Statistics 2013/14*, available at: www.gov.uk/government/statistics/youth-justice-annual-statistics-2013-to-2014.

3 Population has been based on mid-year population estimates for each age group supplied by the Office for National Statistics. The previous year's estimate has been used for calculating the rate in the subsequent year. For example, the 2003 mid-year estimate has been used for calculating the rate for 2004.

4 Under the provisions of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, Reprimands and Final Warnings have been repealed and replaced by a new out-of-court disposals framework, which offers Youth Cautions and Youth Conditional Cautions as formal disposals. This change took effect on 8 April 2013. Guidance on out-of-court disposals is available at: www.gov.uk/government/publications/use-out-of-court-disposals

5 See *Monthly Data and Analysis Custody Report*, January 2015 at: www.gov.uk/government/publications/youth-custody-data. These figures are provisional, and the 2014/15 figures will be finalised in the 2014/15 Youth Justice Statistics.

Reoffending

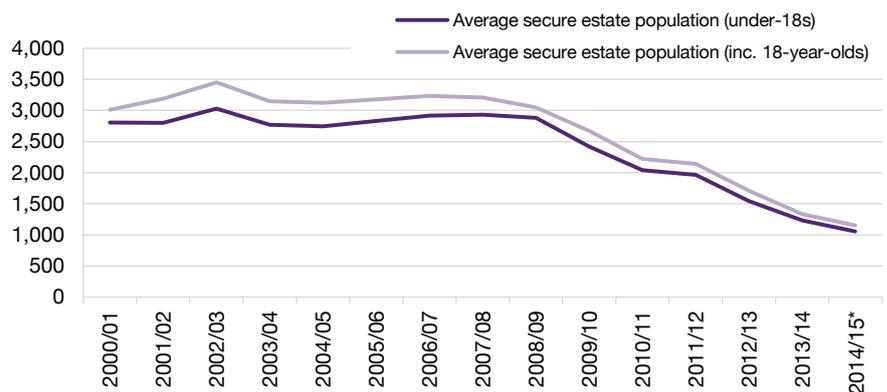
There have been substantial falls in the number of offenders, reoffenders and reoffences.⁶

The number of young people in the cohort, along with the number of reoffenders and reoffences, has gone down year on year since 2006/07. When compared with 2002, the cohort of offenders has reduced by almost two-thirds, in line with a substantial decrease in the number of first-time entrants to the criminal justice system. The number of reoffenders has fallen by 60% since 2002 and the number of reoffences by 64%.

While there are now fewer young people in the youth justice system, compared to earlier cohorts, those that remain have committed more previous offences and may have more complex needs.

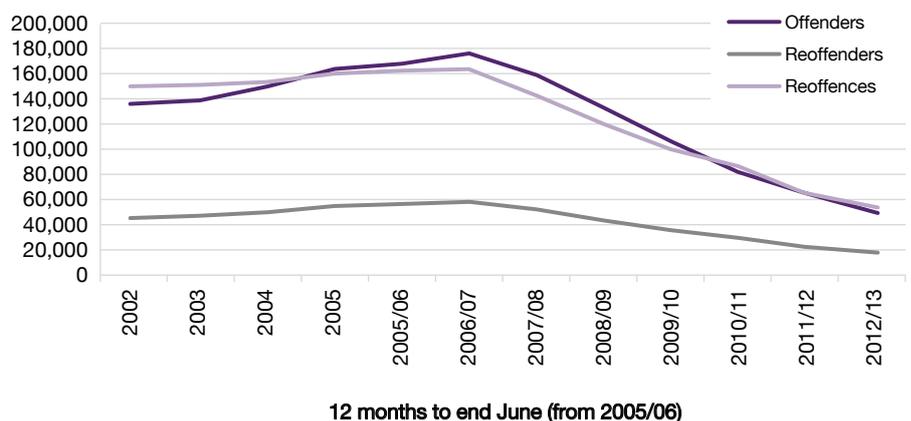
The proportion within this small cohort who go on to reoffend has risen over the past decade. Around 49,000 young people were cautioned, convicted or released from custody between July 2012 and June 2013. Of these, around 18,000 reoffended within one year, giving a proven reoffending rate of 36.6%. This represents an increase in the reoffending rate of 1.3 percentage points compared with the previous 12 months (from 35.3%) and a rise of 3.3 percentage points since 2002 (from 33.4%). The average number of reoffences per offender for the 12 months ending June 2013 was 1.11 (an 8.9% increase from the 12 months ending June 2012).

Figure 2: Average number of young people in custody in the secure estate, 2000/01 to 2014/15



* The 2014/15 data is provisional and will be finalised on publication of the *Youth Justice Statistics 2014/15*.

Figure 3: Number of offenders, reoffenders and reoffences from 2002 to 2012/13



⁶ Proven reoffending is defined as any offence committed in a one-year follow-up period and receiving a court conviction, Caution, Reprimand or Warning. Following this one-year period, a further six-month waiting period is allowed for cases to progress through the courts.

ACHIEVEMENTS DURING 2014/15

The YJB *Corporate and Business Plan* sets out our plans and priorities for three years, and the specific areas of work for the 2014/15 year. This section summarises our progress and achievements against the plan.

Improving the delivery of the youth justice system in the community

Reducing Reoffending programme

We have extended the use of the reoffending toolkit from 26 to 73 youth offending teams (YOTs). The toolkit is a resource to help YOTs analyse offenders' behaviour in an attempt to prevent further offences being committed. It has been improved to include a 'live tracker' to help address issues based on current rather than historical information. Other YOTs who were not formally targeted have also chosen to use the toolkit, including all but one of the Welsh YOTs. Reports from YOTs have been increasingly positive about the approach, and new and innovative approaches have been adopted as a result.

Improving resettlement

Through the Transforming Youth Custody programme, we have taken action to improve the resettlement of young people leaving custody, including:

- establishing new resettlement consortia in four high custody areas, helping to remove barriers to effective resettlement through improving local strategic partnerships
- establishing the Turn Around to Work Initiative, involving 20 local and national employers in London and Greater Manchester to provide young people leaving custody with work placement and training opportunities

- identifying funding for youth resettlement support workers to work in the North West, London and the West Midlands for the next five years
- developing options to improve accommodation for young people leaving custody.

We have continued to work in partnership with the Welsh Government and Llamau (a voluntary sector organisation) to develop the resettlement programme in Wales. Reintegration and resettlement panels have been established in areas covering over half of Welsh YOTs to ensure there is adequate support in place for those young people that require ongoing assistance when they complete their statutory licences and community orders.

We have produced and distributed *After Justice: A Guide to Reintegration and Resettlement* to assist those who work with Welsh young people to understand young people's resettlement and reintegration needs and how they can help them to achieve good outcomes.

The YJB/Welsh Government youth justice strategy

Working with the Welsh Government, in July 2014 we published *Children and Young People First*; a joint five-year strategy to improve services for young people from Wales who are in, or at risk of becoming involved in, the youth justice system. To take this forward, we have produced a cross-government delivery plan, setting out the future aims and objectives for Welsh young people in custody (in both England and Wales) and the two secure establishments in Wales: Parc Young Offender Institution (YOI) and Hillside Secure Children's Home (SCH).

Improving youth offending services and outcomes

We monitor YOT performance on a quarterly basis. We have worked directly with 14 priority YOTs to improve performance over the year. We have also provided short-term support for YOTs struggling with specific areas of performance. A revised and more robust escalation process for YOTs was introduced, which provides tighter monitoring of the progress of YOTs' performance.

Strategy to reduce over-representation of looked-after children and Black and Minority Ethnic young people

The over-representation of children who have experience of the care system in all parts of the criminal justice system is an ongoing concern. According to data from the Department for Education (DfE), in the year ending March 2013, looked-after children were four times more likely to have committed an offence, compared to all children nationally.

Over the last 12 months, the YJB contributed to the DfE's review of the regulatory framework for children's homes. The DfE's quality standards and Ofsted's revised inspection framework now make clear references to better engagement between children's homes and justice agencies – most notably the police and YOTs. This will enable the development of better joint working locally, with the aim of avoiding the unnecessary criminalisation of children and young people in the care system.

We also identified the key actions to improve outcomes for Black and Minority Ethnic children and young people in the youth justice system, following consultation

with key stakeholders in 2013. Our main focus has been at a local level. We identified the top 30 YOTs where disproportionality of Black and Minority Ethnic children and young people is the highest. We developed a toolkit on the Youth Justice Management Information System (YJMIS) that displays ethnic disproportionality within any YOT by comparing the ethnicity of the local youth justice cohort with that of the local population aged 10-17 years. Our work in this area has supported YOTs in understanding local data, how to translate that analysis into action and where to look for effective practice approaches to support their work.

We have also ensured that the re-tendering of secure training centres (STCs) includes stronger and clearer requirements in relation to equality and diversity, and further developed our partnership working with the voluntary and community sector.

Maintaining youth justice as the priority in partnership with others

We continued to work in partnership with local police and crime commissioners (PCCs), highlighting the crucial role they play in funding youth justice services and reducing crime and reoffending among young people.

An under-18 secure estate that better meets young people's needs

Implementation of Minimising and Managing Physical Restraint

This was the third year of the Minimising and Managing Physical Restraint (MMPR) implementation programme. The programme will ensure that operational staff in YOIs

and STCs are better equipped to effectively and safely manage the behaviour of young people in a way that minimises the need to use physical restraint, and the YJB has seen evidence of improvements to local practice.

During the year, training was delivered at Medway and Hassockfield STCs, and the system is now in use across the entire STC sector. Training has also been delivered at two under-18 YOIs. The roll-out will be completed in 2015/16.

We have worked in partnership with the National Offender Management Service (NOMS), as the owners of the MMPR syllabus, on fieldwork relating to two restraint-related research projects. As a result, revisions have been made to aspects of MMPR training. We expect to publish the final research reports during 2015.

Health services for young people in the secure estate

Our responsibility for the commissioning of health services in the secure estate for children and young people transferred to NHS England in 2013. From 2014, NHS England has been introducing services for young people at risk of harmful sexual behaviour. These included comprehensive assessment and treatment services for children and young people with a key index sex offence.

We worked with NHS England to roll out healthcare standards across the secure estate. We completed:

- an audit of secure establishments against the healthcare standards, with central and individual establishment reports being

produced and an action plan developed

- the roll-out of the Comprehensive Health Assessment Tool (CHAT) in all establishments.

Improvements that support a better youth justice system

Virtual Campus

In partnership with NOMS, the Ministry of Justice (MoJ) and partner agencies, we have successfully deployed the Virtual Campus across YOIs. The Virtual Campus will enable young people in custody to access bespoke web-based educational, personal and social development, employability and resettlement resources. It has been redesigned with a look, feel and content tailored to meet young people's needs.

We also use technology in a more innovative way within STCs, including, for example, tightly controlled internet access and Wi-Fi. We will pilot the use of Skype at Parc YOI, which will help to address the issue of travelling long distances for those young people whose families or resettlement agencies are based further away.

Youth to Adult Portal

The Youth to Adult (Y2A) Portal is a secure web-based information system that enables information about young people to be shared with a range of organisations working in the criminal justice system.

The portal was successfully launched in November 2014 to a pilot group in London and the North West. It will be deployed nationally to the rest of England and Wales by the end of July 2015. We estimate that 312 organisations, including YOTs,

the National Probation Service and community rehabilitation centres, will be using the Y2A Portal from August 2015. This will lead to increased accountability, efficiency and transparency in the sharing of information between criminal justice organisations, particularly in high-risk cases.

AssetPlus

We continued the development of AssetPlus, a new assessment and planning interventions framework developed for YOTs and secure establishments in England and Wales. The framework will provide a holistic end-to-end assessment and intervention plan for the child or young person throughout their time in the youth justice system. We have released some early products, such as a speech, communication, and language needs screening tool, to allow YOTs to start familiarisation with areas of the framework. We have also conducted initial briefings with the first YOTs to go live from Summer 2015.

Enhanced case management approach in Wales

In 2013/14, a new enhanced case management approach was developed in Wales, in response to prolific offending behaviour and complexity in young people's lives. This will:

- provide YOT practitioners and managers with increased knowledge and understanding of how early attachment, trauma and adverse life events can impact on a young person's ability to engage effectively in youth justice interventions
- provide a clinical psychology-led approach to multi-agency case formulation and intervention planning
- use clinical psychologist expertise to effectively respond to the needs

and offending behaviour of young people.

During 2014/15, we provided training and started delivery of the approach in three YOTs. We also developed a monitoring framework and assisted the Welsh Government in commissioning an independent evaluation of the enhanced case management approach.

Transforming rehabilitation programmes

We worked with a number of government agencies and departments on programmes linked to transforming rehabilitation. We transferred Unpaid Work from the Probation Trusts to YOTs. We also transferred Junior Attendance Centres from NOMS to local authorities. In both instances, a new operating model was introduced, which is designed to reduce reoffending and offer opportunities for young people to gain skills and become more employable.

Ensuring young people are placed efficiently in the most appropriate establishment

Young offender institution (YOI) reform

As part of the Transforming Youth Custody programme, we recognised that the provision in under-18 YOIs needed to change significantly to meet the needs of the current cohort of young people. We have worked with NOMS on a new specification and approved the YOI Reforms Charter, setting out the key deliverables for the programme beyond 2015/16.

New education contracts for under-18s in four YOIs commenced in March 2015 and will be managed by the YJB. These will significantly increase the hours available to young people to spend in classes and ensure that education providers are fully integrated into senior management teams in YOIs.

The contracts aim to deliver a similar quality of education to that provided in mainstream schools and colleges, including classroom teaching and vocational education, with routes into apprenticeships. Maths, English and computing will all be taught, along with tailored learning packages, physical education and work experience.

Young people are placed appropriately in secure establishments

Our Placements Service made approximately 650 placement decisions each month, including an average of around 250 new placements of children and young people coming from the community (as opposed to those subject to re-remands or sentencing who have already been in custody).

We have continued to work with YOTs and providers in the secure estate to ensure that young people are placed appropriately in an establishment which can meet their needs.

During the year, we decommissioned Hindley YOI and Hassockfield STC. We ensured that the transfer of each individual affected was considered carefully to ensure their safety, and was carried out in consultation with those who knew the young person.

This year, for the first time and at the YJB's request, placement decisions

regarding the transfer of young people during a period in custody have come under scrutiny from HM Inspectorate of Prisons. Early pilot findings have been encouraging and will assist in further improving performance. We will continue to work to ensure appropriate external scrutiny of our decisions in 2015/16.

We have commissioned NOMS to use an ICT solution (Intelligence Directed Placement) that enables us to recognise patterns and trends in the way young people behave in custody. This year we have also redesigned our monitoring arrangements within YOIs so that we can be more effective in identifying where and when violence is likely to occur and improve the way YOIs respond.

Improving the return rate and quality of documentation from YOTs for young people in custody

We continued to work in partnership with YOTs to improve the rate of timely return of key documents at the point of placing young people in custody. Our latest available data demonstrates improvements regarding the submission of key documents.

Assuring the safety and well-being of children and young people in the youth justice system

Sharing learning from deaths in custody across the youth justice system

We have continued to work alongside partners within the youth justice system to reduce the risks to young people's safety and well-being, both in custody and the community.

We have published our commitment to safeguarding, setting out how we take action to support and promote the safety and well-being of children in the youth justice system. We have disseminated learning from investigations and inquests that specifically apply to the role of YOTs to YOT management boards and service managers, and incorporated these in revised Case Management Guidance.

The investigations into the circumstances of the most recent deaths in youth custody have now concluded and we have made our responses to the Coroner's Prevention of Future Deaths reports publically available, setting out our commitments to further action.

A revised specification for social worker provision in custody which helps to reduce offending and reoffending by looked-after children

In March 2014, we agreed to continue to fund the dedicated social work provision within YOIs on a long-term basis. A revised interim specification for the social work provision was implemented in October 2014. This focused on young people who are, or have been, looked after or cared for by the local authority; those on remand; those who enter custody subject to a child protection plan; or cases where there are significant risks to safety and well-being.

We will be issuing a long-term specification in 2015/16, with the aim of developing stronger links between safeguarding, case management and social work resources in the community, as part of wider work to enhance custodial provision through our joint YOI reform programme with NOMS.

Establishing appropriate levels of child and adolescent mental health services in Welsh YOTs and the Welsh secure estate

In partnership with the Welsh Government, we are working to improve access to mental health services for young people. We have published joint guidance with the Welsh Government, entitled *Policy Implementation Guidance: Addressing the Mental Health Problems of Children and Young People in the Youth Justice System*. We have also completed a health needs assessment and an audit of practice against the secure setting standards in Parc YOI and Hillside SCH. A multi-disciplinary action plan is in place to address subsequent recommendations.

Ensuring practitioners have access to the best advice and support, and use this in practice

Guidance for the sector to improve practice concerning girls and child sexual exploitation

We supported a Home Office programme of work to identify and prevent child sexual exploitation resulting from harmful sexual behaviour by adults or by other young people.

This included:

- awareness and training events and a new online training module on working with girls and sexual exploitation
- developing and publishing a bespoke 'working with girls self-assessment toolkit' for use by all YOTs
- the design and delivery of five regional events to help frontline staff identify and tackle problematic

sexual behaviour, in partnership with the National Offender Management Service (NOMS)

- training YJB staff on child protection issues.

Guidance for YOTs in Wales

In March 2015, we published YJB/ Welsh Government YOT management board guidance to improve the governance of YOTs in Wales and clarify the roles and responsibilities of statutory and other partners, in order to reduce offending and reoffending.

An effective and efficient public body

Informed advice to the Secretary of State for Justice

We continue to engage with the Ministry of Justice (MoJ) and ministers on key policy proposals. We have worked closely with the MoJ to support the aim of improving educational outcomes for young people in custody through the Transforming Youth Custody programme.

We also worked with the department on developing the scope and requirements of its 'stocktake' of YOTs. This will provide a better understanding of how local youth justice services are being delivered and funded, and inform future thinking about how the system can be improved to provide more support to young people and their communities.

To complement this, the YJB Board members undertook a series of YOT visits to develop a more detailed understanding of how YOT partnerships have evolved, to learn about examples of good practice and innovation, and to consider what could be improved. These visits covered 20 YOTs across England and

Wales, with many practitioners, senior managers and members of local authorities having the opportunity to provide their views directly to the Board members.

We continue to work with the Welsh Government and the MoJ to align delivery of youth justice in Wales with distinct UK and Welsh Government legislative and policy frameworks. As part of our duty to advise ministers, we have liaised with the MoJ to help consider devolution when developing policy and legislation. As the Welsh Government has responsibility for areas such as education, health, and housing - which have a significant impact on the delivery of youth justice services - we have maintained our formal working agreement with the Welsh Government.

Achieving value for money

Offending by young people represents a significant financial cost to the economy. The Youth Justice System's success means that this cost has been substantially reduced. The reduction in the number of young people in custody has enabled the YJB to achieve cumulative savings of £319m since the beginning of the decommissioning programme in 2009/10. We delivered £53m in savings in 2014/15, achieved mainly through the decommissioning of 360 places in the secure estate.

Throughout our work, we have taken into account the need to deliver within challenging financial circumstances and to demonstrate value for money. We have worked supportively and in partnership with local authorities to make the most of the limited resources available to the youth justice system. We continually look for areas where we can be more efficient.

Influencing policy-making on key youth justice issues

We influenced central government policy development to support positive outcomes for youth justice services. This included:

- supporting the Department for Education to ensure that children in custody benefit from the wide-scale changes to special educational needs and disability provision following the passing of the Children and Families Act. We ensured that the needs of children in the secure estate were reflected accurately in the statutory guidance materials. We provided support to ensure secure service providers were fully briefed and prepared for the changes to the service provision
- working with the Home Office to address youth violence and gang affiliation. This included leading, with NOMS, on peer review processes in custody and the community, to inform the development of responses and to identify best practice
- working with NHS England to ensure the all-age Liaison and Diversion programme delivers outcomes for children and young people
- influencing the Cabinet Office's Youth Engagement Fund to deliver more effective services to children and young people who are not in education, training or employment in Sheffield, Manchester, Liverpool and London.

In March 2015, the YJB provided evidence to the Parliamentary Committee Inquiry on the UK's compliance with the UN Convention on the Rights of the Child. In providing evidence on children in custody, we documented how our actions have improved the situation for the rights of children and young people in custody.

Human resources and financial transactions through shared services

We are committed to exploring the opportunities for sharing services with other organisations and have been planning to move to using the MoJ's shared service centre to provide financial and HR transactions.

However, the shared services project was beset by significant delays beyond our control and service requirements remain pending approval. Interim arrangements and contingency options have been put in place in response to the delay.

CHIEF EXECUTIVE'S REPORT

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 3.1 (see page 55). This does not include any fees for non-audit work as no such work was undertaken.

Board members and senior management

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

Lord Tom McNally (Chair)
David Banks*
Rob Butler
Christine Davies CBE
Gillian Fairfield
Seamus Oates
Bob Reitemeier CBE
Neil Rhodes
Angela Sarkis CBE
Amanda Sater
John Wrangham

* Chair of the Finance, Audit and Risk Assurance Committee.

For biographical details of the YJB's Board members, go to: www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership#board-members

The YJB adopted a *Code of Practice for YJB Board Members* at its first meeting on 16 October 1998; this was last reviewed in May 2015 and is now called the *Code of Conduct for YJB Board Members*. The Code, along with a Register of Members' Interests, can be found on the biographical details page referenced above.

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

The Finance, Audit and Risk Assurance Committee reviews the YJB's internal control arrangements, the operation of the internal and external audit service, and the management of risks. This work is explained in detail in the Governance Statement on pages 19-30.

Executive Management Group

At 31 March 2015, the YJB's Executive Management Group (EMG) consisted of the following personnel:

Lin Hinnigan
Chief Executive
Martin Skeats
Director of Corporate Services
Lucy Dawes
Director of Operations

Luke Taylor (covering Kate Morris' maternity leave)

Director of Partnerships and Performance

Kevin Venosi

Director of Commissioning and Change Programmes

Justin Kennedy

Director of YJB Cymru

Changes to the EMG structure during the course of the year are explained in the Governance Statement on page 23, and a list of all EMG members who were in post during the year is shown in the Remuneration Report on page 35.

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 40.

Financial review

The YJB incurred net expenditure of £258.8m in 2014/15, a reduction of £43.5m (14.4%) compared to 2013/14.

£142.2m (49.7% of total expenditure) was spent on the provision of secure accommodation, compared to £182.6m (55.3%) in 2013/14.

Secure escort charges fell to £6.2m, from £6.8m in 2013/14.

Good practice grants of £91.9m (32.1% of total spend) were paid to youth offending teams (YOTs), compared to £91.8m (27.8%) in 2013/14.

Staff pay costs, which fell by £0.4m from £11.7m in 2013/14 to £11.3m in 2014/15, represent 4% of total expenditure.

More detailed information about expenditure during the year can be found in the Accounts section of the report on pages 32-66.

Equal opportunities

The YJB is committed to ensuring that all eligible persons have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work. This is recognised in our equal opportunities policy.

The policy states that there must be no discrimination, directly or indirectly, against any eligible person on the grounds of the protected characteristics of age, disability, gender reassignment, marriage and partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation – whether in recruitment, training, promotion or in any other way. The YJB follows the codes of practice issued by the Equality and Human Rights Commission. In 2014/15, the Director of Corporate Services had overall responsibility for ensuring that the policy operated effectively for employment issues.

As an organisation, the YJB is committed to promoting equality and embracing diversity. The YJB's equality and diversity strategy reflects this commitment by articulating our duties and our objectives, and detailing how we intend to integrate equality and diversity into our core business. The strategy contains our overarching statement of commitment to the equality and diversity agenda,

and definitions of what we mean when we use the terms 'diversity' and 'equality'. It informs staff about the type of culture we want to engender at the YJB.

The YJB is committed to producing equality statements to demonstrate our compliance with the Public Sector Equality Duty. This means that we must consider how our policies, services, spending decisions and employment practices affect our stakeholders and staff, in turn ensuring that we proactively look to identify and address any differential impact. We also adhere to the application of the 'family test', where it is relevant in our operational decisions or pre-existing policies, and where there may be a potential impact upon families as a result.

The YJB Welsh Language Scheme

The YJB is committed to the principle of treating the English and Welsh languages on a basis of equality when conducting public business in Wales. The YJB has a Welsh Language Scheme that complies with the Welsh Language Act 1993 and explains how the YJB will put this principle into practice.

Employee relations

The YJB aims to follow best practice in the management of staff, including giving proper attention to communications to staff, 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. We measure staff engagement annually through a staff survey.

All HR policies are reviewed and amended in line with current employment legislation and best practice, following consultation with employees and trade unions. Regular meetings are held with trade unions to ensure a two-way flow of information. Internal communications are regularly reviewed and evaluated to see how they can be improved. This has led to initiatives such as more shared learning sessions in the fortnightly senior management briefings. These are led by the CEO, and the information then cascaded to all staff via their senior manager at their own team meetings. A weekly electronic bulletin is also distributed to all staff, and staff can access a range of material on the YJB intranet.

Employment of disabled people

At 31 March 2015, there were two registered disabled people employed by the YJB. When recruiting, the YJB specifically encourages applications from disabled people. We also operate a 'guaranteed interview' scheme whereby disabled people who meet the criteria for a post are automatically interviewed. In accordance with the principles set out in our recruitment, selection and induction policy and procedures, we acknowledge our duty under the Equality Act 2010 to make reasonable adjustments to the working environment or conditions of appointment that would enable a disabled person to compete for, and carry out, a job on an equal basis.

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

Staff by gender

At 31 March 2015, the YJB Board comprised seven men and four women. The Executive Management Group was made up of two women and four men (one of which was covering maternity leave). Of the 231 staff employed by the YJB overall, 135 were women and 96 were men.

Staff absence

The average number of days taken off by staff due to sickness was 3.8 per staff member in the financial year ending 31 March 2015. This compares with an average of 4.6 days in 2013/14, and an average of 7.45 days for Civil Service staff as a whole in the year to March 2015.

Pension scheme

Details of pension schemes available to staff are contained within the remuneration report on pages 33-39.

Key relationships

The YJB has a broad range of external stakeholders encompassing UK government departments, the Welsh government, local authorities, YOTs, the secure estate, HM inspectorates, the Prisons and Probation Ombudsman, coroners, the Association of Chief Police Officers (ACPO), police and crime commissioners, and the private and third sectors.

Environment

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

Better Payment Practice Code

Our standard terms are to make payments in respect of goods/services within 30 days of receipt of a valid invoice. The target under the Better Payment Practice Code is to pay 95% of invoices within the agreed terms. In 2014/15, 97% of invoices were paid in accordance with that policy (compared to 96% in 2013/14).

Risk management

Risk management is embedded into the way we operate, both in our approach to contract and monitoring arrangements for the secure estate and in the support we provide to YOTs.

Our corporate and business planning process has been informed by our assessment of risks, as well as the changing landscape within which youth justice operates. These risks, and the appropriate mitigating measures, are developed and monitored through our risk management framework. More detailed information about the framework, and the principal risks identified in the year, can be found in the governance statement on pages 19-30.

Future activities

The YJB's plans are published annually in our *Corporate and Business Plan*, which is approved by the Secretary of State. The latest plan sets out strategic objectives for 2015-18. Further information on the content of the *Corporate and Business Plan* is given in the governance statement on pages 29-30.

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.

Signed on behalf of the YJB by



Lin Hinnigan
Chief Executive and
Accounting Officer

Date: 8 July 2015

GOVERNANCE STATEMENT

Introduction by Lin Hinnigan, Chief Executive of the YJB

As Accounting Officer, I am responsible for managing and controlling the resources used by the YJB, in accordance with the responsibilities outlined in *Managing Public Money*. This statement describes how those duties have been carried out through the year, and includes accounts of both the YJB's corporate governance and risk management.

It should be noted that as well as having responsibility for the budget delegated directly to me by the Ministry of Justice (MoJ), I am also responsible, as YJB Accounting Officer, for managing a budget retained in the MoJ's Criminal Justice Group relating to the YJB, in accordance with the conditions set out in my letter of delegation from the MoJ.

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

Governance framework

Role of the YJB

The YJB is a non-departmental public body, created by the Crime and Disorder Act 1998. Board members are appointed by the Secretary of State for Justice. The statutory functions of the YJB are summarised in the 'who we are and what we do' section on page 7.

Framework Document

The overarching framework within which the YJB operates is set out in a Framework Document, agreed between the YJB and the MoJ, which sets out the following:

- the YJB's governance responsibilities, including the personal responsibilities of the YJB Chair, Board members and the Chief Executive
- the MoJ's governance responsibilities for the YJB as its departmental sponsor, including those of ministers and the Principal Accounting Officer
- the financial management and reporting responsibilities of the YJB, and the conditions under which any public funds are paid to the YJB
- organisational management, including:
 - Board responsibilities for YJB staff
 - pay and conditions of service
 - security and information assurance
 - freedom of information and data protection
 - Parliamentary business, including YJB contributions to Parliamentary Questions and ministerial correspondence, and attendance at Select Committee hearings.

The Framework Document is reviewed every three years, with the latest update agreed in July 2014.

The YJB Chair, Board and committees

Chair and Board

The YJB Chair and Board members are responsible for establishing the organisation's overall strategic direction, ensuring that it operates within the limits of its statutory authority, and setting corporate targets.

Board members are appointed by the Secretary of State for Justice, normally for a three-year term, in line with the Code of Practice compiled and issued by the Office of the Commissioner for Public Appointments.

The YJB can have 10–12 Board members. It currently has 11: the Chair, Lord Tom McNally, and 10 others from backgrounds including education, health, the police, the voluntary and community sectors, and the private sector. The Board also includes specific representation for Wales. A list of Board members and a link to their biographies can be found within the Chief Executive's report on page 16.

The Board formally met five times during 2014/15. A schedule of attendance is shown in the following table.

YJB Board meeting attendance 2014/15

	14/05/14	17/06/14	10/09/14	12/11/14	25/02/15
David Banks	✓	✓	✓	✓	✓
Rob Butler	✓	✓	✓	✓	✓
Christine Davies	✓	✓	✓	✓	✓
Gillian Fairfield	✓	✓	✓	✓	✓
Lord Tom McNally	✓	✓	✓	✓	✓
Seamus Oates	✓	✓	✓	✓	✓
Bob Reitemeier	✓	✓	✓	✓	✓
Neil Rhodes	✓	✓	✓	✓	x
Angela Sarkis	✓	✓	✓	✓	✓
Amanda Sater	✓	✓	✓	✓	✓
John Wrangham	✓	✓	✓	✓	✓

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

- Chair's items, covering current issues of importance
- Chief Executive's report of YJB executive activity over the quarter and emerging issues
- minutes of YJB committee meetings
- a report from the Performance Committee on progress with meeting the YJB *Corporate and Business Plan* and the performance of the YJB and the wider youth justice system.

The agreed minutes of all Board meetings are published at: www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership

Committees

The Board is supported by four committees: the Finance, Audit and Risk Assurance Committee; the Performance Committee; the Remuneration Committee; and the Wales Youth Justice Advisory Panel (which is jointly operated with the Welsh Government).

The committees are attended by Board members, members of the EMG and other senior YJB staff. Colleagues from Internal Audit and the National Audit Office also attend the Finance, Audit and Risk Assurance Committee. MoJ officials attend the Board, Performance Committee and the Finance, Audit and Risk Assurance Committee. The Wales Youth Justice Advisory Panel has attendance from Welsh Government officials. The committees meet quarterly, with the exception of the Remuneration Committee, which meets at least three times a year.

The work of the Board and its committees is formally prescribed in the YJB 'corporate governance

document set', which includes the committee's *Terms of Reference*, *YJB Standing Orders*, the *Code of Conduct for YJB Board Members*, and the *YJB Scheme of Delegation*. The corporate governance document set is reviewed annually at the spring Board meeting.

The Finance, Audit and Risk Assurance Committee provides specific scrutiny of YJB corporate governance and risks. Standing agenda items for the committee in 2014/15 included:

- a review of the YJB's Corporate Risk Register
- a report on expenditure
- progress with internal audit plans, reports and recommendations
- a report from the National Audit Office on external audit activity
- an update on the handling of Parliamentary Questions, requests under the Freedom of Information Act and complaints
- minutes of the joint MoJ/YJB Business Assurance Management meetings.

Information about bespoke items put before the Committee is included in the 'Highlights of the YJB Board and committee reports' section below.

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

The Performance Committee had its inaugural meeting in September 2014. The Committee was specifically established to scrutinise delivery of the YJB's *Corporate and Business Plan* and to provide assurance to that end to the Board. This is largely achieved through its regular review of the YJB's quarterly Corporate Performance Report,

which is the substantive item on the Committee's agenda. The Committee Chair, Gillian Fairfield, presents a report to the subsequent Board meeting, outlining the key areas of discussion and concern as well as examples of positive performance. A schedule of Board member attendance at the committee is shown below.

Finance, Audit and Risk Assurance Committee Board member attendance

	30/04/2014	02/07/2014	08/10/2014	29/01/2015
David Banks*	✓	✓	✓	✓
Lord Tom McNally	✓	✓	✓	✓
Bob Reitemeier	✓	✓	n/a	n/a
Angela Sarkis	✓	✓	n/a	n/a
Gillian Fairfield**	n/a*	n/a*	x	x
Amanda Sater	n/a*	n/a*	✓	✓
Seamus Oates	n/a*	n/a*	✓	✓
Neil Rhodes	n/a*	n/a*	✓	✓

* Chair of the committee.

** Gillian Fairfield is an ex-officio member of the Finance, Audit and Risk Assurance Committee by virtue of her chairmanship of the Performance Committee, with David Banks sitting as an ex-officio member of the Performance Committee. This arrangement facilitates cross-committee working. Gillian Fairfield attends meetings when possible or for specific issues. She is not expected to attend all meetings.

n/a = Tenure as a committee member had ended.

n/a* = Tenure as a committee member had not begun.

Performance Committee Board member attendance

	09/09/2014	22/10/2014	04/02/2015
Gillian Fairfield*	✓	✓	✓
Lord Tom McNally	✓	✓	✓
Rob Butler	✓	✓	✓
David Banks	✓	✓	✓
John Wrangham	✓	✓	x
Seamus Oates	✓	x	✓

* Chair of the committee.

The Wales Youth Justice Advisory Panel is a body jointly convened by the Welsh Government and the YJB. The panel oversaw the YJB's work to achieve strategic objectives in relation to Wales, and acted as a strategic stakeholder reference group for YJB change initiatives in Wales. A schedule of Board member attendance at the panel is shown below.

The Remuneration Committee maintained oversight of the remuneration of YJB staff, including consideration of the Chief Executive's annual appraisal and the appointment of any staff reporting directly to the Chief Executive. The committee met twice during 2014/15, and a schedule of Board member attendance is shown below.

The Secure Accommodation Committee and the Community Justice Committee were disbanded during the course of the year. Both of these committees met once during the year, and a schedule of Board member attendance at each is shown below. The new Performance Committee now monitors the performance of secure estate establishments and youth offending teams (YOTs).

Wales Youth Justice Advisory Panel Board member attendance

	09/04/2014	25/06/2014	23/10/2014	28/01/2015
John Wrangham*	✓	x	✓	✓

* Joint chair of the panel.

Remuneration Committee Board member attendance

	23/07/2014	25/02/2015
Christine Davies*	x	✓
Lord Tom McNally	✓	✓
Angela Sarkis	✓	✓
Neil Rhodes	✓	x

* Chair of the committee.

Secure Accommodation Committee Board member attendance

	02/04/2014
Angela Sarkis*	✓
Lord Tom McNally	✓
John Wrangham	✓
Christine Davies	x
Gillian Fairfield	✓
Rob Butler	✓
Seamus Oates	✓

* Chair of the committee.

Community Justice Committee Board member attendance

	23/04/2014
Bob Reitemeier*	✓
Lord Tom McNally	✓
John Wrangham	✓
David Banks	✓
Amanda Sater	✓
Christine Davies	✓

* Chair of the committee.

The Executive Management Group

The YJB Executive Management Group (EMG) oversees delivery of the *Corporate and Business Plan*, reviews and monitors budgets, and identifies and manages risk. During 2014/15, the EMG met formally on a weekly basis to plan, deliver and oversee the work of the YJB. For the majority of the year (up until 1 January 2015 when the YJB restructure took effect) the EMG comprised the Chief Executive and the Director of Partnerships and Performance, the Director of Operations, the Director of Corporate Services, the Head of YJB Cymru and the Head of Commissioning.

The roles of the YJB directorates were as follows:

- **Partnerships and Performance**
Responsible for: strategy, communications and stakeholder management, information, analysis and research, the effective practice framework, our partnerships with the MoJ and other government departments, Board support and the Chief Executive's office
- **Operations**
Responsible for: YOT support and monitoring, youth justice grants, community programmes, placements, secure contract management, safeguarding and police liaison
- **Corporate Services**
Responsible for: HR, finance, ICT, facilities management, planning, support and governance, shared services migration and the Flexible Resource team
- **Commissioning and Change**
Responsible for: change programmes (currently primarily the Transforming Youth Custody programme) and the YJB's secure estate commissioning activity

• YJB Cymru

Responsible for: strategic leadership and oversight of performance in the youth justice community in Wales. More information on the YJB's work in Wales is given in the 'Youth Justice in Wales' section below.

The YJB implemented a new structure on 1 January 2015, with the EMG comprising the Chief Executive, the Director of Partnerships and Performance, the Director of Operations, the Director of Corporate Services, the Director of YJB Cymru, the Director of Commissioning and Change Programmes and the HR Business Partner.

Assurances have been given to me in end-of-year letters from members of the EMG that they had complied with both the terms of their budget delegation and the controls on spending imposed by the Cabinet Office and the Ministry of Justice (MoJ).

Youth justice in Wales

The YJB Cymru directorate, based in Swansea, supports the Board with its strategic leadership on the operation of the youth justice system in Wales, its interface with the devolved government, service delivery, and how the overarching objective of preventing offending and reoffending by children and young people is most effectively pursued in Wales.

The directorate is led by the Director of YJB Cymru, who works in close contact with John Wrangham, the YJB Board member with lead responsibility for Welsh issues. John Wrangham chairs the quarterly Wales Youth Justice Advisory Panel meeting alongside the Welsh Government Director General for Public Services.

The Welsh Government does not have responsibility for the youth justice system in Wales. However, policies concerning education, housing, substance misuse, health, social services and the needs of looked-after children are all devolved to Welsh ministers and they have a significant impact on the delivery of youth justice services. In recognition of this, we have a formal working agreement with the Welsh Government and have published a joint strategy for youth justice in Wales, *Children and Young People First*. The document can be found online at: www.gov.uk/government/publications/youth-justice-strategy-for-wales-children-and-young-people-first

Highlights of the YJB Board and committee reports

The standing agenda items for YJB Board meetings have been listed above on page 20. In addition, a number of bespoke items are considered at each YJB Board meeting. In 2014/15, such items included:

- consideration of an assessment of the needs of girls within custody
- the development of the operational specification for the Secure College pathfinder
- the secure estate commissioning plan
- sexual abuse and exploitation affecting children in the youth justice system
- the strategy to reduce violence in public under-18 young offender institutions
- the participation of young people in the youth justice system
- the anonymity of children involved in the youth justice system

- agreement of the Board's Annual Report to the Secretary of State for Justice
- consideration of the Finance, Audit and Risk Assurance Committee's Annual Report to the Board
- consideration of the YOT Management Board Guidance for Wales
- the annual review of the YJB Risk Management Framework
- consideration of the work plan to address the over-representation of Black and Minority Ethnic young people in the youth justice system.

The standing agenda items of the Finance, Audit and Risk Assurance Committee have been listed above on page 20, but the committee considered a number of other issues throughout the course of the year. These included the following:

- consideration of the Annual Report and Accounts 2013/14
- the YJB's handling of externally raised matters of concern
- the management of fraud
- a review of the joint YJB/MoJ Framework Document
- the progress on transition to shared transactional services
- the annual report on the management of safeguarding risks and deaths in custody
- the Minimising and Managing Physical Restraint (MMPR) implementation programme
- YJB information and communication technology
- the YJB health and safety annual report
- the YJB finance strategy
- agreement of the YJB 'assurance map'.

The committee also conducted a review of its effectiveness at the

beginning of 2015, which yielded generally positive results, although new committee members who were attending only their second meeting felt unable to comment on all aspects of the review. For that reason, it was agreed that a further review would take place in six months' time. Areas identified for improvement focused on a need for a greater understanding of the YJB's financial position and a desire for some more informal, out-of-committee discussions. At the end of February 2015, committee members were provided with a training session on government finance as it impacts the YJB, and the Board members who sit on the committee now meet informally prior to every meeting.

Account of corporate governance

Parliamentary accountability

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

- approving the YJB's strategic objectives and the policy and resources framework within which the YJB operates
- keeping Parliament informed about the YJB's performance
- approving the amount of grant-in-aid/grant/other funds paid to the YJB, and securing Parliamentary approval for these funds
- appointing the Chair and Board members of the YJB
- laying the annual report and accounts before Parliament.

The Chair of the YJB is responsible to the Secretary of State for Justice. The YJB's Framework Document states that the Chair is also responsible for

ensuring that activities support the Minister for Youth Justice and the MoJ's wider strategic policies, and that the YJB's affairs are conducted with probity.

The Chair, Chief Executive and other senior YJB officials can appear before Parliamentary committees, commissions and inquiries to give evidence about the work of the YJB, the youth justice system more generally, and the use and stewardship of the public funds entrusted to the YJB. In April 2014, the Chief Executive and Chair gave evidence to the Justice Select Committee on the work of the YJB. In October 2014, the Head of YJB Cymru, gave evidence to the Welsh Affairs Committee in relation to their inquiry into prisons in Wales and the treatment of Welsh offenders.

Throughout 2014/15, the YJB Chair and Chief Executive met regularly with the minister responsible for youth justice and the Chief Executive met regularly with the head of our MoJ sponsor unit to discuss plans, progress and other issues relating to youth justice. The YJB Chief Executive and Director of Corporate Services also met with the MoJ sponsor unit for quarterly business assurance meetings to discuss performance, budget management and risk.

The YJB is required to provide information to the MoJ and other government departments as requested to assist them in answering Parliamentary Questions. In 2014/15, the YJB contributed information to more than 50 Parliamentary Questions.

The YJB is continuing to work to meet one outstanding recommendation from the Public Accounts Committee report, *The Youth Justice System in England*

and Wales: Reducing Offending by Young People. The recommendation states that, “The Board should be much more active in building its knowledge of commonly used interventions, understanding their effectiveness, and disseminating this information to youth offending teams across England and Wales, including by providing example course material and content.”

The YJB has since made good progress in implementing an Effective Practice Framework, with over 200 practice examples placed on the YJB Effective Practice Library. Following the 2014/15 restructure, the YJB is further developing its approach in this area as part of the organisation’s strategic vision for 2015-18, to work towards the development of a ‘centre of excellence’ approach for youth justice. The new approach will bring effective practice closer to the organisational core work, increasing the YJB’s capacity to identify and disseminate effective practice information, including a new ‘evidence, learning and resources hub’ hosting a library of effective interventions and approaches. This work began in March 2015 and will continue throughout 2015/16.

The role of the Board

The Board has corporate responsibility for ensuring that the YJB fulfils the aims and objectives agreed with the Secretary of State and for promoting the efficient and effective use of staff and other resources. In terms of governance oversight, the Board has a specific responsibility, outlined in the Framework Document, for:

... ensuring that any statutory or administrative requirements for the use of public funds are complied

with; that the board operates within its limits of its statutory authority and any delegated authority agreed with the MoJ, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the MoJ.

Board effectiveness

The Chair of the YJB has an established performance appraisal system for Board members. Board members agree their objectives with the Chair at the beginning of the financial year, with periodic reviews of progress followed by an end-of-year appraisal, which is signed off by the Chair and respective Board member. The Chair also provides the Secretary of State for Justice with an assessment of performance when Board members are being considered for reappointment. The performance assessment of the Chair is undertaken annually by the Director General of the Criminal Justice Group on behalf of the Secretary of State, to whom the assessment is reported. All appraisals have been completed for 2014/15.

At its meeting in May 2015, the Board conducted an internal review of its effectiveness. Among other things, the Board considered its effectiveness in setting strategic direction; its relationship with the executive; its use of available time and skills; the information it receives; and, its training and development needs. As a consequence, the Board took action to improve the use of its time and skills and to look further at some of the information that it receives, particularly concerning sensitive matters or those that have the potential to impact on the YJB’s reputation.

The YJB Triennial Review – control and governance

As part of the government’s Triennial Review programme all non-departmental public bodies (NDPBs) must be reviewed every three years to assess whether their individual functions require continuation, and whether the NDPB is the correct body to carry out those functions. As reported last year, the YJB was reviewed in 2013, including a specific review of control and governance arrangements (the ‘Stage 2 review’). This concluded that while the YJB complied with the majority of the recognised principles of good corporate governance, there were some improvements needed. As a result, 26 recommendations were made, focusing on:

- improvements to accountability (statutory, administrative, for public money and ministerial)
- clarity of roles (the Board, Chair, Board members, Chief Executive and sponsoring department)
- effective financial management.

The YJB has been working throughout 2014/15 to implement the recommendations of the review, and by the end of the year, 35 of the 40 recommendations had been completed.

The provision of information and data to the Board

As mentioned on page 21 above, the Board has established a Performance Committee which scrutinises delivery of the YJB’s *Corporate and Business Plan* on its behalf. The Committee provides a written report to the Board after each meeting, outlining the key areas of note.

The Corporate Performance Report provides the Board with the following information:

- data and analysis on the performance of the youth justice system, including data on first-time entrants, youth reoffending rates, reducing the use of custody, and the custodial population
- a performance and risk assessment of YOTs and the secure estate
- YJB corporate data in relation to finance and human resources
- a summary of progress against corporate objectives.

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

The YJB Board and committees regularly review their information requirements, and a number of changes to information reporting have been made during the year. The Performance Committee asked that the Corporate Performance Report contain more information about the cost of staff sickness and comparisons with sickness rates elsewhere in the public sector, as well as inclusion of a predicted rate of reoffending. The Finance, Audit and Risk Assurance Committee asked for more timely information, particularly in regard to financial data. The Board asked for data on

the number of current convictions for violent offences.

Ministerial Directions

There were no Ministerial Directions sought or issued during 2014/15.

Payment of grants to youth offending teams and performance oversight

Section 41(5) of the Crime and Disorder Act 1998 (as amended by *The Youth Justice Board for England and Wales (Amendment of Functions) Order 2015*) gives the YJB authority to make grants, with the approval of the Secretary of State, to local authorities or other bodies for the purposes of the operation of the youth justice system and the provision of youth justice services.

Prior to the 2015 change in statute, the YJB could only provide funding, “...for the purposes of developing good practice and commissioning research in the area of youth justice”. The change implements the YJB’s 2013 Triennial Review recommendation to widen the Board’s powers in this area. By increasing the scope of the services for which the grant money can be used, it is expected to better promote the frontline delivery of youth justice services locally and provide greater flexibility.

In 2014/15, the YJB allocated £92.1m for YOT good practice grants, based on a historical assessment of need. The terms and conditions of the YOT grant allow local flexibility for YOTs to direct financial resources to specific areas of youth justice activities, in alignment with their youth justice strategic plans. The terms and conditions of grant were signed by the chair of each YOT management

board, the local authority chief financial officer and the YOT manager as proof of acceptance prior to funding being released by the YJB. Costed youth justice plans were also received in advance. Audit certificates signed by the local authority chief financial officer and the YOT manager were received at the end of the financial year to evidence regularity of expenditure.

The YJB’s approach to overseeing performance and driving improved outcomes is based on risk-led monitoring and reduced central prescription. We facilitate and promote sector-led improvement activity, provide tools and resources to support performance improvement and deliver central performance improvement support where that improvement is most difficult to sustain.

Each YOT is allocated a named member of the local YJB team, to act as the service’s primary YJB contact and attend YOT management board meetings and other relevant forums. Progress is monitored on a quarterly basis by the YOT Oversight and Commissioning Group, which reviews performance against the three justice indicators (first-time entrants, proven reoffending and use of custody) and National Standards, as well as considering YJB-held knowledge of YOT issues and development (including progress against post-inspection improvement plans). This work is supported by an annual review of the youth justice plan for each service. Where progress proves difficult to sustain, an escalation process is in place which includes both chief executive and ministerial levels.

The YJB's internal audit service conducts an annual audit of the governance of grants, to provide YJB management with an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2014/15, this involved the team visiting 10 YOTs to review their financial and governance arrangements. The final audit report returned a 'moderate' rating, the second highest of four possible ratings, with no critical or significant areas of weakness identified.

Internal audit

The internal audit service, operating to the standards set out in *Public Sector Internal Audit Standards*, draws up its annual audit plans based on an analysis of the risk to which the YJB is exposed and discussions with members of the EMG. The plans are endorsed by the Finance, Audit and Risk Assurance Committee and approved by the Chief Executive. The implementation of recommendations resulting from internal audits is monitored by the Finance, Audit and Risk Assurance Committee.

The regular internal audit reports are considered by the Finance, Audit and Risk Assurance Committee. Seven such audits were commissioned during the year, on the following subjects:

- governance of grants
- corporate governance
- the financial control framework
- YOT performance management
- ICT service delivery management
- the Transforming Youth Custody programme.

The first five of these audits had final reports issued during the course of 2014/15. The audit of

corporate governance returned a 'substantial' assurance rating (the highest possible), meaning that the YJB's framework of governance, risk management and control is adequate and effective. The audit report stated that *"We have found an effective governance and organisational structure in place, with established information and communication systems operating as intended."* The other four audits all returned 'moderate' ratings (the second highest rating of four), with no critical weaknesses identified.

Overall view of internal audit

The MoJ's Head of Internal Audit provides an annual report on their internal audit activity, informed by work conducted during the year, together with individual meetings with senior managers. The report includes the internal auditor's independent opinion on the overall adequacy and effectiveness of the organisation's frameworks of governance, risk management and control. The report for 2014/15 concluded that a 'moderate' level of assurance can be given, an equivalent rating to that for 2013/14.

Risk assessment

Capacity to handle risk

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

The EMG encourages staff to:

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

A dedicated team supported and advised colleagues across the organisation on risk management. The team also provided general programme management support and reporting to the Executive Management Team, and a dedicated resource to manage and co-ordinate the YJB's corporate-level risk processes, enhancing the EMG's capacity to monitor and manage risks.

The risk and control framework

The YJB's Risk Management Framework informs the YJB's risk management system, aligning with HM Treasury's *Orange Book, Management of Risk – Principles and Concepts* (2004) and with the MoJ's *Risk Management Policy* (April 2010). The framework was revised and updated at the beginning of 2015, with the changes agreed by both the Finance, Audit and Risk Assurance Committee and the full Board. The main changes included:

- providing a clearer understanding of the role of the Performance Committee in risk management
- explicitly outlining the management of 'issues' (risks that have materialised)
- removal of the quarterly predicted risk ratings
- clarification of the steps to be taken when raising a YJB risk with partners

- greater clarity on EMG's monthly and quarterly reviews
- removal of the 'reputational risk' category
- agreement to move towards a less risk-averse approach to policy-making.

Day-to-day responsibility for identifying and managing risks lies with managers and programme and project leads within the YJB's directorates. A regular Directorate Risk Group meets to discuss risks identified across the organisation and to assist in the compilation of the overall Corporate Risk Register. The EMG reviews all such risks on a monthly, quarterly and annual basis, through a formal examination and update of the YJB's Corporate Risk Register. On a quarterly basis, the Finance, Audit and Risk Assurance Committee review the risks on the Corporate Risk Register. The Board reviews risks annually.

If an identified risk materialises into an actuality, this is recorded and managed as an 'issue' on the Corporate Risk Register. None of the risks identified in 2014/15 materialised into 'issues'.

Risk profile

The principal risks and mitigating actions identified during 2014/15 were as follows.

1. The young people's secure estate is not able to meet the needs of the population

The risk derives from the continuing fall in custodial numbers and reductions in funding, with an associated need to reduce secure estate places through decommissioning. This could lead to insufficient available provision

meaning young people cannot be placed appropriately, managed effectively, or provided with a full regime. Mitigating measures include:

- the preparation of an annual commissioning plan which is agreed by ministers
- the existence of the YJB decommissioning board, which makes proposals for decommissioning
- the availability of contingency places for all three secure estate sectors.

2. The risk that the YJB leadership role is undermined

The risk is that the YJB, as an arm's-length body, is perceived to be too close to government and to the MoJ, and not sufficiently authoritative on evidence, research and what works in youth justice. Cross-government controls limit the YJB's ability to engage stakeholders effectively. This could impact upon our ability to effectively influence and engage with key partners in the youth justice system. Mitigating actions include:

- the implementation of a stakeholder management approach, agreed by the Board in May 2014
- the inclusion in the YJB restructure of more capacity around analysis of evidence and what works in youth justice
- the launch of the new effective practice framework and library
- engagement with stakeholders through the strategic role of Board members and the annual Youth Justice Convention.

3. Increasing instability in public sector YOIs

The risk arises from the reduction in custodial numbers, which has left the secure estate with proportionately more young people charged or sentenced for violent offences, with YOIs operating at or close to capacity. Mitigating actions include:

- the creation of a dedicated Deputy Director of Custody for Young People role at the National Offender Management Service to provide a focus on young people's issues within the under-18 YOI estate
- temporary reductions in placements at some YOIs and the redrawing of court catchment areas to reduce demand in the South East and London
- a recruitment strategy for secure establishment staff to meet existing and future demand
- the deployment of detached duty staff from elsewhere in the estate to under-resourced establishments
- the implementation of 'payment plus' (a form of overtime) to enable existing staff to work additional hours.

4. The safety of young people is undermined as the YJB does not receive the right information to make the correct placement decisions

The principal cause of the risk relates to the quality, and return rate, of documentation from YOTs when placing young people in custody. In mitigation, a new policy was launched in April 2014, and YOT management boards are now aware that financial sanctions could

be applied if performance does not improve. The new policy includes a raised threshold for engaging with and escalating issues in YOTs. In addition, as reported under the sub-section 'Improving return rate and quality documentation from youth offending teams for young people in custody', the data available at December 2014 demonstrates notable performance improvements regarding the submission of key documents. A new placements quality assurance process was also established, with monthly review meetings to identify and address any issues.

YJB assurance map

At its meeting in January 2015, the Finance, Audit and Risk Assurance Committee approved an 'assurance map' which, based on HM Treasury guidance, seeks to identify system and process-based risks within the YJB, and to evaluate the level of controls in place to manage them. The map focuses on 17 distinct systems/processes, including:

- safeguarding
- improving the performance of the youth justice system
- YOT grants
- programme and project management
- financial management
- fraud
- human resources
- equality and diversity
- information management
- legal/regulatory compliance.

The map has illustrated two areas where further assurance is required:

1. in relation to the Effective Practice Framework
2. in improving the performance of the youth justice system.

Management action is underway in both areas to secure further assurance. The YJB is to scope, develop and deliver a new 'knowledge and resources' hub that will host the Effective Practice Library, and bring together materials relating to wider research. The YJB will also re-launch its approach to effective practice as part of our vision to develop a 'centre for excellence' for youth justice in 2015/16. Work to further develop the assurance map will continue in 2015/16.

Information assurance, lapses of data security, and freedom of information

The YJB Information Assurance Policy ensures that the information held by the YJB is handled securely, appropriately protected, as accurate as possible, and made available to the right people, at the right time, for the correct reasons. The policy complies with the Cabinet Office *HMG Security Policy Framework* and accreditation requirements. YJB staff are required to complete, annually, the information assurance online training module on the Civil Service Learning website.

The ICT systems we operate on behalf of the youth justice system are appropriately accredited for security and information assurance, in line with CESG policy (CESG is the UK Government's national technical authority for information assurance).

There was one case of personal data loss in 2014/15, involving a supplier, and no losses reported to the Information Commissioner. There was also one case of potential data loss, due to the loss or theft of a BlackBerry. Given that the equipment was password-protected and was disabled remotely, it is unlikely that any data was actually accessed in these cases.

The YJB responded to 36 freedom of information requests in the year, over 97% of which were answered within the statutory 20-working day deadline.

Health and safety

The YJB's health and safety function is managed by the Facilities Management team. The team has oversight of the *YJB Corporate Health and Safety Policy*, which enables the YJB to comply with its legal duties and responsibilities under the Health and Safety at Work Act 1974. A Corporate Health and Safety Committee, chaired by the Director of Corporate Services, met quarterly during 2014/15, reporting to the EMG, and an annual report was submitted to the Finance, Audit and Risk Assurance Committee.

Corporate and Business Planning

The *YJB Corporate Plan 2014–17 and Business Plan 2014/15* set out the YJB's vision, strategic objectives and associated deliverables for the reporting period of this Governance Statement (the year 2014/15), taking into account government priorities. The plan detailed the strategy and risks for delivery, with the main elements having been agreed with

the Secretary of State for Justice. It specified the following overarching strategic objectives:

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

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

The *Corporate and Business Plan* also set out an organisational objective for 2014–17:

... to continue to develop the YJB to deliver our mandate, working closely with the UK and Welsh Governments and other stakeholders to deliver a coherent, distinctive and effective youth justice system in a time of reduced resource.

The plan for 2014–2017 is published at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/356456/yjb_corporate_plan_2014_2017_business_plan_2014_15.pdf

The approach to corporate and business planning is updated annually. The latest *YJB Strategic Plan* sets out the YJB's vision and strategic objectives for the next three-year period to the end of the financial year 2017/18.

It specifies the following vision, which puts young people at its heart:

Every child and young person lives a safe and crime-free life, and makes a positive contribution to society.

The plan also contains a mission statement, as follows:

*Developing and championing a **child-centred and distinct youth justice system**, in which designated youth justice services address the age-specific needs of children and young people in the youth justice system for the benefit of the community.*

*Acting as the **centre of excellence in youth justice** by using and interpreting available evidence to increase the use of effective practice.*

*Using our **robust monitoring system** to drive performance improvement and to safeguard children and young people in custody and under supervision by youth justice services in the community.*

The full *Strategic and Business Plan*, which provides more detail on how we will achieve our mission statement, will be published in 2015.

Signed on behalf of the YJB by



Lin Hinnigan
Chief Executive and
Accounting Officer

Date: 8 July 2015

SECTION

2

ACCOUNTS 2014/15

- **Remuneration report**
 - **Statement of accounting officer's responsibilities**
 - **The certificate and report of the Comptroller and Auditor General to the Houses of Parliament**
 - **Accounts**
 - **Notes to the accounts**
-

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) which are a combination of the new Civil Service employment offer plus legacy terms originally derived from the Home Office. As part of the pay settlement for 2014, a financial buy-out was agreed which removed contractual pay progression from staff with legacy terms. Staff are classed as public servants and not civil servants, although the contracts are similar.

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

Board members' terms of appointment

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

Lord McNally was appointed as the Chair of the YJB by the Secretary of State for Justice for a period of three years ending on 17 March 2017.

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

Executive management terms of appointment

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

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

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

Remuneration Committee

Our Remuneration Committee meets at least three times a year and may meet at other times as outlined in Standing Orders. It has delegated authority to consider the annual appraisal of the Chief Executive, and to approve any changes to the remuneration of the Chief Executive and all staff reporting directly to the Chief Executive. This includes the arrangements for and conditions of any remuneration or benefits in kind over and above their basic salary. The Remuneration Committee comprises four members: the Chair, the Chair of the YJB Finance, Audit and Risk Committee and two Board members.

Remuneration (audited information)

Board members

Board members' remuneration (including the Chair's) is determined by the Secretary of State for Justice. Board members' fees are £250 per day. Lord McNally is paid a salary. For the year ended 31 March 2015, Board members received remuneration as follows.

Name	2014/15				2013/14				Start date	Unexpired term from 31/03/15
	Remuneration	Benefits in kind	Pension benefits (rounded to the nearest £1,000) ¹	Total	Remuneration	Benefits in kind	Pension benefits (rounded to the nearest £1,000) ¹	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Lord McNally (from 17/03/2014)	40-45	4.1	–	45-50	0-5	–	–	0-5	17/03/2014	2 years
Bob Reitemeier	5-10	2.2	–	10-15	10-15	1.2	–	10-15	01/06/2006	5 months
Angela Sarkis	5-10	0.8	–	10-15	15-20	1.1	–	15-20	09/04/2009	0 years
John Wrangham	10-15	3.8	–	15-20	10-15	3.9	–	15-20	09/04/2009	0 years
David Banks	10-15	2.9	–	10-15	10-15	2.5	–	10-15	03/10/2012	6 months
Christine Davies	5-10	2.5	–	10-15	5-10	4.7	–	10-15	03/10/2012	6 months
Gillian Fairfield¹	5-10	3.9	–	5-10	5-10	4.8	–	10-15	03/10/2012	6 months
Seamus Oates²	5-10	0.2	–	5-10	5-10	0.1	–	5-10	01/07/2013	1 year and 3 months
Amanda Sater	5-10	–	–	5-10	5-10	–	–	5-10	01/07/2013	1 year and 3 months
Neil Rhodes³	0-5	3.2	–	5-10	0-5	2.3	–	5-10	01/07/2013	1 year and 3 months
Rob Butler	5-10	1.1	–	10-15	5-10	0.2	–	5-10	01/07/2013	1 year and 3 months

¹ Gillian Fairfield does not receive Board member fees and benefits in kind. These are paid directly to Pennine Acute Hospitals NHS Trusts.

² Seamus Oates does not receive Board member fees. These are paid directly to The Bridge AP Academy. Benefits in kind are reimbursed to Seamus by the YJB.

³ Neil Rhodes does not receive Board member fees and benefits in kind. These are paid directly to Lincolnshire Police.

Benefits in kind – Board members

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

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

Executive management

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

Name and title	2014/15					2013/14				
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100) £'000	Pension benefits (to nearest £1,000) £'000	Total £'000	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100) £'000	Pension benefits (to nearest £1,000) £'000	Total £'000
Lin Hinnigan Chief Executive	125-130	–	–	46	170-175	125-130	–	5.4	53 ³	160-165
Martin Skeats Director of Corporate Services	90-95	–	–	19	110-115	90-95	–	–	54	140-145
Ray Hill Deputy Chief Executive – Secure Accommodation (until 30/4/14)	5-10	–	–	71	75-80	100-105	–	22.3	10	130-135
Lucy Dawes Director of Operations	90-95	5-10	–	13	110-115	90-95	5-10	–	21	120-125
Kate Morris Director of Partnerships and Performance (on maternity leave from 28/8/13 – 29/3/14, and again from 10/11/14)	85-90	–	–	6	95-100	65-70	5-10	–	19 ³	95-100
Luke Taylor ¹ Acting Director of Partnerships and Performance (from 20/10/14)	30-35	–	–	6	35-40	–	–	–	–	–
Dusty (Justin) Kennedy Director of YJB Cymru	65-70	–	–	23	85-90	55-60	0-5	–	22 ³	80-85
Kevin Venosi Director of Commissioning and Change Programmes	85-90	0-5	–	19	105-110	45-50	0-5	–	(3) ³	45-50
Cathy Robinson Acting Deputy Chief Executive – Effective Practice (from 5/11/13 – 31/3/13)	–	–	–	–	–	35-40	–	–	(12)	20-25
Band of highest paid director's total remuneration (£'000)²			125-130					130-135		
Median total remuneration (£)			38,216					38,077		
Ratio			3.3					3.4		

1 Luke Taylor was on secondment from the National Offender Management Service (NOMS); his full year salary equivalent was £70-75k.

2 To enable comparison with median total remuneration, this excludes pension benefits.

3 Amounts have been restated as revised information has been received during the year from our pension provider.

Salary

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

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

Bonuses

Bonuses are based on performance levels and are awarded following the formal review process. The performance framework set by the Cabinet Office for the Senior Civil Service (SCS) is used as a guide for YJB executive managers graded as equivalent to the SCS. The YJB Remuneration Committee gives final approval of these bonuses.

Executive managers who are not graded as equivalent to the SCS can receive a bonus if they obtain a 'significantly exceeds expectations' rating in the formal review process. This process follows the YJB performance management guidance, with objectives set at the beginning of the performance year, progress reviewed at mid-year and a formal rating given at year end.

Bonuses are included in the table above on a cash basis, so that bonuses disclosed for each year represent those paid to staff in that year, but relate to performance in the previous year.

Benefits in kind – executive management

The monetary value of benefits in kind covers any benefits provided by the YJB and treated by HMRC as a taxable emolument.

Pension benefits

Pension benefits are calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the employee. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Compensation for loss of office

No compensation for loss of office payments were made during the 2014/15 year.

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

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

The banded remuneration of the highest-paid director at the YJB in the financial year 2014/15 was £125–130k (2013/14: £130–135k). This was 3.3 times (2013/14: 3.4 times) the median remuneration of the workforce, which was £38,216 (2013/14: £38,077).

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

Pension entitlements (audited information)

Name and title	Accrued pension at pension age £'000	Real increase in pension at pension age £'000	Related lump sum at pension age £'000	Real increase in related lump sum at pension age £'000	CETV at 31/03/15 £'000	CETV at 31/03/14 £'000	Real increase in CETV £'000
Lin Hinnigan Chief Executive	5-10	2.5-5	–	–	96	46 ²	36
Martin Skeats Director of Corporate Services	30-35	0-2.5	–	–	452	415	12
Lucy Dawes Director of Operations	50-55	0-2.5	–	–	947	890 ²	12
Ray Hill Deputy Chief Executive – Secure Accommodation (until 30/4/14)	25-30	2.5-5	85-90	7.5-10	441	394	48
Kate Morris ¹ Director of Partnerships and Performance (on maternity leave from 10/11/14)	15-20	0-2.5	45-50	0-2.5	167	155 ²	-0.5
Luke Taylor ¹ Acting Director of Partnerships and Performance (from 20/10/14)	10-15	0-2.5	35-40	0-2.5	149	144	2
Dusty (Justin) Kennedy Director of YJB Cymru	5-10	0-2.5	–	–	94	74 ²	10
Kevin Venosi Director of Commissioning and Change Programmes	35-40	0-2.5	105-110	2.5-5	609	566	13

1 Where the individual was not in post for the full year, the CETV at 31 March 2014 represents the value as at their start date and the CETV at 31 March 2015 represents the value as at their end date.

2 Amounts have been restated as revised information has been received during the year from our pension provider.

Civil Service pensions – general information

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

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic, and between 3.5% and 8.85% for premium, classic plus and nuvos. Increases to employee contributions apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership.

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

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

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

Further details about the Civil Service pension arrangements can be found at www.civilservice.gov.uk/pensions.

Cash Equivalent Transfer Value

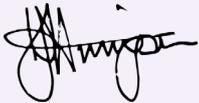
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or an arrangement to secure pension benefits in another pension scheme, or an arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

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

Signed on behalf of the YJB by



Lin Hinnigan
Chief Executive and
Accounting Officer

Date: 8 July 2015

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

The Accounting Officer of the Ministry of Justice (MoJ) 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*,⁷ 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.

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 her responsibilities on behalf of the Board, who are required by legislation to keep proper accounts and records, and to prepare a statement of accounts.

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

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

⁷ See www.gov.uk/government/publications/managing-public-money

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 2015 under the Crime and Disorder Act 1998. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Crime and Disorder Act 1998. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Youth Justice Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Youth Justice Board; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Youth Justice Board's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Crime and Disorder Act 1998 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

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

Date: 10 July 2015

ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Expenditure			
Staff costs	2.1	11,338	11,690
Depreciation	5	2,513	2,513
Amortisation	6	148	397
Other expenditure	3.1	271,147	314,496
Income from activities	4	(27,261)	(27,973)
Net expenditure		257,885	301,123
Interest payable	3.1	874	1,173
Net expenditure after interest		258,759	302,296

Other comprehensive expenditure

	Notes	2015 £'000	2014 £'000
Net (gain) on revaluation of property, plant and equipment	5	(4,148)	(10,881)
Total comprehensive expenditure for the year ended 31 March 2015		254,611	291,415

All results arise from continuing activities.

The notes on pages 47-66 form part of these accounts.

Statement of Financial Position as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	5	64,447	73,503
Intangible assets	6	2,887	2,423
Total non-current assets		67,334	75,926
Current assets			
Trade and other receivables	7	5,072	7,873
Cash and cash equivalents	8	20,944	21,062
Total current assets		26,016	28,935
Total assets		93,350	104,861
Current liabilities			
Trade and other payables	9	(13,074)	(13,319)
PFI liabilities	12	(665)	(1,301)
Total current liabilities		(13,739)	(14,620)
Total assets plus current liabilities		79,611	90,241
Non-current liabilities			
PFI liabilities	12	(13,173)	(16,742)
Total non-current liabilities		(13,173)	(16,742)
Assets less liabilities		66,438	73,499
Taxpayers' equity			
Revaluation reserve		19,832	17,646
General reserve		46,606	55,853
Total capital and reserves		66,438	73,499



Lin Hinnigan

Chief Executive and Accounting Officer

Date: 8 July 2015

The notes on pages 47-66 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Net expenditure after interest	SoCNE	(258,759)	(302,296)
Interest received	4	1	1
Interest paid		(1)	(1)
(Increase)/decrease in trade and other receivables	7	2,801	(5,013)
Increase/(decrease) in trade and other payables (including PFI)	9,12	(4,450)	3,391
Movement in payables not passing through the SoCNE ¹		1,220	–
Adjustments for non-cash transactions			
Depreciation and amortisation	5,6	2,661	2,910
Impairment of assets under construction and PPE	3.1,14	10,354	–
Non-cash interest on PFI liabilities	3.2	635	172
Payments made by sponsoring department on behalf of the YJB	3.1,3.2	50,776	73,313
Corporate services provided by sponsoring department	3.3	5,885	4,196
Net cash outflow from operating activities		(188,877)	(223,327)
Cash flows from investing activities			
Intangible asset under construction	6	(1,425)	(924)
Net cash outflow from investing activities		(1,425)	(924)
Cash flows from financing activities			
Grant-in-aid	10	190,374	228,712
Capital element of payments in respect of on-balance sheet PFI contracts		(190)	(710)
Net financing		190,184	228,002
Net increase/(decrease) in cash and cash equivalents in the period		(118)	3,751
Cash and cash equivalents at the beginning of the period		21,062	17,311
Cash and cash equivalents at the end of the period	8	20,944	21,062

1 Statement of Comprehensive Net Expenditure

Grants from government departments are all treated as contributions from a controlling party, as directed by the Government *Financial Reporting Manual* (FReM), and recognised on a cash basis with an opposite entry in the general reserve (refer to Statement of Changes in Taxpayers' Equity).

The notes on pages 47-66 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	Notes	Revaluation reserve £'000	General reserve £'000	Total reserves £'000
Balance at 1 April 2013		7,428	49,497	56,925
Changes in taxpayers' equity for 2013/14				
Grant-in-aid	10	–	228,712	228,712
Non-cash charges				
Payments made by sponsoring department on behalf of the YJB	3.2	–	75,081	75,081
Corporate services provided by sponsoring department	3.3	–	4,196	4,196
Net expenditure for the year	SoCNE	–	(302,296)	(302,296)
Movements in reserves				
Release of reserves to the general reserve		(663)	663	–
Net gain on revaluation of property, plant and equipment	5	10,881	–	10,881
Balance at 31 March 2014		17,646	55,853	73,499
Changes in taxpayers' equity for 2014/15				
Grant-in-aid	10	–	190,374	190,374
Non-cash charges				
Payments made by sponsoring department on behalf of the YJB	3.2	–	52,441	52,441
Corporate services provided by sponsoring department	3.3	–	5,885	5,885
Net expenditure for the year	SoCNE	–	(258,759)	(258,759)
Movements in reserves				
Release of reserves to the general reserve		(474)	474	–
Net gain on revaluation of property, plant and equipment	5	4,148	–	4,148
Transfer of Hassockfield Secure Training Centre land revaluation to General Reserve		(414)	414	–
Transfer of Hassockfield Secure Training Centre building impairment to General Reserve		(1,074)	1,074	–
Transfer of Hassockfield Secure Training Centre to the Ministry of Justice		–	(1,150)	(1,150)
Balance at 31 March 2015		19,832	46,606	66,438

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

1.1 Basis of preparation

These accounts have been prepared in accordance with the Government *Financial Reporting Manual 2014-15* (FReM) issued by Her Majesty's (HM) Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. 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.

Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to the particular circumstances of the YJB for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the YJB are described below. They have been applied consistently in dealing with items considered material to the accounts.

The functional and presentation currency of the YJB is the British pound sterling (£).

1.2 Going concern

The YJB is an executive non-departmental public body (NDPB) whose activities are principally financed by the Ministry of Justice (MoJ).

Grant-in-aid for 2015/16, covering the amounts required to meet the YJB's liabilities falling due that year, has already been included in the MoJ estimates for that year, and has been approved by Parliament. There is no reason to believe that future sponsorship and Parliamentary approval will not be forthcoming.

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

1.3 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, as modified to account for the revaluation of non-current assets where material.

1.4 Changes in accounting policy and disclosures

a) New and amended standards adopted

IAS 1 'Presentation of Financial Statements – Other Comprehensive Income' (effective for accounting periods beginning on or after 1 July 2012), retains the option to present other comprehensive expenditure on a separate statement from net operating cost items, and to reclassify certain other comprehensive expenditure items to net operating cost. The YJB has applied the requirements of IAS 1 in full to these accounts.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2014 and not adopted early

The following new standards, interpretations and amendments, which are not yet effective, may have an impact on the YJB's future accounts.

IFRS 13 'Fair Value Measurement' provides a consistent definition and measurement framework for determining fair value. The FReM's adaptation of IFRS 13 for public sector application is expected to be effective from 1 April 2015.

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

c) Restatement of comparatives

Secure escort commitments have been re-classified from Operating Lease to Other Financial Commitments. This is to better clarify these costs (refer to Notes 11.1 and 11.2).

d) Change in Accounting Policy

The YJB has amended the accounting policy for depreciation to more closely reflect that of the wider MoJ group. Previously, the YJB's policy was to charge a full year's depreciation in the first year in which assets are recognised. From 2014/15, depreciation charges will commence in the month following acquisition of the asset and will continue up until the time of asset disposal.

1.5 Property, plant and equipment

Recognition

Items of property, plant and equipment, including subsequent expenditure on existing assets, are initially recognised at cost when it is probable that future economic benefits or service potential associated with the asset will flow to the YJB and the cost of the asset can be measured reliably.

All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure (SoCNE) during the financial period in which they are incurred.

Capitalisation threshold

Tangible assets are capitalised if they are intended for use on a continuous basis for more than one year and their original cost is greater than £10,000 (including irrecoverable VAT).

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. Such expenditure includes external consultant costs, relevant employee costs and an appropriate portion of relevant overheads.

Valuation method

In accordance with the FReM, property, plant and equipment is carried at fair value.

Subsequent to initial recognition, land and buildings (including dwellings) are recorded at fair value, as interpreted by the FReM, on the basis of professional valuations, which are conducted for each property at least once every five years. During the period between professional valuations, carrying values are adjusted by the application of indices.

Land and buildings at the four secure training centre (STC) sites were professionally revalued by independent surveyors, CB Richard Ellis, at 31 March 2014.

Secure training centres are classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with the *RICS Valuation – Professional Standards 2015* ('the Red Book'), taking into account the functional obsolescence of the property.

Revaluation

Gains arising on revaluation are credited to the revaluation reserve and show in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the SoCNE to the extent of the previous amount expensed, and any excess is credited to the revaluation reserve.

When an asset's carrying value decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential, the decrease is charged directly to net operating costs in the SoCNE, with any remaining revaluation reserves balance released to the general fund.

A revaluation decrease (other than as a result of a permanent diminution) is reversed against any existing amount held in the revaluation reserve in respect of that same asset, with any residual decrease taken to net operating costs in the SoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the SoCNE and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write off the value of assets less estimated residual value evenly over their estimated useful lives, or for leased assets, over the life of the lease or the period implicit in the repayment schedule. The useful lives of assets or asset categories are reviewed annually. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life. It is the YJB's policy to commence charging depreciation in the month following the acquisition of an asset. Upon disposal, depreciation is charged up until the date of disposal.

If an item of property, plant and equipment comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life.

Estimated useful asset lives are within the following ranges:

Buildings – core	40–50 years
Buildings – machine and electrical equipment	25 years

Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the sales proceeds with the carrying amount and are recognised within administration or programme costs, as appropriate, in the SoCNE.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the general fund.

1.6 Intangibles

Intangible assets comprise internally developed software for internal use (including such assets under construction), software developed by third parties, and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the YJB are capitalised when they meet the criteria specified in the FReM, which has been adapted from IAS 38 'Intangible Assets'.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Purchased software licences are recognised when it is probable that future service potential will flow to the YJB and the cost of the license can be measured reliably. Such licences are initially measured at cost.

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

Intangible assets under construction are not amortised until the assets are ready for use. At this point they are amortised using the straight-line method over their expected useful lives. The useful life of internally developed software ranges from three to five years. Purchased software licences are amortised over the licence period.

Capitalisation threshold

The threshold for capitalising assets is £10,000 (including irrecoverable VAT).

1.7 Impairment

An impairment reflects a diminution in value of an asset as a result of a clear consumption of economic benefits or service potential. At 31 March each year, the YJB assesses all assets for indications of impairment. If any such indication exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts.

Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use.' Any impairment loss is recognised in the SoCNE. If the impaired asset had previously been revalued, any balance in the revaluation reserve (up to the level of the impairment loss) is transferred to the general fund.

1.8 Leases

A distinction is made between finance leases and operating leases.

Finance leases

Leases of assets where the YJB retains substantially all the risks and rewards of ownership are classified as finance leases. At the commencement of the lease term, finance lease assets and liabilities are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short-term or long-term payables, depending on the dates the YJB is contractually obliged to make rental payments. The interest element of the finance cost is charged to the SoCNE over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE on a straight-line basis over the period of the lease. Any upfront payments not yet released to the SoCNE are recognised as a lease prepayment in the Statement of Financial Position (SoFP).

1.9 Service concession arrangements

Service concession arrangements (SCAs), including private finance initiative (PFI) arrangements, occur when private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. The YJB defines such arrangements as SCAs if they meet the conditions set out in the FRoM and IFRIC 12 'Service Concession Arrangements'.

The future payment streams of SCAs are assessed to separately identify the infrastructure, interest and service components.

The YJB recognises the infrastructure asset at fair value (or the present value of the future minimum infrastructure payments, if lower) as a non-current asset in the SoFP with a corresponding liability for future payments under the agreement. These assets are subsequently valued, indexed and depreciated consistently with other assets in the same class. The useful economic life is determined as the shorter of the life of the asset or the duration of the contract.

The interest element is charged to the SoCNE over the contract period to produce a constant periodic rate of interest on the remaining balance of the liability. The service element is charged to the SoCNE in the period in which the services are rendered by the operator.

For budgeting purposes, SCAs are evaluated according to the balance of risks and reward of ownership as defined by the European System of Accounts 95. This means that some SCAs recognised in the accounts are treated differently for budgetary purposes against HM Treasury budgeting controls.

During the 2012/13 year, the YJB transferred the administrative function of three STC contracts (Medway, Hassockfield and Rainsbrook) to the MoJ. Following this, in 2014/15 the administrative function of Oakhill STC was also transferred to the MoJ. This conforms with the department's strategy to centralise administrative processes and enhance ministerial oversight within the MoJ. As part of this change, the MoJ receives and settles invoices directly with the PFI contractor on the YJB's behalf. The YJB continues to bear the 'risk and rewards' of the contract and therefore continues to recognise PFI assets and liabilities in its accounts, where applicable.

The YJB has not entered into any off-balance sheet PFI contracts.

1.10 Cash and cash equivalents

Cash and cash equivalents recorded in the SoFP and Statement of Cash Flows (SoCF) include cash in hand and deposits held on call with banks.

1.11 Employee benefits

Employee accruals

Accruals are made for untaken employee annual leave and bonuses relating to individual performance during the year.

Defined benefit pension schemes

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees. The PCSPS is an unfunded defined benefit scheme although, in accordance with FReM 12.2.5, the YJB accounts for this as a defined contribution scheme. The expected cost of the future pension liabilities is expensed on a systematic and rational basis over the period during which it benefits from employees' services by payment of charges calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

Defined contribution pension schemes

Under defined contribution schemes, the YJB's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. The YJB recognises contributions payable as an expense in the year in which it is incurred.

Early departure costs

The YJB is required to pay the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme has been announced and is binding on the YJB.

1.12 Income

Income from activities

Under LASPO (Legal Aid, Sentencing and Punishment of Offenders Act 2012), the YJB now has a legislative mandate to recover the full cost of remands from the designated local authorities. This now includes the cost of remands for under-18 young offender institutions (under-18 YOIs), secure children's homes (SCHs) and secure training centres (STCs). Remand income is accounted for on an accruals basis.

Grant-in-aid

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

Interest

The YJB earns interest on funds deposited and this interest is payable to the MoJ.

1.13 Expenditure

Net expenditure

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

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 SoFP.

Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition set out in HM Treasury's Consolidated Budgeting Guidance.

Administration expenditure reflects the cost of support activities such as business and corporate support services, back-office administration and administration of grants.

Programme expenditure reflects costs directly related to frontline service delivery.

1.14 Settlement of intra-departmental balances

Intra-departmental balances are settled either in cash, or via taxpayers' equity where it does not involve the transfer of cash. The latter method is accounted for through the general fund, and is usually applied when settling balances arising from intra-departmental transfer of assets and service functions.

1.15 Notional costs

Notional costs in Note 3 take two forms: firstly, 'soft charges' for services paid by the MoJ on behalf of the YJB, and secondly, non-cash recharges representing the YJB's usage of MoJ corporate services (refer to Notes 3.2 and 3.3). The settlement of these notional costs are credited directly to the general fund (refer to Note 1.14).

1.16 Contingent liabilities

For Parliamentary reporting and accountability purposes, and, as required by *Managing Public Money*, the YJB discloses certain statutory and non-statutory contingent liabilities, where the likelihood of transfer of economic benefit is remote. This is in addition to contingent liabilities reported within the meaning of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be reported under IAS 37 are stated at the amounts reported to Parliament.

1.17 Value added tax

The activities of the YJB are outside the scope of VAT, therefore output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. 'Soft charges' raised by the MoJ are net of VAT.

1.18 Corporation tax

Most of the activities of the YJB are outside the scope of corporation tax. However, the YJB is liable for corporation tax on interest earned. The current corporation tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

1.19 Financial instruments

As the cash requirements of the YJB are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the YJB's expected purchase and usage requirements and the YJB is therefore exposed to little credit, liquidity or market risk.

1.20 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The YJB makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of non-current assets

Land and buildings comprise STCs that are shown at fair value, based on professional valuations. The value of land and buildings fluctuates with changes in construction costs and the current market conditions.

Critical judgements in applying the YJB's accounting policies

Lease accounting

Judgement is required on initial classification of leases as either operating leases or finance leases. Where a lease is taken out for combined land and buildings, both the building and land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

Service concession arrangements

The YJB is party to one SCA, conducted under a PFI. The classification of such arrangements as SCAs requires the YJB to determine whether it controls the infrastructure. This determination is based on an evaluation of the terms and conditions of the arrangements. Where the YJB is judged to control the infrastructure, the contract assets are reflected in the SoFP.

2. Staff numbers and related costs

2.1 Staff-related costs

	Board members £'000	Permanent staff £'000	Other (including agency) staff costs £'000	2015 total £'000	2014 total £'000
Wages and salaries	138	8,657	138	8,933	9,263
Social security costs	13	788	–	801	821
Other pension costs	–	1,604	–	1,604	1,606
Total	151	11,049	138	11,338	11,690

No staff costs were capitalised during 2014/15 (2013/14 nil).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, in which 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 2012. Details can be found in the 2012/13 resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2014/15, employers' contributions of £1.604m were payable to the PCSPS (2013/14: £1.606m) at one of four rates in the range of 16.7% to 24.3% (2013/14: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for the year beginning 1 April 2015 and will remain unchanged until 1 April 2019. 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 (a stakeholder pension with an employer contribution). Employers' contributions of £3,035 (2013/14: £1,200) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

Nil persons (2013/14: nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2013/14: £0).

2.2 Staff numbers

Average number of persons employed

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

	2015	2014
Permanent staff	179	186
Temporary and seconded staff	30	24
Total	209	210

2.3 Reporting of Civil Service and other compensation schemes – exit packages

Exit packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015	2014	2015	2014	2015	2014
<£10,000	–	–	–	–	–	–
£10,000 – £25,000	–	–	–	4	–	4
£25,000 – £50,000	–	–	–	4	–	4
£50,000 – £100,000	–	–	–	3	–	3
£100,000 – £150,000	–	–	–	–	–	–
£150,000 – £200,000	–	–	–	1	–	1
Total number of exit packages	–	–	–	12	–	12
Total resource cost (£)	–	–	–	557,328	–	557,328

Redundancy and other departure costs have been recorded in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. A voluntary exit scheme was in operation during 2013/14. All offers made under the scheme and accepted by staff during 2013/14 have been accounted for as expenditure.

3. Other expenditure

3.1 Admin and programme expenditure

	Notes	2015 £'000	2014 £'000
Admin expenditure			
Accommodation costs		–	5
Audit fee – external ¹		48	63
Audit fee – internal		43	47
Board meetings		18	29
Communications		110	95
Conferences		2	17
Consultancy		6	–
General administration		42	50
IT costs		843	794
Legal costs		174	72
Personnel costs		58	82
Professional fees		1	32
Travel and subsistence		514	556
Total admin expenditure		1,859	1,842
Programme expenditure			
Under-18 young offender institutions		63,256	79,843
Secure children's homes		26,494	34,415
Secure training centres		5,456	18,915
Secure escorts		2,453	2,460
Good practice grants to youth offending teams		91,893	91,802
Intensive Fostering		1,431	1,976
Youth justice information and communications technology (ICT) programmes		6,198	4,392
Other grants for intervention programmes		2,654	474
Research		76	33
Other programme expenditure		2,362	835
Total programme expenditure		202,273	235,145
Net expenditure for the year excluding staff costs		204,132	236,987

3.1 Admin and programme expenditure continued

	Notes	2015 £'000	2014 £'000
Non-cash costs			
Loss on land and buildings revaluation	5	9,541	–
Impairment of intangible assets	14	813	–
Payments made for secure training centres by sponsoring department ²		41,840	34,174
Payments made for under-18 young offender institutions by sponsoring department ²		5,142	15,204
Payments made for secure escorts by sponsoring department ²		3,794	4,329
Payments made to promote remand alternatives by sponsoring department		–	19,606
Corporate services provided by sponsoring department	3.3	5,885	4,196
Total pre-interest and depreciation		271,147	314,496
Interest			
Interest payable to the Ministry of Justice		1	1
Finance charges on PFI debt		874	1,173
Total		272,022	315,670

1 External audit fees for 2014/15 (£48,000) do not include any non-audit work undertaken by the NAO.

2 Payments made to operators on behalf of the YJB are notionally recharged by the Ministry of Justice (MoJ) after approval from the YJB.

3.2 Payments made by sponsoring department on behalf of the YJB

	2015 £'000	2014 £'000
Payments recognised in the SoCNE	50,776	73,313
Capital element of payments in respect of PFI contracts ¹	1,030	1,596
Interest on PFI liabilities recognised in the SoCNE ¹	635	172
Total expenditure	52,441	75,081

1 Relates to Oakhill Secure Training Centre.

3.3 Services and facilities provided by sponsoring department

	2015 £'000	2014 £'000
Estates	1,837	1,891
ICT	2,014	2,144
Commercial contract management	732	–
Analytical services	–	–
Information operations	52	123
Communications	89	38
Shared services	23	–
Finance ¹	1,138	–
Total expenditure	5,885	4,196

¹ The Ministry of Justice (MoJ) provides finance-related services to the YJB as a transitional arrangement prior to moving to the MoJ shared services model. The cost was not re-charged in 2014.

4. Income from activities

	2015 £'000	2014 £'000
Remand income		
Under-18 young offender institutions	10,228	10,155
Secure children's homes	3,509	5,512
Secure training centres	10,443	12,306
Other income ¹	3,081	–
Total income	27,261	27,973
Interest receivable ²	1	1
Total income from activities	27,262	27,974

¹ Includes gain relating to restatement of the PFI liability.

² The YJB earned interest on funds deposited at the bank, which is payable to the MoJ. Corporation tax is paid by the YJB on interest earned (2014/15: £332.69).

5. Property, plant and equipment

	Land £'000	Buildings £'000	Total £'000
Cost/valuation at 01 April 2014	11,865	94,670	106,535
Transfers	(1,150)	–	(1,150)
Additions	–	–	–
Impairments	–	(18,466)	(18,466)
Revaluation/indexation	740	5,503	6,243
Cost/valuation at 31 March 2015	11,455	81,707	93,162
Depreciation at 01 April 2014	–	33,032	33,032
Charge for the year	–	2,513	2,513
Impairments	–	(8,925)	(8,925)
Revaluation/indexation	–	2,095	2,095
Depreciation at 31 March 2015	–	28,715	28,715
Net book value at 31 March 2015	11,455	52,992	64,447
Asset financing			
Owned	6,294	33,232	39,526
Finance leased	–	–	–
On-balance sheet PFI contracts	5,161	19,760	24,921
Net book value at 31 March 2015	11,445	52,992	64,447

Land and buildings at the four secure training centre (STC) sites were professionally revalued by independent surveyors, CB Richard Ellis, at 31 March 2014.

Hassockfield STC was decommissioned during 2014/15. An assessment for impairment was carried out by the Valuation Office Agency (VOA) in December 2014. The asset was transferred to the MoJ at the impaired value in March 2015.

Land and buildings for the Oakhill STC site are held under PFI contract (refer to Note 12), at the end of which the ownership of the relevant freehold will revert to the YJB.

During 2014/15 the PFI contract for Rainsbrook STC concluded and this property has reverted back to the YJB. Refer to accounting policy Note 1.5.

There are no IT, office equipment or leasehold improvement fixed assets held.

5. Property, plant and equipment continued

	Land £'000	Buildings £'000	Total £'000
Cost/valuation at 01 April 2013	9,165	80,367	89,532
Transfers	–	–	–
Additions	–	–	–
Disposals/write-offs	–	–	–
Revaluation/indexation	2,700	14,303	17,003
Cost/valuation at 31 March 2014	11,865	94,670	106,535
Depreciation at 01 April 2013	–	24,397	24,397
Charge for the year	–	2,513	2,513
Disposals/write-offs	–	–	–
Revaluation/indexation	–	6,122	6,122
Depreciation at 31 March 2014	–	33,032	33,032
Net book value at 31 March 2014	11,865	61,638	73,503
Asset financing			
Owned	5,575	15,830	21,405
Finance leased	–	–	–
On-balance sheet PFI contracts	6,290	45,808	52,098
Net book value at 31 March 2014	11,865	61,638	73,503

6. Intangible assets

	Assets under constuction £'000	Internally generated software £'000	Total £'000
Cost/valuation at 01 April 2014	2,275	1,984	4,259
Additions	1,425	–	1,425
Impairments	(813)	–	(813)
Cost/valuation at 31 March 2015	2,887	1,984	4,871
Amortisation at 01 April 2014	–	1,836	1,836
Charge for the year	–	148	148
Impairments	–	–	–
Amortisation at 31 March 2015	–	1,984	1,984
Net book value at 31 March 2015	2,887	–	2,887
Asset financing			
Owned	2,887	–	2,887
Net book value at 31 March 2015	2,887	–	2,887

	Assets under constuction £'000	Internally generated software £'000	Total £'000
Cost/valuation at 01 April 2013	1,351	1,984	3,335
Transfers	–	–	–
Additions	924	–	924
Disposals	–	–	–
Cost/valuation at 31 March 2014	2,275	1,984	4,259
Amortisation at 01 April 2013	–	1,439	1,439
Charge for the year	–	397	397
Disposals	–	–	–
Amortisation at 31 March 2014	–	1,836	1,836
Net book value at 31 March 2014	2,275	148	2,423
Asset financing			
Owned	2,275	148	2,423
Net book value at 31 March 2014	2,275	148	2,423

7. Trade receivables and other current assets

	2015	2014
	£'000	£'000
Other receivables	4,510	4,928
Prepayments and accrued income	562	2,800
Grant prepayments	–	145
Total	5,072	7,873
Intra-government balances		
Balances with central government bodies ¹	158	503
Balances with NHS Trusts	32	150
Balances with local authorities	4,595	6,700
Total intra-government balances	4,785	7,353
Balances with bodies external to government	287	520
Total	5,072	7,873

¹ In 2013/14 intra-departmental balances were disclosed on a separate line in this note. For 2014/15 it has been re-presented to increase consistency between the notes to the accounts.

8. Cash and cash equivalents

	2015	2014
	£'000	£'000
Balance at 1 April 2014	21,062	17,311
Net change in cash and cash equivalent balances	(118)	3,751
Balance at 31 March 2015	20,944	21,062
The following balances at 31 March were held at:		
Government banking service and cash-in-hand	20,959	21,072
Commercial banks and cash-in-hand	(15)	(10)
Balance at 31 March 2015	20,944	21,062

9. Trade payables and other liabilities

	2015	2014
	£'000	£'000
Amounts falling due within one year		
Trade payables	1,821	5,396
Payable to the Ministry of Justice	1,317	896
Payable to the National Offender Management Service	6,749	4,992
Accruals and deferred income	3,187	2,035
Total	13,074	13,319
Intra-government balances		
Balances with central government bodies	8,158	6,157
Balances with NHS Trusts	21	2
Balances with local authorities	3,056	3,147
Total intra-government balances	11,235	9,306
Balances with bodies external to government	1,839	4,013
Total	13,074	13,319

10. Funding

	2015	2014
	£'000	£'000
Grant-in-aid		
Grant-in-aid from the Ministry of Justice	190,064	228,453
Grants from the Home Office	17	40
Grants from the Welsh Government	293	219
Total	190,374	228,712

11. Commitments

11.1 Operating leases

The YJB is committed to making the following minimum lease payments under operating leases during the 2015/16 financial year.

Obligations under operating leases

	Under-18 young offender institutions ¹ £'000	Buildings £'000	Secure children's homes ² £'000	Secure escorts ³ £'000	2015 Total £'000	2014 Total £'000
Not later than one year	55,607	8	28,117	–	83,732	89,652
Later than one year and not later than five years	–	–	–	–	–	27,790
Later than five years	–	–	–	–	–	–
Total	55,607	8	28,117	–	83,732	117,442

1 This relates to the annual service level agreement between the YJB and the National Offender Management Service (NOMS) for the provision of beds in the secure estate for children and young people. The service level agreement is negotiated annually between the YJB and NOMS.

2 Contracts between the YJB and nine secure children's home providers expire on 31 March 2016.

3 Secure escorts are now disclosed within other financial commitments.

11.2 Other financial commitments

The YJB has entered into non-cancellable contracts, which are not a lease or PFI contract, for the management and operation of Medway and Rainsbrook secure training centres (STCs) as well as secure escort services. During the 2014/15 year, contracts were established with Cookham Wood young offender institution (YOI), Feltham YOI, Werrington YOI and Wetherby YOI for education services. The total payments for which the YJB is committed are as follows.

	2015 £'000	2014 £'000
Not later than one year	36,125	18,732
Later than one year and not later than five years	22,856	–
Later than five years	–	–
Total	58,981	18,732

11.3 Other commitments

There were no capital commitments at the reporting date. Commitments under finance leases related entirely to existing PFI contracts which are disclosed in Note 12.

Other commitments consist of grant payments to external organisations amounting to £85m, which are due in 2015/16. These payments are contingent on the organisations meeting certain conditions throughout the year.

12. Commitments under PFI contracts

On-balance sheet

The YJB holds a reversionary interest in the secure training centre (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 SoCNE.

Obligations under on-balance sheet PFI contracts recognised in SoFP

	Oakhill ¹ £'000	2014 £'000
Imputed minimum lease payment due		
Not later than one year	1,427	2,307
Later than one year and not later than five years	5,703	6,846
Later than five years	13,186	17,828
Total	20,316	26,981
Less interest element	(6,478)	(8,938)
PFI liability recognised in SoFP	13,838	18,043
Of which:		
Current PFI liability	665	1,301
Non-current PFI liability	13,173	16,742
Total	13,838	18,043

¹ During the 2014/15 year, the administrative function for Oakhill was transferred from the YJB to the MoJ. Invoices are received and settled directly by the MoJ with the PFI contractors after approval by the YJB. The YJB continues to bear the 'risks and rewards' of the contract and therefore continues to recognise the PFI asset and liability.

The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions was £23.259m (2013/14: £42.623m). Of this total, the service element was £22.385m (2013/14: £41.450m) and the interest charges £0.874m (2013/14: £1.173m).

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

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

	2015 £'000	2014 £'000
Service charge due within one year	17,179	26,600
Service charge due later than one year and not later than five years	68,528	81,835
Service charge due later than five years	158,471	207,999
Total	244,178	316,434

Remaining terms for on-balance sheet PFI contracts

	Length of term	Contract end date
Oakhill	25 years	June 2029

Off-balance sheet

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

13. Contingent liabilities disclosed under IAS 37

The YJB has been named as fourth defendant in a claim for damages. The YJB believes there is little substance in this claim, and accordingly, the likelihood of the contingent liability crystallising is considered remote. Therefore, it is not possible to reliably measure any value associated with this claim.

14. Losses Statement

	2015 £'000	2014 £'000
Values		
Constructive losses	813	–
Debt write off	67	–
Total	880	–
Numbers		
Constructive losses	1	–
Debt write off	13	–
Total	14	–

Details of losses over £300,000

In 2014/15 there was one loss (2013/14: nil) as follows.

A constructive loss of £813,691 has been recognised in respect of an agreement held by the Ministry of Justice (MoJ) to develop software for the Youth to Adult (Y2A) project. The supplier, Foreign and Commonwealth Office Services (FCOS), was unable to fulfil the agreement requirements and, in conjunction with the MoJ, the decision was made to abandon the FCOS agreement and use a new supplier.

In accordance with the Government *Financial Reporting Manual*, the MoJ secured HM Treasury approval for the write-off and consequently, the FCOS portion of the 'asset under construction' has been disposed.

15. Related party transactions

The YJB is an executive non-departmental public body that, during the 2014/15 financial year, was principally sponsored by the MoJ. The MoJ provides services and facilities to, and makes some payments on behalf of, the YJB. These are recharged notionally by the MoJ and are included in Note 3.1.

In addition, the YJB has a number of transactions with NOMS (an executive agency of the MoJ) as well as with local authorities, whose combined balances are material.

No Board member, EMG member or other related party has undertaken any material transactions with the YJB during the year.

Board members are required under the Code of Conduct for YJB Board Members 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.

A register of Board members' interests is maintained and is available at www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership

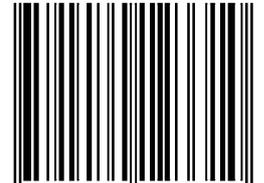
16. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue (8 July 2015) by the Accounting Officer. This is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

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