



Youth Justice Board  
Bwrdd Cyfiawnder Ieuencid

**The Youth Justice Board for England and Wales**

# **ANNUAL REPORT AND ACCOUNTS 2017/18**





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of the Crime and Disorder Act 1998

Accounts presented to Parliament pursuant to Schedule 2, paragraph 9 (4)  
of the Crime and Disorder Act 1998

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# FOREWORD

The youth justice system has delivered some remarkable successes in recent years. In the last decade there has been an 85% reduction in the number of children entering the system for the first time (including an 11% reduction in 2017), and youth custody numbers are around two-thirds fewer than the peak in 2003. We know these numbers only tell part of the picture as demands on the system have changed considerably. Many of the children in the youth justice system today have more complex needs for what is now a smaller cohort. As such, reoffending rates and levels of serious violence in the secure estate are high.

The Government's Youth Justice Reform Programme sets a new direction. It builds on the work already ongoing and addresses the challenges we now face. As part of this, the YJB's role has been refined, bringing us much closer to what we envisaged when we were established: a critical role of overseeing and advising on the system. This change meant the creation of the Youth Custody Service (YCS) in April 2017, which from 1 September 2017 moved to become a distinct arm of Her Majesty's Prison and Probation Service, responsible for the placement of children into custody and the delivery of secure services. At the same time, responsibility for commissioning these services moved into the Ministry of Justice (MoJ). As part of this split in our functions, 69 FTE staff moved to the YCS, 8 to the MoJ Commissioning and 1 post transferred to the MoJ's communications team. On 1 April 2018 a further 3 posts transferred to the YCS to cover the collection and administration of remand income.

The YJB is now focused on its statutory function of providing independent advice to ministers and monitoring the whole system. We continue to work closely with local authorities, Directors of Children's Services and youth offending teams (YOTs) to administer the YOT Grant, support Youth Justice IT services and to identify, share and promote best practice. We are reviewing the way the YOT Grant is allocated and we will work with the sector on this.

On 1 January 2018, we welcomed the appointment of new members to the YJB Board and said goodbye to many previous Board members whose tenure had come to an end. Our new Board has a fantastic range of experience of working with children.

With these operational changes now in place, the YJB is a smaller, more focused organisation. We are in the process of reviewing our remaining functions and implementing a restructure to support the delivery of our new Board's future priorities. Our intention is to have this work complete this summer.

An important new group has been established, the Youth Justice System Oversight Group, bringing together senior government officials across various departments to address the challenges in youth justice.

We have also set up a Youth Justice Advisory Panel to capture the views and opinions of children who have experienced the youth justice system as part of our Participation Strategy. We believe this is important if we are to have a truly distinct and children centred system.

In response to David Lammy's review recommendation, we commissioned an evaluation of the disproportionality toolkit trial, the results of which will be published later this year. The toolkit enables YOTs to conduct detailed analysis of their cohort by ethnicity and they can use this to focus resource where disproportionality may exist.

The enhanced case management approach, which helps practitioners respond to childhood trauma and focus on underlying needs by prioritising appropriate interventions was trialled last year and has now been expanded across south Wales. It was developed with partners from health and youth justice and is a notable example of how different agencies can positively impact children's lives. Further expansion into south-west England is now taking place.

The AssetPlus rollout continues and has now been deployed across the secure estate. Children in the system will benefit from a joined-up assessment and planning framework between YOTs and secure establishments, with YOTs being able to see assessments on children in the care of the secure estate. Having reached this significant milestone, we are now evaluating AssetPlus' impact.

Workforce development has advanced with the launch of the Youth Justice Foundation Degree and there are more than 140 secure staff registered on this course. Feedback has been positive and the aim is for all secure training centre and under-18 young offender institution staff to undertake this in the next five years.

The Youth Justice Convention was far more sector-led and practitioner-focused this year. During the two-day event, we welcomed over 500 people and heard from expert speakers in many fields about what is happening in youth justice. It was fantastic to see children's voices being championed through two youth participation leads and other young people sharing their experiences. We are really grateful to everyone who made this event such a success, especially Geeta Subramaniam who did a fantastic job as Chair.

We intend actively to promote an approach which is 'Children First, Offenders Second' in our future work, which will mean prioritising children's best interests; promoting their potential and capabilities; encouraging their engagement; and minimising the damage that being involved with the system can bring.

Over the coming year the YJB will focus on six strategic priorities. The Board has identified these as areas where we should have the most meaningful impact. They were significantly influenced by the Youth Justice Review and we intend to provide more details about them over the coming months.

They are:

- national standards
- over-representation of children with black, Asian and minority ethnic backgrounds in the youth justice system
- resettlement and transition between services
- local area practice
- secure schools
- safety in the secure estate.

We will of course continue to work on and respond to critical and emerging issues, such as counter terrorism, trauma-informed practice and serious youth violence – but by focusing attention on specific parts of the system, we can achieve our aim of making sure every child lives a safe, crime free life and makes a positive contribution to their community.

Date: 10 July 2018



**Colin Allars**

Chief Executive and Accounting Officer



**Charlie Taylor**

Chair



*Charlie Taylor and Colin Allars*

# SECTION

# 1

# PERFORMANCE REPORT 2017/18

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- **Overview**
  - **Performance analysis**
  - **Our work in 2017/18**
-

# OVERVIEW

This section of the report provides an overview of the Youth Justice Board for England and Wales (YJB) including: the Chief Executive's review of the year and its financial performance; what it does; and what its principle plans and risks are for the future. It concludes by looking at how the youth justice system performed and the YJB's delivery against its 2017/18 business plan.

## Who we are and what we do

The YJB is a non-departmental public body<sup>1</sup> responsible for overseeing the youth justice system.

We work with our partners to prevent offending and reoffending by under-18s and achieve wider positive outcomes for children, and their communities.

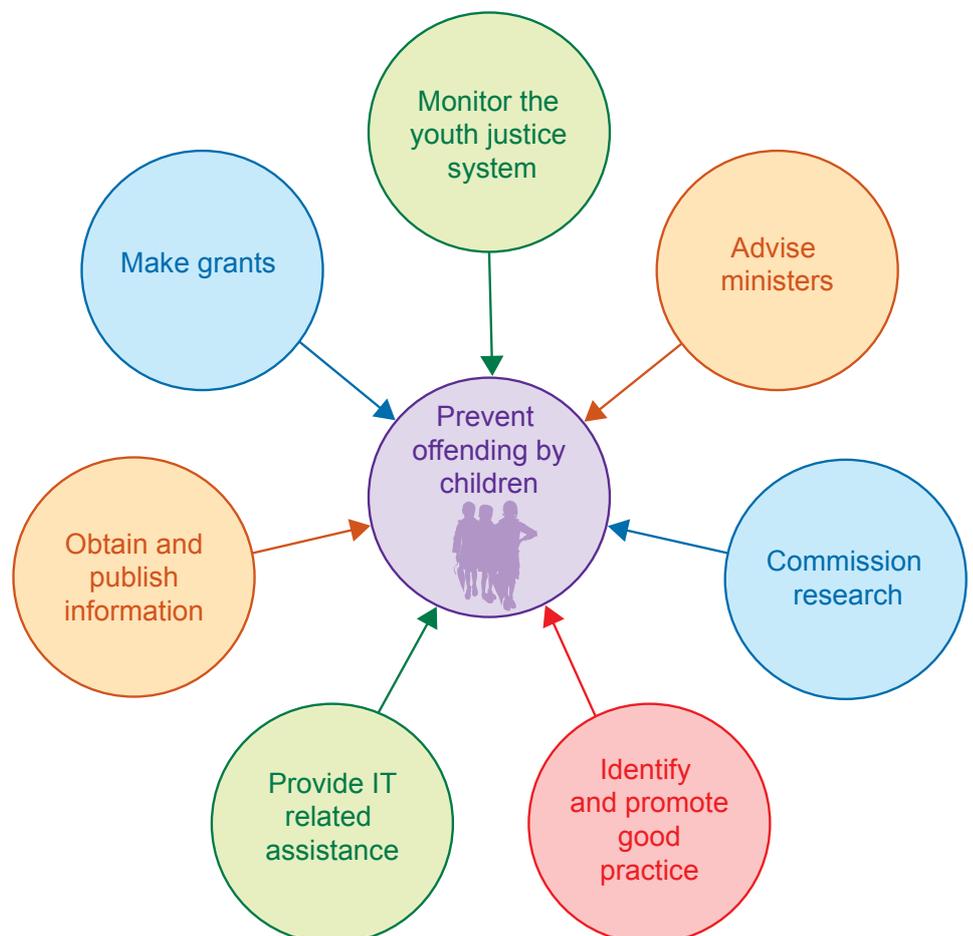
These partners include:

- youth offending teams (YOTs)
- community youth justice services and their partners (including YOTs)
- the Youth Custody Service (YCS) and Ministry of Justice (MoJ) Commissioning – responsible for the under-18 secure estate including under-18 young offender institutions (YOIs), secure training centres (STCs) and secure children's homes (SCHs).

The YJB's strategic direction is set by our Board. Their expertise covers:

- education
- health
- local authorities
- policing
- the magistracy (until December 2017)
- voluntary and private sectors.
- academia
- criminology
- children's mental health.

## Summary of the YJB's functions



<sup>1</sup> A non-departmental public body "has a role in the processes of national government, but is not a government department or part of one, and accordingly operates to a greater or lesser extent at arm's length from ministers". See <https://www.gov.uk/government/publications/public-bodies-information-and-guidance>

## Our vision and mission



You can read more about our mission, and how it guides what we do, in our strategic plan.<sup>2</sup>

### Our key issues and risks

Risk management is embedded into the way we plan and operate. More detailed information about the framework, and the principal risks managed during 2017/18, can be found in the governance statement on pages 28-37.

The Board's Finance, Audit and Risk Assurance Committee noted in its report to the CEO and the full board that "overall, risk to the YJB has remained high during the year".

The key risks to delivery of the YJB's vision and mission have been managed through its corporate risk register. The highest scoring risks are summarised on pages 35-36 under 'Risk profile'.

### Key relationships

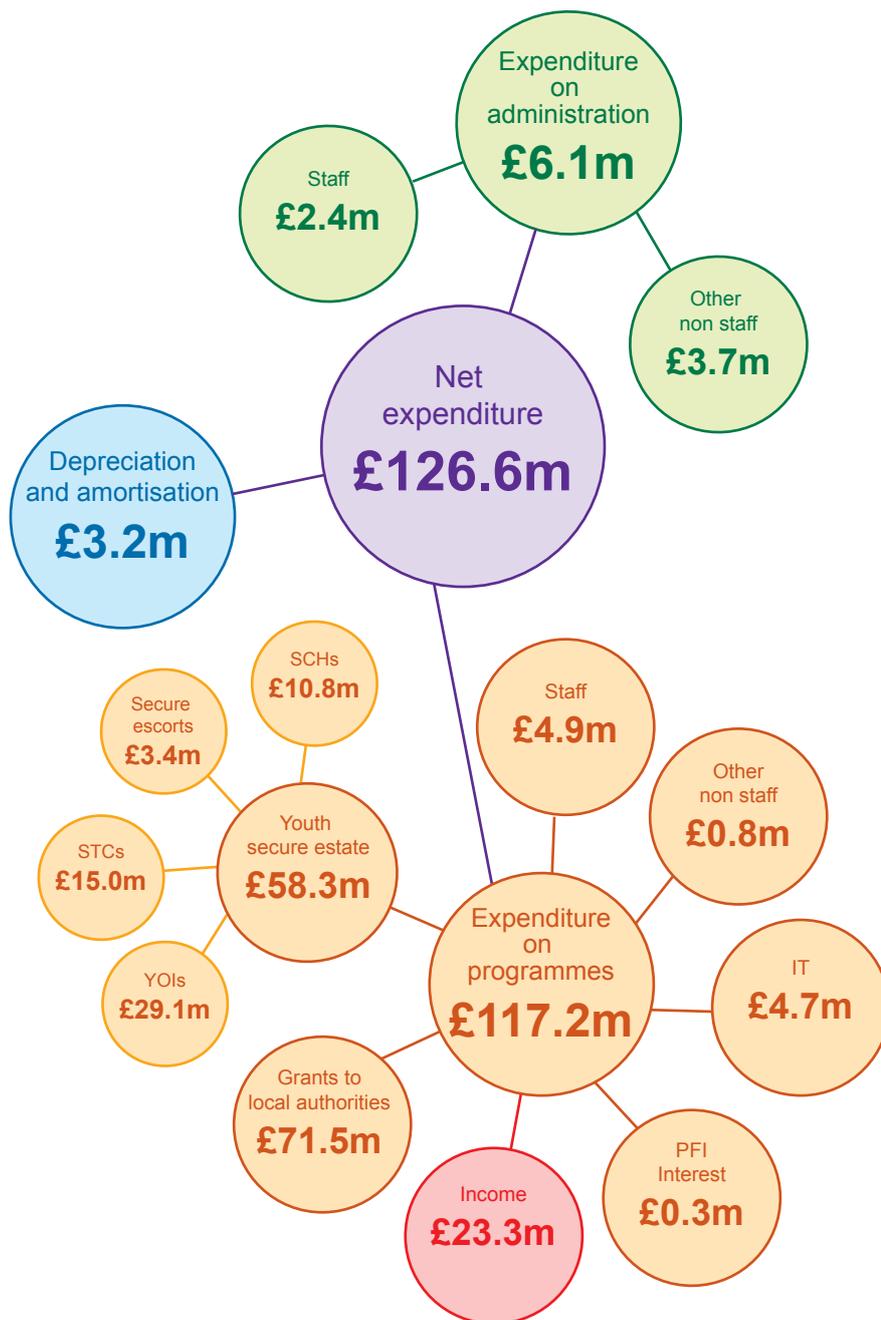
The YJB has a broad range of external stakeholders. These encompass:

- UK government departments
- local authorities
- YOTs
- the secure estate
- HM inspectorates

- the inspectorates in Wales
- the Prisons and Probation Ombudsman
- coroners
- the Association of Chief Police Officers (ACPO)
- police and crime commissioners
- the private and third sectors
- Welsh Government
- national representative bodies in Wales such as the Association for Directors of Social Services and Directors of Education as well as Welsh universities.

<sup>2</sup> <https://www.gov.uk/government/publications/youth-justice-board-for-england-and-wales-strategic-plan-2018-21>

**Where we spent our money**  
Total at 31 March 2018



**Financial review**

The YJB significantly changed in 2017/18. This followed the transfer of accountability for many of its functions to the Ministry of Justice and Her Majesty's Prison and Probation Service (HMPPS). This took effect from 1 September 2017.

The YJB's net expenditure of £126.6m in 2017/18 represents a decrease of £84m (40%) compared to 2016/17 and includes:

- £54.8m (43% of total net expenditure) spent on the provision of secure accommodation, compared to £125.5m (60%) in 2016/17
- Grants of £71.5m (56% of total net expenditure) paid to YOTs across England and Wales, compared to £71.2m (34%) in 2016/17 – an increase of 0.4%.

More detailed information about expenditure during the year can be found in the Accounts section of the report on pages 55-83.

In terms of other obligations, the YJB is exempt from preparing a sustainability report under the Greening Government Commitments.

# PERFORMANCE ANALYSIS

The Youth Justice Board for England and Wales (YJB) collects and analyses a range of data with a particular focus on the following:

- reducing first time entrants (FTE) to the criminal justice system
- reducing the use of custody
- reducing reoffending.<sup>3</sup>

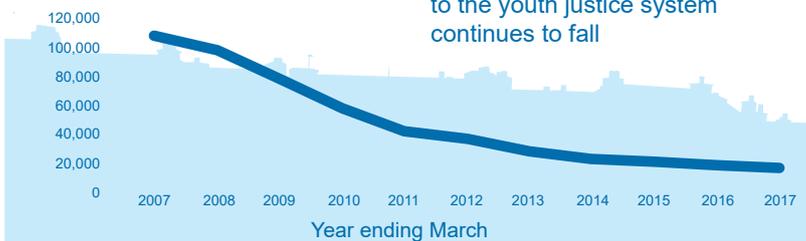
The graphic below summarises the performance of the youth justice system in 2016/17. With the exception of custody population data, published data for 2017/18 is not yet available.

Overall, the numbers of children cautioned or convicted, whether as FTEs or reoffenders, has continued to fall. This reflects in part efforts across a range of agencies to divert children from the youth justice system.

However, clear challenges remain. The numbers of knife possession offences committed by children has risen in recent years. There is also an increasing proportion of children in the youth justice system that have been cautioned or convicted for violent offences.

Furthermore, the proportion of children in the youth justice system from a black, Asian and minority ethnic (BAME) background continues to increase, especially within custody.

## First time entrants



## Reoffending 2015/16 aggregated cohort

Reoffending by children and young people over the last ten years:

**79%** Fall in number of children and young people who reoffended

**4 percentage points** Increase in proportion of children and young people who reoffended



**Rate: 42.2% reoffended within 12 months**



<sup>3</sup> In Wales the YJB also monitors and works to improve performance for outcomes in four areas of service devolved to the Welsh Government. These relate to education, mental health, accommodation and substance misuse.

## First time entrants

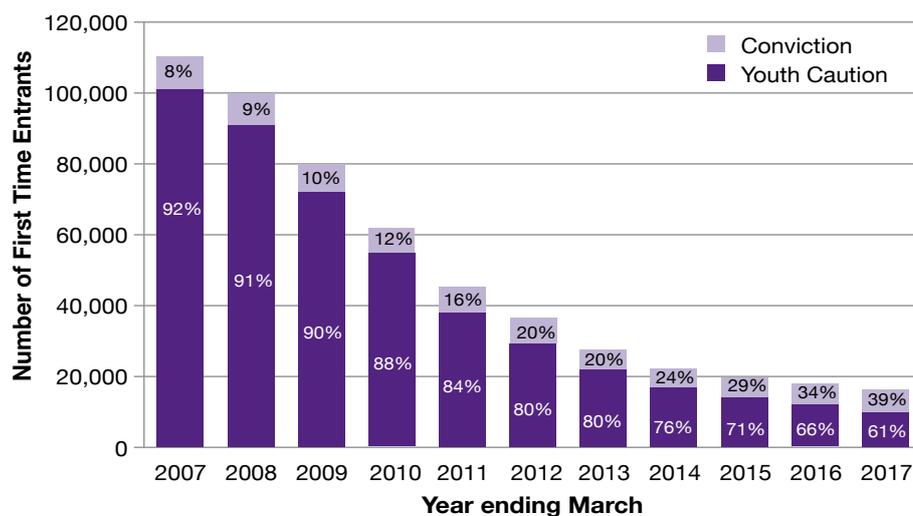
There continues to be a long-term fall in the number of FTEs to the youth justice system.<sup>4,5,6</sup> In the year ending March 2017, there were just over 16,500 FTEs. This is a fall of 11% when compared with the previous

year (year ending March 2016) and a fall of 85% in the last 10 years.

The average age of FTEs has been increasing over the last 10 years, from 14.5 to 15.2 years between the years ending in the year ending March 2007 and March 2017.

A change in policing practice that followed the removal of the Offences Brought to Justice target (the removal of which the YJB had strongly pushed for), was probably the main driver of the reduction, but work by youth offending teams (YOTs) and other partners - including targeted youth crime prevention schemes and diversion of children away from the youth justice system through measures such as restorative justice disposals and triage schemes - will also have contributed.

**Figure 1: Number of FTEs aged 10 to 17 years, years ending March 2007 to March 2017**



- 4 A first-time entrant is a child or young person who has received their first caution or conviction for an offence processed by a police force in England or Wales or by the British Transport Police. Other sanctions given by the police are not counted.
- 5 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](http://www.gov.uk/government/publications/use-out-of-court-disposals)
- 6 See Criminal Justice Statistics for the year to March 2017, available online at: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-march-2017>

## Use of custody

A custodial sentence is sometimes the only appropriate response, but it should be a last resort. Early intervention can reduce offending with less cost and better outcomes for the children concerned.

In the year ending March 2018<sup>7</sup>, there was an average of just over 920 children in custody at any one time. While this is a reduction of 69% from 10 years ago, when there was an average of around 2,900 children in custody, this is an increase of 4% when compared with the previous year (year ending March 2017), and the first average population increase in a decade.

The long-term fall in the number of children entering the youth justice system has contributed to fewer entering custody, as the proportion of those sentenced to custody has stayed constant.

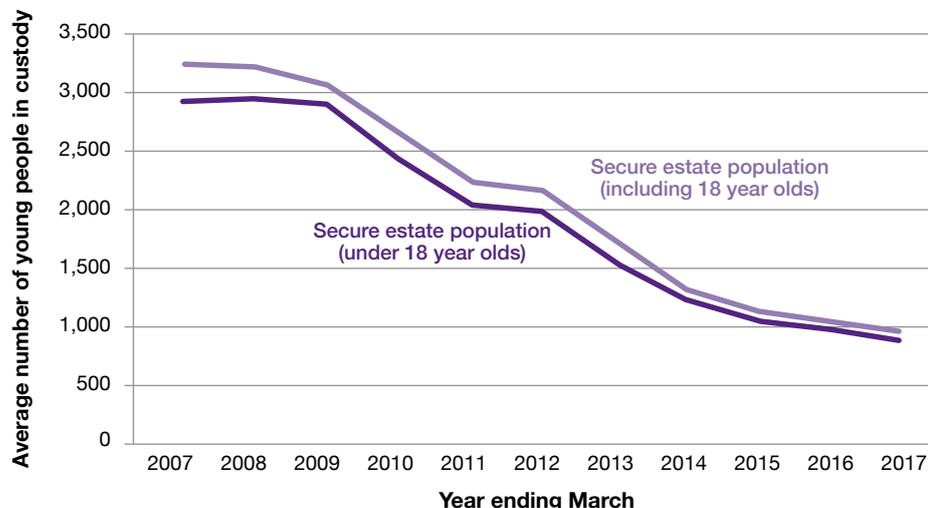
The following areas of work will have also resulted in more children being diverted from custody:

- focused efforts to raise awareness of differing custody rates between local authority areas
- targeted work with YOTs that have high levels of custody
- support to reduce the use of secure remand.

The number of custodial sentences per 1,000 10 to 17-year-olds (population) was 0.4 in the year ending March 2017. This represents a small decrease from 0.42 compared with the previous year and a decrease from 1.3 10 years ago.

In April 2018, the YJB and Ministry of Justice published new statistics on the length of time spent in youth custody in 2016/17 and full details of these statistics are published online.<sup>8</sup>

**Figure 2: Average number of children in custody in the secure estate, years ending March 2007 to March 2017**



7 Data from April 2017 onwards was provisional, and published monthly in the Youth Custody Report: <https://www.gov.uk/government/statistics/youth-custody-data>. The 2017/18 figures will be finalised in the 2017/18 Youth Justice Statistics publication, to be published in January 2.

8 The Youth Justice Annual Statistics:2016 to 2017 is available at <https://www.gov.uk/government/statistics/youth-justice-annual-statistics-2016-to-2017>.

## Reoffending

There were big decreases in the number of children in the cohort measured for reoffending.<sup>9</sup> This reflected the shrinking number of children in the youth justice system overall and the number of reoffenders and their reoffences. Since the peak (year ending March 2007), the cohort has decreased by 81%. The number of children reoffending fell by 80%, as did the number of reoffences (by 75%).

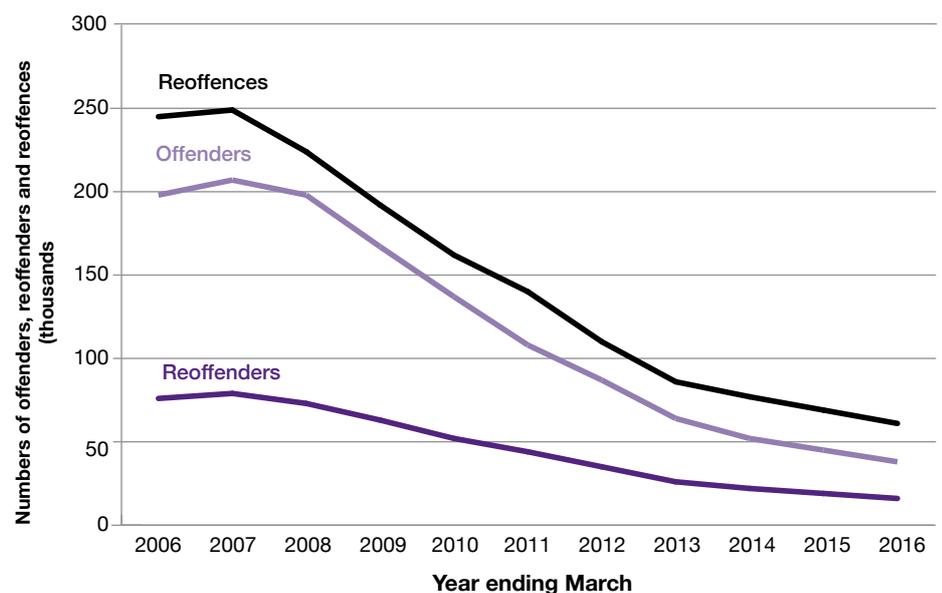
The twelve-month binary reoffending rate for the cohort from the year ending March 2016 was 42.2% (note that this headline rate was affected by the new methodology of measuring reoffending). This represents a very small decrease of 0.4 percentage points compared with the previous year, although a 4.0 percentage point increase compared with 10 years ago (year ending March 2006).

In the latest year, children who reoffended committed an average of 3.79 reoffences each (frequency rate). This is an increase of 5% compared with the previous year, and an increase of 17% compared with the year ending March 2006. The frequency of reoffending has been steadily increasing since the year ending March 2013.

So why was there a relatively high proportion of children who reoffended? The evidence showed that despite more children being diverted from low-level crime, there were some that had more previous offences which correlated with a higher risk of reoffending.

In the year ending March 2006, the average number of previous offences per child in the cohort was 2.40; this rose to 3.56 in the year ending March 2016. Evidence from the sector suggests that on average the children in this cohort are those with the most complex needs.

**Figure 3: Number of children in the combined cohort, children and young people reoffending and reoffences, years ending March 2006 to March 2016**



<sup>9</sup> A child or young person enters the reoffending cohort if they receive a caution, a non-custodial conviction at court or who were released from custody during the cohort period. The data referenced here is based on the new methodology, including for trends over time, and as such should not be compared with those in previous publications. The cohort period referenced here is the annual aggregate of the four quarterly cohorts for the year ending March 2016. More details on the change of methodology and data source can be found in 'How the measure of proven reoffending has changed and the effect of these changes'.

# OUR WORK IN 2017/18

Our Business Plan for 2017/18<sup>10</sup> sets out how we planned to improve the youth justice system and build on the achievements. This section summarises our progress and achievements against the plan and the four system aims contained within it. It also contained other information about work we have undertaken during the year.

The four system aims are:

1. Reduce the number of children in the youth justice system.
2. Reduce reoffending by children in the youth justice system.
3. Improve the safety and wellbeing of children in the youth justice system.
4. Improve outcomes for children in the youth justice system.

## Aim 1: reduce the number of children in the youth justice system

### Policy, strategy and communications

We worked across government and with the sector to influence policy and practice. The aim was to improve the outcomes for children in the youth justice system. We have:

- produced information in relation to youth justice reform including a:
  - prevention briefing<sup>11</sup>
  - courts and sentencing audit of YOTs

- worked with Her Majesty's Courts and Tribunals Service to ensure that there is a distinct youth model regarding court reform
- worked with stakeholders across the sector on policy developments related to the youth justice system (e.g. youth justice reform, victim's strategy and serious violence)
- engaged with operational and academic colleagues to ensure our policy thinking is informed – we did this through convening youth offending teams (YOTs), the Youth Court Issues Group, Victims Reference Group and the Looked-after Children Group.

In Wales, we:

- worked with the Welsh Government (who have provided funding to YOTs of £4.5m for a further year) to progress YOT prevention, diversion activity and the Enhanced Case Management (ECM) project, which addresses the complex issues and adverse childhood experiences that often underlie offending behaviour
- developed effective working relationships between YOTs and local housing and homelessness services, including the 'Supporting People' programme services and third sector housing providers
- jointly established, with Welsh Government, a multi-agency task group to stop inappropriate overnight detention of children after they had been charged

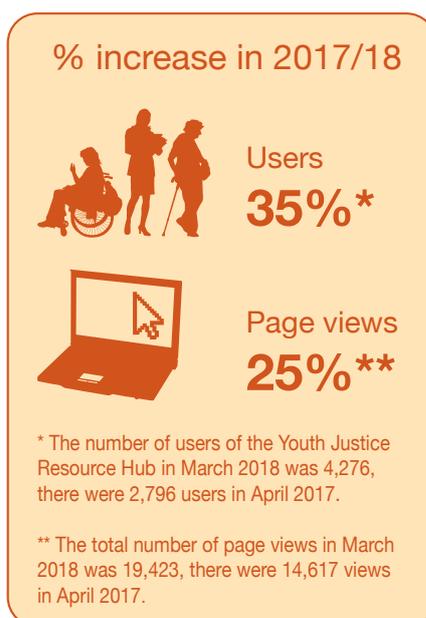
- supported development of the 'All-Wales guidance for the appropriate management and transfer of children and young people' by the police and local authorities.<sup>12</sup>

### Effective practice

We continue to identify and share effective practice to practitioners. This includes helping the sector to generate and use high quality evidence while also strengthening sector and YJB links to the academic community.

Since its launch in June 2016, the Youth Justice Resource Hub currently has 2,563 registered accounts. There has been a marked increase in users as shown below.

**Figure 4: Engagement with the Youth Justice Resource Hub**



<sup>10</sup> You can access the YJB business plan, 2017 to 2018 at: <https://www.gov.uk/government/publications/yjb-business-plan-2017-to-2018>

<sup>11</sup> The prevention briefing is available at: <https://yjresourcehub.uk/our-community/resources-for-sharing/item/531-prevention.html>

<sup>12</sup> The All-Wales guidance is available at <http://gov.wales/topics/people-and-communities/communities/safety/publications/all-wales-guidance-for-management-transfer-children-young-people/?lang=en>

Since its launch we have used user feedback to further improve the hub. This included improving quality of the content provided. For example, following requests from users, we produced and published two briefings for practitioners that summarised the key evidence and gave examples of interventions and good practice from the sector.

The site now has around 500 items and 45,000 hits since its launch.

Throughout the year we have also:

- continued to promote YOT/ academic partnerships to develop the evidence base in youth justice
- published a process evaluation of the work of all four of the regional resettlement consortia
- designed and commissioned an evaluation of AssetPlus
- continued to support regional developing practice forums. Jointly organised between YJB and the youth justice sector, meetings have been held 3-4 times a year in each English region, providing an important opportunity for information exchange on policy and operational matters. Wales operates a separate but related process through its Hwb Doeth model.

## Out-of-court disposals

In March 2018, the HMI Probation completed an inspection of the out-of-court disposal work in YOTs. This examined YOTs and the police's work with children who have committed (usually) low-level offences and were dealt with without going to court. The report provided positive confirmation of the work being done and we will continue to work with YOTs to make further progress and respond to the Inspector's recommendations.

We carried out a review of out-of-court disposal work in Wales to identify good practice. This review was linked to the MoJ's prevention audit and helped us to identify gaps in practice, as well as areas of good practice. We used the information gathered to design a practice document which was shared with YOT managers in Wales. Our findings supported the Welsh Government to maintain their funding for prevention work.

**Aim 2: reduce reoffending by children in the youth justice system**

## Reducing Reoffending Programme

After the four-year Reducing Reoffending Programme closed in 2016/17 we spent much of 2017/18 making the tools and learning from the programme available. This was to better equip local areas to enable them to tackle reoffending by children.

We published the following on the Youth Justice Resource Hub:

- Understanding and improving reoffending performance<sup>13</sup>
- Reducing Reoffending: Furthering our understanding<sup>14</sup>
- Reoffending: developing a local understanding.<sup>15</sup>

We published the 2015/16 retrospective local reoffending tool and updated the live tracking and the National Police National Computer (PNC) Reoffending tools on the Youth Justice Application Framework (YJAF) (See page 18 for more information on YJAF).

Year one and two analysis is underway and is planned to be published this summer (2018).

We responded to feedback from the sector and are in the process of creating a new online reoffending application so that local areas can analyse their latest reoffending data. This will help them better understand their current cohort and act to reduce reoffending.

<sup>13</sup> Understanding and improving reoffending performance is available at: <https://yjresourcehub.uk/component/jifile/download/MDhhOGNhYjAwZmQ0Y2Q1M2JhNDg0NzQyZWJiM2E5MmE=/yjb-understanding-and-improving-reoffending-performance-pdf.html>

<sup>14</sup> Reducing Reoffending: Furthering our understanding is available at: <https://yjresourcehub.uk/component/jifile/download/ZDk1OGRiMjAzNDkzZmZlZDBkODc4Yzk0OTc3Mjk2OTQ=/reoffending-furthering-our-understanding-pdf.html>

<sup>15</sup> Reoffending: developing a local understanding is available at: <https://yjresourcehub.uk/component/jifile/download/YjcwZGZlZmViZmM1ODQzOTY5ZjJkMzQ4ZTA1YzJlOTA=/reoffending-developing-a-local-understanding-pdf.html>

## Enhanced Case Management

In April 2017, we expanded the Enhanced Case Management (ECM) approach to the South Wales police area, following its initial trial in four YOTs to improve the skills, understanding and practice of YOT workers.

As part of our work on trauma-informed practice we developed a briefing<sup>16</sup> that responded to the needs of practitioners for information about the impact of trauma on children and how to work with children that have experienced trauma. We also worked with the Victims Reference Group (a multi-organisational group) to collate a list of trauma-informed interventions and assessments<sup>17</sup> that practitioners throughout England and Wales can use in their work.

## Youth Justice Application Framework

YJAF replaced several existing IT systems and marked a step change in our ability to support continual improvement. This year we:

- launched YJAF into the secure estate and with the Youth Custody Service (YCS) Placement Team in September 2017, migrating all data from the previous eAsset system, and in March 2018 updated YJAF so that it enables AssetPlus

- improved recording processes and a data model to enable better reporting
- enabled YOTs to use YJAF to review the assessments of their children made by staff in the secure estate
- developed a suite of sophisticated reports to help reporting about children in custody
- developed a reoffending report, enabling YJB and YOTs to better analyse reoffending data
- increased connectivity usage for YOT data returns and placements documents which has resulted in higher quality data being sent to the YJB and YCS
- integrated YJAF with Her Majesty's Prison and Probation Service (HMPPS) systems, due to go live in early 2018/19, saving staff time and improving the information available to them.

## Workforce development strategy

The Workforce Development Strategy aims to upskill the youth justice workforce so that they are effective when they work with children who offend. In 2017 we worked with the Ministry of Justice, the YCS and HMPPS to deliver the Youth Justice Degree to the secure estate workforce.

As well as the 120 currently registered staff, all secure training centre (STC) and YOI staff will undertake the degree within the next five years as part of the Reform Programme. A third cohort of around 100 staff started the degree in April 2018.

An example of some of the feedback is below.

### Feedback from Youth Justice Degree students

**“I’m loving the course and finding it really interesting too and massively helpful to my practice.”** - YOI Education Officer

**“I’ve loved the distance learning and the easy-to-use app.”** - STC Custody Officer

**“Everyone working in youth justice should do this course. It’s been invaluable, mainly for understanding how you communicate with young people. I was actually pretty good at communicating with the young people in our care before this course, however, this has made me carefully consider every conversation and I have definitely noticed a positive impact.”** - YOI Custody Officer

**“A great way to broaden knowledge and improve theory and practice skills.”** - YOI Custody Officer

<sup>16</sup> A briefing on trauma-informed practice is available at: <https://yjresourcehub.uk/our-community/resources-for-sharing/item/495-trauma-informed-youth-justice-briefing.html>

<sup>17</sup> A list of trauma-informed interventions and assessments is available at: <https://yjresourcehub.uk/our-community/resources-for-sharing/item/498-trauma-informed-interventions-and-assessments.html>

## AssetPlus

AssetPlus (the assessment and planning interventions framework) is now deployed to all YOTs with some early adopter YOTs having been operational for over 18 months. This was a major achievement, and quality survey results report an improvement in both the quality of assessments and plans carried out using AssetPlus. Feedback provided to independent Gateway reviewers (Sept 2017) stated that:

*“The AssetPlus Framework is a step change improvement over the previous approach (Asset), resulting in better, more holistic assessments, and with a more positive focus on young people than the previous ‘deficiency’ based approach.”*

The YJB continues to support YOTs to effectively embed AssetPlus into business as usual practice so that AssetPlus benefits can be fully realised. Work is also underway to conduct an independent AssetPlus evaluation which is planned to report interim findings in 2018/19.

Secure estate staff are now joining YOTs in having full use of AssetPlus for assessment and planning purposes, with deployment planned to complete early in 2018/19. This means that for the first time both parties will share a common framework, with a constant flow of information between them. Further work is planned for 2018/19 to enable the transfer of cases between YOTs.

### AssetPlus

Changes within Doncaster Youth Offending Service, including the implementation of AssetPlus in February 2016, allowed the service to reach the top 5% in the country for its performance in reducing reoffending. The significant improvements within the service were praised following a peer review in 2017.

Central to the service’s success is the belief that the best way to work with children who offend is through a detailed understanding of their individual backgrounds and circumstances.

The main tool the service uses to assess children is AssetPlus, the national youth justice assessment and planning framework. Kathryn West, an Operational Manager at Doncaster Youth Offending Service, said:

*“AssetPlus involves a lot more consideration of a child’s past, such as gaps that can affect attachment and emotional resilience and how that impacts upon the child we see before us today. That’s a massive change for us and one that our Family Therapist has particularly welcomed. It also focuses on their strengths rather than being deficit-led, which is a big change from the previous assessment framework.”*

The service’s child-centred approach helped support a drastic reduction in reoffending. In 2013/14 there were 478 reoffences in Doncaster with a reoffending rate of 43.2%, but by 2015/16 the number of reoffences had nearly halved and the reoffending rate had dropped to 31.4%. This has continued to reduce.

**Aim 3: improve the safety and wellbeing of children in the youth justice system**

**Improved safeguarding (accountability transferred to the YCS in September 2017)**

We responded to an inspection of Parc YOI (in December 2016) which showed a decline in three of the four healthy prison test criteria. We had already identified some of the issues that had been raised in its inspection report and supported the YOI in addressing the issues presented in the report, as well as helping them to improve their practice. When HMIP re-inspected Parc YOI in December 2017 they rated all areas as 'good', a significant turnaround to the previous inspection.

The YJB advised the MoJ on an Enhanced Support Unit (ESU) designed to meet the needs of children with complex needs. Feltham YOI was identified as an initial pilot site and the YJB commissioned an Interim ESU which was opened in November 2017 through the Capital Safeguarding Programme. This action improved access to visiting facilities and the activity space has had a positive impact on behaviour. The YCS is now working with the secure estate, local services and MoJ analysts to consider evaluation and next steps.

This includes plans to move from the interim arrangements to the full enhanced service.

The Rainsbrook STC mobilisation project was successfully completed and had its Gateway 5 review in July 2017. Among other things the project will deliver: personalised education tailored to children's needs; improvements so that children feel safe; increased engagement for children with their families, carers and friends; and improved children's access to healthcare services.

In June 2017, we agreed to maintain the number of places commissioned in public sector YOIs, pausing a previous decision to reduce commissioned places at Feltham from 180 to 150 and on Wetherby's main site from 240 to 192, to ensure children were placed into suitable accommodation. The YJB completed assessment of capacity and the outcome resulted in children being placed into suitable accommodation to meet their needs and in turn improved safeguarding.

The YJB conducted a review of its activities in relation to monitoring the youth secure estate. This review resulted in a range of changes to monitoring practices including increased levels of resources and seniority based within contracted out STCs, more practice and safeguarding focused activity, increased engagement with young people and a change in the approach to advocacy services.

**Improving YOT Performance**

The performance of YOTs remained steady during the year. Nine YOTs required direct support above and beyond that normally offered by the YJB. Through direct intervention with YOTs we:

- deprioritised one service that had experienced performance issues for many years
- seconded a member of YJB staff to a service in a large city, which also achieved significant success
- provided project management resource
- case managed quality assurance training and reviews
- managed YOT board development and training
- followed up AssetPlus training and provided structural support.

**Improved healthcare (accountability transferred to YCS 1 September 2017)**

Healthcare, especially mental health provision, is vital to improve the outcomes for children in the secure estate. We worked with stakeholders such as Welsh Government Health Policy, Public Health Wales, FACTS and Local Health Boards to develop care pathways for children in the system with mental health needs. We also ensured that work remains on track to deliver commitments made under the joint strategy for Wales. This included:

- a pilot to embed specialist mental health practitioners in schools to support children and upskill

teachers so they can recognise and deal with low level emotional and mental health problems

- a working group to develop care pathways for children in the criminal justice system who have mental health needs
- work to improve access to CAMHS and reduce inappropriate referrals.

#### Aim 4: improve outcomes for children in the youth justice system

### Black, Asian and minority ethnic (BAME) outcomes

The latest figures in the Youth Justice Annual Statistics show that over-representation of BAME children is at an all-time high with 45% of children in custody having a BAME background.

We have included BAME as one of our six priorities for 2018/19 and we plan to:

- improve access to data to help us develop a better understanding of how a child from a BAME background moves through the youth justice system
- share analysis of data with our partners to help them plan for action in the community and secure estate
- identify and disseminate effective practice examples and materials on the Youth Justice Resource Hub.

We developed the ‘Summary Disproportionality Toolkit’ for the YOTs. This enabled YOTs to see

BAME disproportionality statistics from March 2012 to March 2016 and helped to inform their action plans. We also piloted a case level disproportionality toolkit. This toolkit gives a detailed analysis of the cohort by ethnicity and highlights the main over-represented groups.

The Lammy Review had one recommendation for the YJB to take forward in relation to the case level toolkit:

*“The YJB should commission and publish a full evaluation of what has been learned from the trial of its ‘disproportionality toolkit’, and identify potential actions or interventions to be taken.”*

The YJB evaluation is due to be completed in autumn 2018. In the interim, we will develop the toolkit further, using analysis provided by the MoJ to improve it.

### Use of the disproportionality toolkit at Kirklees YOT

Kirklees YOT were one of the original pilots for the summary disproportionality toolkit and they used it to help them examine the ethnicity data for their area. They identified that there was some disproportionality in Kirklees which required further investigation.

The toolkit helped them to clean up their data and reduce the percentage of children previously classified as ‘unknown’ from 41% in 2014 to less than 1% in 2016. Further analysis of this data revealed that while there was only a minor disproportionality issue as a whole, the percentage of black children receiving a custodial sentence was disproportionately high.

Kirklees used their experience of boosting the number of looked-after children that completed their YOT intervention (from 25% in 2015/16 to over 70% in 2017/18) to develop the following action plan:

1. A monthly data cleaning exercise to ensure that the information is accurate and comprehensive.

2. An annual mechanism to capture YOT intervention outcomes by ethnicity.
3. Questionnaires and focus groups to get children’s views and experiences of the YOT and wider youth justice system. The results will be compared with different demographics.
4. Training for all YOT staff on unconscious bias, how does it affect their work, how to recognise it and how to guard against it.
5. An annual report to YOT Management Board on findings from all actions being taken.
6. A section in the annual Youth Justice Plan that highlights disproportionality issues for the YOT and the progress being made to address them.

By undertaking the above actions, Kirklees YOT believe that their staff will be better informed and able to effectively tackle the issues.

We delivered unconscious bias training to youth custody staff in November 2017. This was to help staff identify and understand the stereotypes, both negative and positive, that exist in our subconscious and affect our behaviour. Feedback on the training was positive and staff said that they would put the thought-provoking training into practice.

### Increase child participation

Capturing the views and opinions of children is vital if we are to have a truly distinct and child centred youth justice system. In 2016 we published our Participation Strategy<sup>18</sup> and we have been working to achieve the commitments made under the strategy. We have:

- convened our first Youth Advisory Panel. The panel comprises young members with current and past experiences of the youth justice system. The aims of the panel are to provide advice and challenge to the YJB on our activities and ensure that children are at the heart of everything we do.
- worked with Parc YOI and Hillside SCH to introduce student councils which are both now in place.

- worked with Llamau and Voices from Care to establish a young person panel in Wales, called 'Voices from Youth', that has advised a range of influential stakeholders. They also produced a video called "Labels" in collaboration with other young people from Media Academy Cardiff to share their views on the effects of labelling. We made sure that these young people had the opportunity to attend the both the Wales Youth Justice Advisory Panel and the annual Youth Justice Convention.

Date: 10 July 2018

Signed on behalf of the YJB by



**Colin Allars**

Chief Executive and Accounting Officer

<sup>18</sup> The YJB participation strategy is available at: <https://yjresourcehub.uk/component/jifile/download/YzgxZWVlYzNiMzE1ZTAyNWl2N2VjY2NhYzk4MzcxNGQ=/yjb-participation-strategy-final-novz16-pdf.html>

## SECTION

# 2

# ACCOUNTABILITY REPORT

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- **Corporate Governance Report**
  - **Remuneration and Staff Report**
  - **Parliamentary Accountability Report**
  - **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**
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# CORPORATE GOVERNANCE REPORT

This section of the report outlines the Youth Justice Board for England and Wales (YJB's) governance over 2017/18.

## Board members and senior management

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

	Name	Role	Date Started	Date ended
	Charlie Taylor	Chair	18/03/2017	N/A
	Sir Alan Wood	Board Member	21/04/2017	N/A
	Ben Byrne	Board Member	01/01/2018	N/A
	Brian Tytherleigh	Current Chair of Finance, Audit and Risk Assurance Committee	01/09/2017	N/A
	Carol Homden	Board Member	01/10/2015	31/12/2017
	Christine Davies CBE	Former Chair of the Remuneration and Personnel Committee	03/10/2012	31/12/2017
	David Banks	Former Chair of the Finance, Audit and Risk Assurance Committee	03/10/2012	31/12/2017
	Gillian Fairfield	Chair of the Performance Committee	03/10/2012	N/A
	John Wrangham	Former Co-Chair of the Wales Youth Justice Advisory Panel	09/04/2009	31/12/2017
	Keith Fraser	Board Member	01/01/2018	N/A

	Keith Towler	Current Co-Chair of the Wales Youth Justice Advisory Panel	01/01/2018	N/A
	Mairead Healy	Board Member	01/01/2018	N/A
	Neil Rhodes	Board Member	01/07/2013	N/A
	Professor Neal Hazel	Board Member	01/01/2018	N/A
	Rob Butler	Board Member	01/07/2013	31/12/2017
	Seamus Oates	Board Member	01/07/2013	31/12/2017
	Sharon Gray	Board Member	01/01/2018	N/A
	Tony Sewell	Board Member	19/12/2015	31/12/2017

The biographical details of the YJB's Board members are available online.<sup>19</sup>

The YJB has adopted a Code of Practice 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).

<sup>19</sup> The biographical details of the YJB's Board members are available at: [www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership#board-members](http://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership#board-members)

At 31 March 2018, the YJB's Executive Management Group (EMG) consisted of the following people:

	Name	Role	Date Started	Date Ended
	Colin Allars	Chief Executive	13/07/2016	
	Ann Skamarauskas	Director of Human Resources	01/12/2016	
	Dusty Kennedy	Director of YJB Cymru	29/3/2011	
	Dr Louise Falshaw	Director of Partnerships and Performance	13/07/2015	31/03/2018
	Martin Skeats	Director of Finance and Business Assurance	1/12/2009	

A list of all Board and EMG members who were in post during the year is shown in the Remuneration Report on pages 38-43.

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 27.

**Company directorships and other significant interests**

All interests have been declared and are managed accordingly to ensure there is no impact on their responsibilities.<sup>20</sup> Colin Allars is a non-executive of Government Facilities Services Limited.

**Personal data incidents**

There were no personal data related incidents reported to the Information Commissioner's Office (ICO) in the year.

**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 71). This does not include any fees for non-audit work as no such work was undertaken.

**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 (Wales) Measure 2011 and explains how the YJB will put this principle into practice.

The Welsh Language Commissioner is in the process of developing regulations that will set Welsh language standards for the YJB. We support the setting of proportionate standards and are working with the office of the Commissioner to understand the nature of the standards that are likely to be set and the timescale for implementation.

**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'<sup>21</sup> published by HM Treasury.

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

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

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

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

<sup>20</sup> Register of interests available at: <https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership>

<sup>21</sup> See: [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)

The Accounting Officer also confirms that:

- to his knowledge there is no relevant audit information of which the YJB's auditors are unaware
- he has made himself aware of any relevant audit information and communicated this to YJB's auditors
- the annual reports and accounts and the judgements on which they are based are fair, balanced, and understandable
- he has taken personal responsibility for the annual report and accounts.



**Colin Allars**

Chief Executive and Accounting Officer

Date: 10 July 2018

## Governance Statement

### Introduction by Colin Allars, Chief Executive of the YJB

As Chief Executive and YJB Accounting Officer, I have been responsible for managing a budget delegated directly to me by the Ministry of Justice (MoJ), and for managing a budget allocated to the YJB retained in the MoJ, in accordance with the conditions set out in my letter of delegation from the MoJ.

This Governance Statement sets out details of the YJB's corporate governance, assurance, risk management and other internal processes designed to manage and control resources used by the YJB, in accordance with responsibilities outlined in *Managing Public Money*. This statement also describes how those duties have been carried out through the year and includes accounts of both the YJB's corporate governance and risk management.

In signing this statement, I confirm that there is nothing within my area of delegated responsibility that has a material impact on regularity or propriety. I am also in possession of letters of assurance from my team of directors, in relation to their areas of delegated responsibility.

### Governance framework

The YJB is a non-departmental public body, created by the Crime and Disorder Act 1998. The functions of the YJB are summarised in the 'who we are and what we do' section on page 9.

### Framework Document

The overarching framework within which the YJB operates is set out in a Framework Document, agreed between the YJB and the MoJ. The framework<sup>22</sup>, available online, was last updated in July 2014 and is now being reviewed.

### Strategic and business planning

The YJB Strategic Plan for 2015 to 2018<sup>23</sup> sets out the YJB's vision and mission statement for the period that this report is looking at.

### Our strategy and future activities

The YJB's Strategic Plan for 2018 to 2021<sup>24</sup>, approved by the Secretary of State, is also available on GOV.UK.

### The YJB Chair, Board and committees

#### Chair and Board

The YJB Chair and YJB members set the organisation's overall strategic direction. They ensure that it operates within the limits of its statutory authority and set corporate objectives.

YJB members are appointed by the Secretary of State for Justice in line with the Governance Code for Public Appointments compiled and issued by the Office of the Commissioner for Public Appointments.

The YJB can have 10–12 members but at the time of the report there were 11 members.

The YJB members include specific representation for Wales. A list of YJB members and a brief biography can be found on GOV.UK.<sup>25</sup>

The Chief Executive and Directors of the YJB also attend Board meetings.

The Board formally met five times during 2017/18. A schedule of attendance is shown in the following table.

22 The MoJ/YJB framework is available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/581192/July\\_2014\\_-\\_YJB\\_Framework\\_Document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/581192/July_2014_-_YJB_Framework_Document.pdf)

23 The YJB's Strategic Plan for 2015 to 2018 is available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/469954/YJB\\_Strategic\\_Plan\\_2015-18.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469954/YJB_Strategic_Plan_2015-18.pdf).

24 The YJB's Strategic Plan for 2018 to 2021 is available at: <https://www.gov.uk/government/publications/youth-justice-board-for-england-and-wales-strategic-plan-2018-21>

25 YJB Board member biographies available at: <https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership>.

## YJB Board meeting attendance for 2017/18

Member	14/06/2017	13/09/2017	21/11/2017	17/01/2018	07/03/2018
<b>Youth Justice Board members</b>					
<b>David Banks</b>	✓	✓	✓	n/a	n/a
<b>Rob Butler</b>	x	✓	✓	n/a	n/a
<b>Christine Davies</b>	x	✓	✓	n/a	n/a
<b>Gillian Fairfield</b>	✓	✓	✓	✓	x
<b>Carol Homden</b>	✓	✓	✓	n/a	n/a
<b>Charlie Taylor</b>	✓	✓	✓	✓	x
<b>Seamus Oates</b>	x	✓	x	n/a	n/a
<b>Neil Rhodes</b>	✓	✓	✓	✓	✓
<b>Tony Sewell</b>	x	✓	✓	n/a	n/a
<b>John Wrangham</b>	✓	✓	✓	n/a	n/a
<b>Ben Byrne</b>	n/a	n/a	n/a	✓	✓
<b>Keith Fraser</b>	n/a	n/a	n/a	✓	✓
<b>Sharon Gray</b>	n/a	n/a	n/a	x	✓
<b>Neal Hazel</b>	n/a	n/a	n/a	✓	✓
<b>Mairead Healy</b>	n/a	n/a	n/a	✓	x
<b>Keith Towler</b>	n/a	n/a	n/a	✓	✓
<b>Brian Tytherleigh</b>	n/a	✓	✓	✓	✓
<b>Alan Wood</b>	✓	✓	✓	✓	✓
<b>Chief Executive and Directors</b>					
<b>Colin Allars</b> Chief Executive)	✓	✓	✓	✓	✓
<b>Dr Louise Falshaw</b> Director of Partnerships and Performance	✓	✓	✓	✓	✓
<b>Dusty Kennedy</b> Director of YJB Cymru	✓	✓	✓	✓	x
<b>Sara Robinson</b> Director of Operations and Commissioning (left 01/09/2017)	✓	n/a	n/a	n/a	n/a
<b>Ann Skamarauskas</b> Director of HR (from 01/12/16)	✓	x	✓	✓	✓
<b>Martin Skeats</b> Director of Finance and Business Assurance	✓	✓	✓	✓	✓

### Committees

The Board is supported by these four committees:

- the Finance, Audit and Risk Assurance Committee
- the Performance Committee
- the Wales Youth Justice Advisory Panel (which is jointly operated with the Welsh Government)
- the Remuneration and Personnel Committee.

The committees are attended by Board members, members of the Executive Management Group (EMG) and, as appropriate, 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 Board and its committee membership is contained in the Accountability Report on pages 23-37.

The committees meet quarterly, except for the Remuneration and Personnel Committee, which should meet at least three times a year, although in 2017/18, only two meetings were held as there was limited business for the committee.

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 by the Board as part of its effectiveness review.

The Finance, Audit and Risk Assurance Committee provides specific scrutiny of YJB corporate governance and risks, and advises the YJB Board on the: strategic processes for managing risks, control and governance; as well as the planned activity, and results of both internal and external audit. During the year, the Chair of the Finance, Audit and Risk Assurance Committee changed and this was managed smoothly with no disruption to the work of the committee.

The Performance Committee oversees and scrutinises delivery of the YJB's Strategic Plan and Business Plan and provides 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 presents a report to the subsequent Board meeting, outlining the key areas of discussion and concern, as well as examples of positive performance.

The Wales Youth Justice Advisory Panel oversees the YJB's work to achieve strategic objectives in relation to Wales, and acts as a strategic stakeholder reference group for YJB change initiatives in Wales. The Panel's primary function is to oversee the implementation of Children and Young People First, the joint YJB and Welsh Government youth justice strategy for Wales.<sup>26</sup> It also:

- reviews and scrutinises youth justice performance in Wales and acts as a stakeholder reference group for the Welsh Government and YJB Cymru.
- oversees the activities of Hwb Doeth; the effective practice forum for Wales. This is a collaboration between YJB Cymru, YOT Managers Cymru, secure estate managers, the WCCSJ and Welsh Government. Hwb Doeth identifies practice improvement and research needs, facilitates research collaboration between Welsh universities and youth justice services, and oversees the testing of innovative practice to inform policy formulation.

The Panel is jointly chaired by the YJB Board Member for Wales and the Welsh Government Director for Local Government and Public Service Department. It is attended by representatives from the national youth justice partnership in Wales including:

- a young person
- the All Wales FACTS
- the association of Directors of Education in Wales
- the Association of Directors of Social Services Cymru
- HMPPS Wales
- magistrates
- HM Courts and Tribunals Service
- the Crown Prosecution Service
- Chief Police Officers
- Police and Crime Commissioners
- local authority chief executives
- YOT Managers Cymru
- the voluntary sector
- the Welsh Local Government Association
- the Welsh Centre for Crime and Social Justice (WCCSJ).

<sup>26</sup> The Welsh Government youth justice strategy for Wales is available online at: <https://www.gov.uk/government/publications/youth-justice-strategy-for-wales-children-and-young-people-first>.

The Remuneration and Personnel Committee maintains oversight of the remuneration of YJB staff, including consideration of the Chief Executive's annual appraisal and the appointment and appraisal of staff reporting directly to the Chief Executive.

#### *The Executive Management Group (EMG)*

The EMG ensures delivery of the Strategic and Business Plans. It comprised of the Chief Executive and directors of each directorate.

The roles of the YJB directorates are as follows:

- **Partnerships and Performance**  
Strategy, policy, YOT support and monitoring, 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.
- **YJB Cymru**  
Strategic leadership and oversight of performance and effective practice for both community and custodial youth justice services in Wales and the interface with Welsh Government departments. More information on the YJB's work in Wales is given in the 'Youth Justice in Wales' section below.
- **Finance and Business Assurance**  
Strategic oversight of finance, assurance, risk, and governance. Provision of grants and delivery of ICT support across the youth justice system. Intelligent client for all corporate services provided to the YJB by MoJ.

- **Human Resources (HR) directorate**

Organisational development, HR Strategy, leadership and support for transformational change and people development programmes.

#### **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 amounts of grant-in-aid, grant, and 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.

The YJB is required to provide information to the MoJ and other government departments as requested to assist them in answering Parliamentary Questions. During the year, the YJB contributed information to 18 Parliamentary Questions.

#### *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 is in the process of establishing objectives with the new Board in line with the YJB Strategic Plan. The Chair also provides the Secretary of State for Justice with an assessment of performance when Board members are being considered for reappointment. The annual performance assessment of the Chair is the responsibility of the Director General of the Offender Reform and Commissioning Group on behalf of the Secretary of State, to whom the assessment is reported.

The Board reviewed its effectiveness in March 2018, having completed a survey addressing the different aspects of its role. At the same meeting, it reviewed and updated its scheme of delegation, standing orders and its committee terms of reference.

#### *Youth Justice Transition*

The YJB's role was refined to overseeing and advising on the youth justice system. This change in accountability led to the creation of the Youth Custody Service (YCS) in April 2017, which from 1 September 2017 moved to become a distinct arm of HMPPS, responsible for the placement of children into custody and the delivery of secure services. At the same time accountability for commissioning these services moved into the MoJ.

The YJB helped establish a cross-government Youth Justice System Oversight Group which is chaired by the YJB Chair. This Group brings together senior government officials across various departments to address the challenges in youth justice. The YJB will use the outputs from this new group and other intelligence to provide regular updates to Ministers on the performance of the system, including any actions we believe the Government should take to address specific issues.

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

As mentioned on page 30, the Performance Committee scrutinises delivery of the YJB's Strategic Plan and Business Plan on behalf of the Board. 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, 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.

Information in the Corporate Performance Report is drawn from the Police National Computer, case management data submitted by YOTs through YJAF, and data supplied from secure establishments. These are well-established databases which are subject to regular quality assurance and which also contribute to national statistics. We are in the process of updating and upgrading the data we collect from the youth justice sector through a new data collection and reporting system. YJB corporate data is drawn from systems provided to the YJB by the MoJ.

#### *Ministerial Directions*

There were no Ministerial Directions sought or issued.

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

Section 41(5) of the Crime and Disorder Act 1998 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.

In 2017/18, the YJB allocated £71.5m for youth justice grants to YOTs, 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 grants 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 in community youth justice services is based on risk-led monitoring. 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). They also review against National Standards and consider 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, a process is in place which includes escalation to both chief executive and ministerial levels.

The YJB's internal audit service conducts an annual audit of the governance of grants. This is to provide an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2017/18, this involved the team visiting a sample of six YOTs to review their financial and governance arrangements. The final audit report returned a 'moderate' rating 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.

Internal Audit issue audit opinions and assurance rating for completed audits. The assurance rating definitions are defined below.

<b>Assurance rating</b>	<b>Definition</b>
Substantial	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

The commissioned and completed audits and assurance rating during the year is tabled below:

Audit undertaken	Assurance rating*
YJB Application Strategy	Substantial
Financial Control Framework	Substantial
Identification and Communication of Effective Practice	Moderate
Governance of Grants	Moderate
Assurance Framework – Phase 2	Moderate
Risk Management	Substantial
Secure Monitoring Framework	Moderate
Benefit Realisation	Moderate
Enhanced Casework Project Implementation	Substantial

\* Internal audits on behalf of the Permanent Secretary as Principal Accounting Officer.

#### Overall view of internal audit

The 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 2017/18 indicated an "annual opinion of moderate on the adequacy and effectiveness of the framework of governance, risk management and control".

#### Risk assessment

##### Capacity to handle risk

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.

A dedicated team supported and advised colleagues across the organisation on risk management. The team also provide general programme management support and reporting to the EMG, 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 review takes place every 2 years and the framework was reviewed this year by the Board.

The Corporate Risk Register is reviewed regularly with the chief executive and quarterly by the EMG. The YJB refreshes the entire register against the new strategic plan.

Some of the 2016/17 risks had aspects absorbed or continued within the new 2017/18 register.

##### Risk profile

The Board's Finance, Audit and Risk Assurance Committee noted in its report to the Chief Executive and the full board that, due to the transition of accountabilities to the YCS and to MoJ commissioning, the overall risk to the YJB has remained high during the course of the year. In addition, the Committee focused on specific areas of risks during the year.

The principal risks and mitigating actions identified during 2017/18 were as follows:

Principal risks	Key mitigating actions and controls
<b>The YJB has insufficient skilled people resources to deliver its strategic objectives</b>	
<p>The YJB's effectiveness is reduced if it doesn't have sufficiently skilled people who can operate in an agile and flexible way responding to a changing youth justice environment.</p>	<ul style="list-style-type: none"> <li>• Board members were consulted and the YJB engaged with the MoJ on the development of a new YJB structure and skills requirements.</li> <li>• A plan was developed for the future YJB that incorporated all aspects of organisational development: strategy, structure, systems, shared values, style/culture, skills and staff. To inform the plan we consulted staff through recognised trade unions and senior managers on: the restructure, the approach to flexible working, and the skills requirements for the YJB going forward.</li> <li>• A skills gap analysis will be completed once the new structure is in place in August 2018 and managers undertake development discussions in the new roles.</li> </ul>
<b>YJB has insufficient resources to fund its strategic objectives</b>	
<p>The risk that the financial allocation does not match the YJB's strategic objectives.</p> <p>A consequence may mean a reduction in the YOT Grant. This may prevent YOTs from delivering an effective and/or comprehensive service, which would reduce the YJB's influence on YOT outcomes.</p>	<ul style="list-style-type: none"> <li>• We worked closely with the MoJ through the budget setting process to understand when key decisions were being made and to invest significant senior management resource to make sure the final decision was fully informed.</li> <li>• A review is underway to look at grant funding. The review will highlight how the grants can be used to maximise value for money.</li> </ul>
<b>The YJB does not have sufficient oversight of the youth justice system</b>	
<p>A key function of the YJB is to monitor and oversee the youth justice system. There is a risk the YJB does not identify significant issues within the youth justice system.</p>	<ul style="list-style-type: none"> <li>• Assurance exercises have taken place within central youth justice system organisations to clarify roles and responsibilities.</li> <li>• The YJB strategic plan has been developed to reflect the revised accountabilities of the YJB.</li> <li>• A performance committee provides oversight of performance against YJB internal objectives.</li> <li>• In Wales the YJB operates a performance framework, considering performance indicators linked to devolved policy. This is reflected back to the sector to maintain performance and to the Welsh Government to influence policy.</li> </ul>

**Failure of youth justice IT systems and/or youth offending team (YOTs) inability to adopt key technology has a negative impact on the performance of the youth justice system**

The YJB IT Application Strategy is a critical enabler of the YJB's work and impact. The risk is that its failure or weakness would disrupt the flow of information across the youth justice system.

- A Senior Information Risk Owner reviews quarterly the Information Assurance risks and their mitigation.
- The ICT Programme Board provides governance of all ICT across the YJB.
- A project is addressing some YOTs not sending records correctly.
- YJB established improved communication between community and custody to ensure a more streamlined flow of information between YOTs and the secure estate.

**Processes and relations between different components within the MoJ inhibits the YJB from fulfilling its functions economically and efficiently**

There are significant levels of approval required through MoJ process and limited delegation of controls.

- The Framework Agreement is drawn up by the MoJ in consultation with the YJB. The document sets out the broad framework within which the YJB will operate. The Agreement is under review and the agreed changes will be implemented by the end of July 2018.
- Agreements and governance arrangements are in place for most services that the MoJ provides to the YJB.
- Sponsorship arrangements provide relevant forums to raise concerns about controls.

**YJB assurance map**

The YJB uses an ‘assurance map’ based on HM Treasury guidance. This provides evidence to underpin the assessment of the key risks to the YJB systems and processes that the YJB needs to be assured are sufficiently managed and controlled. It identifies system and process-based risks within the YJB, and evaluates the controls in place to manage them and is used to provide reliable evidence to support the assessment of the risk and control environment for the annual Governance Statement.

Phase 2 of the internal audit’s high-level review of the framework was completed in 2017/18. It received a ‘moderate’ rating and action has been taken to address the recommendations. Phase 2 reviewed specific business activities covered by the assurance framework to assess whether identified controls were working effectively in practice. These controls were to support the assurances as intended and the risk ratings.

**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
- 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*.

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

No data security incidents were reported to the ICO during the year. A number of low risk security incidents were identified over this period, with no identified incidents that presented a material risk of harm to the data subject(s) involved.

Our Whistleblowing and Raising a Concern Policy sets out for staff (including service providers such as contractors) what to do if they are concerned about wrongdoing. No Whistleblowing cases were submitted during the year.

The YJB answered 49 Freedom of Information requests in the year, of which 47 (96%) were within statutory timescales.

**Health and safety**

The YJB’s health and safety function is led by its 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 Finance and Business Assurance, meets six monthly, it reports to the EMG, and an annual report is submitted to the Finance, Audit and Risk Assurance Committee.

I confirm that there is nothing within my area of delegated responsibility that has a material impact on regularity or propriety.


**Colin Allars**

Chief Executive and Accounting Officer

Youth Justice Board for England and Wales

Date: 10 July 2018

# REMUNERATION AND STAFF 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 from Home Office. Staff are classed as public servants and not civil servants, although the contracts are similar.

We operated a performance-related pay 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. The YJB operates the Civil Service Compensation Scheme.<sup>27</sup>

This report discloses the remuneration of those serving on the YJB's Board comprising the Chair, YJB members and Executive Directors, including the Chief Executive. This disclosure is made in order to comply with Treasury requirements to show the remuneration of those who influence the direction of the entity as a whole.

## YJB members' terms of appointment

Appointment of YJB members, including the Chair, is for a period of up to three years. The appointment of all YJB members, and extension of their appointments, is made by the Secretary of State for Justice. Reappointments are subject to a satisfactory appraisal process. Charlie Taylor was appointed as Chair in 2016/17 and permission was sought, and received from the Commissioner of Public Appointments not to run a competition in this case.

Charlie Taylor's two-year term of appointment commenced with effect from 18 March 2017.

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

## Executive Directors' terms of appointment

Executive Directors are either permanent employees of the YJB, loans from Civil Service or secondees from non-Civil Service organisations.

When conducting recruitment campaigns YJB follows the Civil Service Commissioner's recruitment principles<sup>28</sup> to ensure open and fair recruitment with appointments based on merit. We offer a guaranteed interview scheme for people with disabilities who meet the role criteria.

## Remuneration and Personnel Committee

Our Remuneration and Personnel Committee met twice during 2017/18. 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 members of the Executive Management Group. This includes the arrangements for and conditions of any remuneration or benefits in kind over and above their basic salary. The Remuneration and Personnel Committee comprises four members: the YJB Chair (who also Chairs this Committee), the Chair of the YJB Finance, Audit and Risk Assurance Committee and two Board members.

<sup>27</sup> Further information on the Civil Service Compensation scheme is available online at: <http://www.civilservicepensionscheme.org.uk/civil-service-compensation-scheme/>

<sup>28</sup> Further information about the work of the Civil Service Commissioners can be found online at: <http://civilservicecommission.independent.gov.uk>

## Remuneration (audited information)

### Board and Executive Management Group

The remuneration of the Chairman and YJB members is determined by the Secretary of State for Justice. Board members' fees are £250 per day. The Chair (Charlie Taylor) is paid a salary. No pension benefits are paid to Board members.

For the year ended 31 March 2018, YJB members and Executive Directors received remuneration as follows. Where an individual was not in post for the full year or on extended leave, a full year effect (FYE) figure is shown for comparative purposes.

Name and title	2017/18					2016/17				
	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) <sup>29</sup> £'000	Total £'000	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) £'000	Total £'000
<b>Charlie Taylor</b> Chair	60-65	–	–	–	60-65	5-10 (FYE 60-65)	–	–	–	5-10
<b>Colin Allars</b> Chief Executive	110-115	10-15	–	27	150- 155	75-80 (110-115 FYE)	–	–	81	155- 160
<b>David Banks</b> YJB Member (until 31/12/2017)	5-10 (FYE 10-15)	–	2.0	–	10-15	10-15	–	3.6	–	15-20
<b>Robert Butler</b> YJB Member (until 31/12/2017)	5-10 (FYE 5-10)	–	–	–	5-10	5-10	–	–	–	5-10
<b>Ben Byrne</b> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	–	–	–	0-5	–	–	–	–	–
<b>Christine Davies</b> YJB Member (until 31/12/2017)	5-10 (FYE 10-15)	–	1.3	–	5-10	5-10	–	1.5	–	10-15
<b>Gillian Fairfield</b> <sup>30</sup> YJB Member	10-15	–	3.6	–	15-20	5-10	–	1.6	–	5-10
<b>Louise Falshaw</b> Director of Partnerships and Performance	70-75	0-5	–	31	100- 105	65-70	–	–	30	95-100
<b>Keith Fraser</b> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	–	1.6	–	0-5	–	–	–	–	–

<sup>29</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>30</sup> From 01 April 2017 to 31 July 2017 Gillian Fairfield did not receive Board member fees. These are paid directly to Pennine Acute Hospitals NHS Trusts.

Name and title	2017/18					2016/17				
	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) £'000	Total £'000	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) £'000	Total £'000
<b>Sharon Gray</b> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	-	0.1	-	0-5	-	-	-	-	-
<b>Neal Hazel</b> <sup>31</sup> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	-	0.2	-	0-5	-	-	-	-	-
<b>Mairead Healy</b> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	-	0.3	-	0-5	-	-	-	-	-
<b>Carol Homden</b> YJB Member (until 31/12/2017)	5-10 (FYE 5-10)	-	-	-	5-10	5-10	-	-	-	5-10
<b>Dusty Kennedy</b> Director of YJB Cymru	60-65	0-5	1.6	25	90-95	60-65	0-5	-	25	85-90
<b>Seamus Oates</b> <sup>32</sup> YJB Member (until 31/12/2017)	5-10 (FYE 5-10)	-	-	-	5-10	5-10	-	-	-	5-10
<b>Neil Rhodes</b> YJB Member	5-10	-	2.5	-	10-15	5-10	-	1.1	-	10-15
<b>Sara Robinson</b> <sup>33</sup> Director of Operations and Commissioning (until 31/08/2017)	-	-	-	-	-	35-40 (85-90 FYE)	-	-	15	50-55
<b>Tony Sewell</b> YJB Member (until 31/12/2017)	5-10 (FYE 5-10)	-	-	-	5-10	5-10	-	-	-	5-10
<b>Ann Skamarauskas</b> Director of HR	65-70	0-5	-	27	95-100	20-25 (65-70 FYE)	-	-	9	30-35
<b>Martin Skeats</b> Director of Finance and Business Assurance	70-75	0-5	-	0	70-75	70-75	-	-	23	95-100

31 Neal Hazel does not receive Board member fees. These are paid directly to Salford University.

32 Seamus Oates does not receive Board member fees. These are paid directly to The Bridge AP Academy.

33 Sara Robinson was an Executive Member of YJB senior management team and HMPPS during 01 April 2017 to 31 August 2017. Her remuneration is reported in HMPPS accounts. A bonus payment (£5-10k) was paid to Sara Robinson in the financial year 2017/18 reflecting her performance for both YJB and HMPPS during the financial year 2016/17.

Name and title	2017/18					2016/17				
	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) £'000	Total £'000	Salary £'000	Bonuses £'000	Benefits in kind £'000	Pension benefits (to nearest £1,000) £'000	Total £'000
<b>Keith Towler</b> YJB Member (from 01/01/2018)	0-5 (FYE 5-10)	–	0.6	–	0-5	–	–	–	–	–
<b>Brian Tytherleigh</b> YJB Member (from 01/09/2017)	5-10 (FYE 5-10)	–	1.9	–	5-10	–	–	–	–	–
<b>Alan Wood</b> YJB Member (from 21/04/2017)	5-10 (FYE 5-10)	–	–	–	5-10	–	–	–	–	–
<b>John Wrangham</b> YJB Member (until 31/12/2017)	5-10 (FYE 10-15)	–	1.4	–	10-15	10-15	–	3.1	–	15-20

## Benefits in kind – Board members

The monetary value of benefits in kind covers any benefits provided by the YJB and reimbursements of costs 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.

### 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 and Personnel Committee gives final approval of these bonuses.

Executive managers who are not graded as equivalent to the SCS can receive a bonus depending on their 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.

### Pay multiples (audited information)

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 2017/18, excluding pension benefits, was £110-115k (2016/17: £125-130k). This was 2.9 times (2016/17: 3.2 times) the median remuneration of the workforce, which was £38,738k (2016/17: £38,154k).

In 2017/18, no employees received remuneration in excess of the highest-paid director (2016/17: nil). Remuneration ranged from £19,000-£114,000 (2016/17: £13,000-£125,000).

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 as at 31/03/18	Real increase in pension at pension age	CETV at 31/03/2018	CETV at 31/03/2017	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Colin Allars</b> Chief Executive	45 - 50 plus a lump sum of 140 - 145	0 - 2.5 plus a lump sum of 2.5 - 5	1030	942	25
<b>Dusty Kennedy</b> Director of YJB Cymru	10 - 15	0 - 2.5	151	131	11
<b>Louise Falshaw</b> Director of Partnerships and Performance	20 - 25 plus a lump sum of 45 - 50	0 - 2.5 plus a lump sum of 0 - 2.5	299	265	14
<b>Martin Skeats</b> Director of Finance and Business Assurance	35 - 40	0 - 2.5	600	567	-5
<b>Ann Skamarauskas</b> Director of HR	10 - 15	0 - 2.5	173	146	16
<b>Sara Robinson<sup>34</sup></b> Director of Operations and Commissioning (until 31/08/2017)	-	-	-	-	-

34 Sara Robinson was an Executive Member of YJB senior management team and HMPPS during 01 April 2017 to 31 August 2017. Her pension entitlement is reported in HMPPS accounts.

### Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave

alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.)

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 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. 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 worked out as in premium. In nuvos, a member builds up a pension based on his 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 uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the 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 worked out 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 CETV**

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

### **Compensation for loss of office**

Nil compensation for loss of office payments were made during the year (2016/17: £95k funded by MoJ).

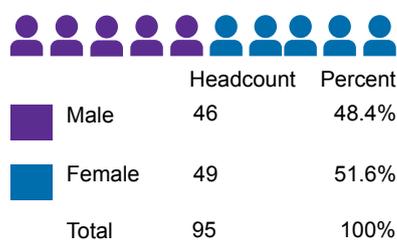
### **Reporting of Civil Service and other compensation schemes – exit packages**

The YJB had no early departure costs in 2017/18 (2016/17: nil).

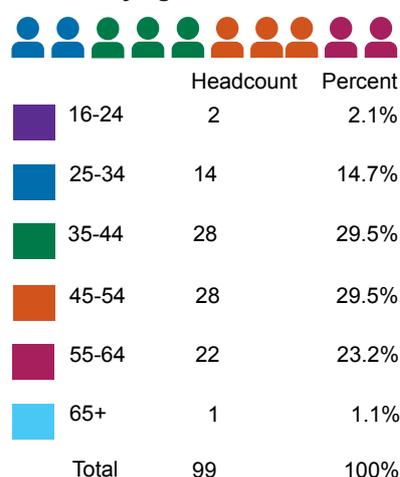
## Staff statistics

The infographic below summarises YJB's staff composition as at 31 March 2018. Read pages 47-50 for more staffing analysis.

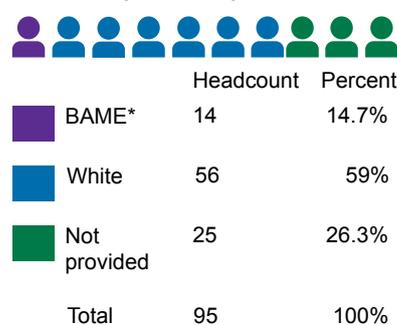
### All staff by gender



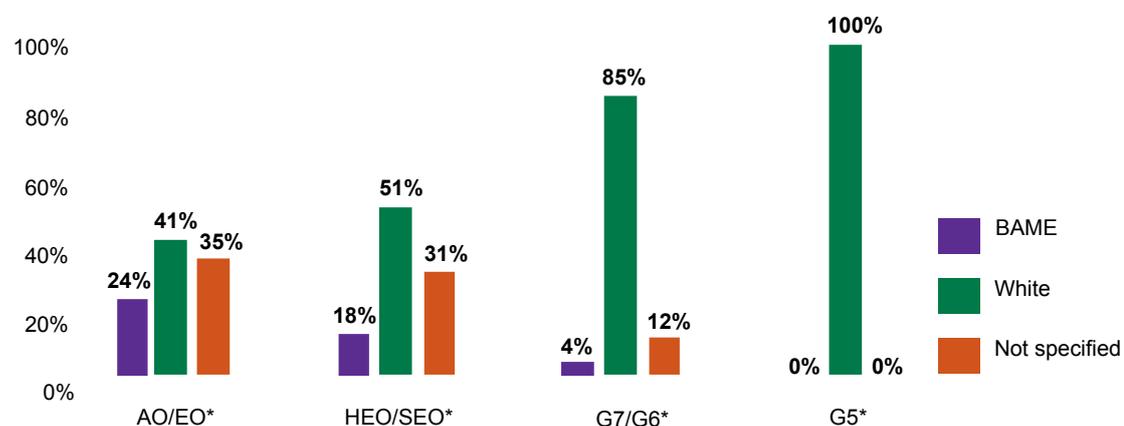
### All staff by age



### All staff by ethnicity



### Ethnicity by grade



\* Black, Asian and Minority Ethnic (BAME), Administrative Officers (AO), Executive Officers (EO), Higher Executive Officer (HEO), Senior Executive Officers (SEO) and Grades 7-5

## Staff numbers and staff composition (audited information)

### Staff numbers

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

	2018	2017
Permanent staff	113	162
Temporary and seconded staff	16	19
<b>Average full-time equivalent staff</b>	<b>129</b>	<b>181</b>

At the start of the financial year the number of our full-time equivalent staff was 159. This was significantly reduced to 104 on 1 September 2017 when a number of YJB staff transferred under the Transfer of Undertakings (Protection of Employment) regulations (*TUPE*) to the newly created Youth Custody Service (YCS). As at 31 March 2018 the number of our full-time equivalent staff was 95.

Provision for Trade Union (TU) facility time is agreed at 12 days for the year. The YJB has one TU representative and as at 31 March 2018, they had utilised the full 12 days which equates to 86.4 hours with an estimated cost: £1,328. All paid facility time is for statutory TU duties.

### Staff costs

For the year to 31 March 2018

	Board Members	Employed staff	Other (incl. seconded and agency staff costs)	2018	2017
	£'000s	£'000s	£'000s	£'000	£'000
Wages and salaries	169	5,401	268	5,838	8,112
Social security costs	10	645	-	655	802
Other pension costs	-	1,144	-	1,144	1,496
<b>Total gross cost</b>	<b>179</b>	<b>7,190</b>	<b>268</b>	<b>7,637</b>	<b>10,410</b>
Less recoveries in respect of outward secondments	-	(277)	-	(277)	(467)
<b>Total net cost</b>	<b>179</b>	<b>6,913</b>	<b>268</b>	<b>7,360</b>	<b>9,943</b>

Note that for the purposes of this table, executive directors are included as employed staff – they are shown alongside non-executive board members in the remuneration report.

No staff costs were capitalised during 2017/18 (2016/17: 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.<sup>35</sup>

<sup>35</sup> Details of the full actuarial valuation can be found in the 2012/13 resource accounts of the Cabinet Office: Civil Superannuation at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

For 2017/18, employers' contributions of £1,129k were payable to the PCSPS (2016/17: £1,469k) at one of four rates in the range of 20.0% to 24.5% (2016/17: 20.0% to 24.5%) 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 £15k (2016/17: £19k) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 3% to 12.5% up to 30 September 2015, and from 8% to 14.75% from 1 October 2015. Employers also match employee contributions up to 3% of pensionable pay.

No employees retired early on ill-health grounds (2016/17: nil); the total additional accrued pension liabilities in the year amounted to nil (2016/17: nil).

#### Expenditure on consultancy

The YJB incurred nil expenditure on consultancy in 2017/18 (2016/17: £1k).

#### Off-payroll engagements

The YJB had no off-payroll engagements in 2017/18 (2016/17: nil).

#### Staff composition

The staff composition between male and female as at 31 March 2017 was as follows:

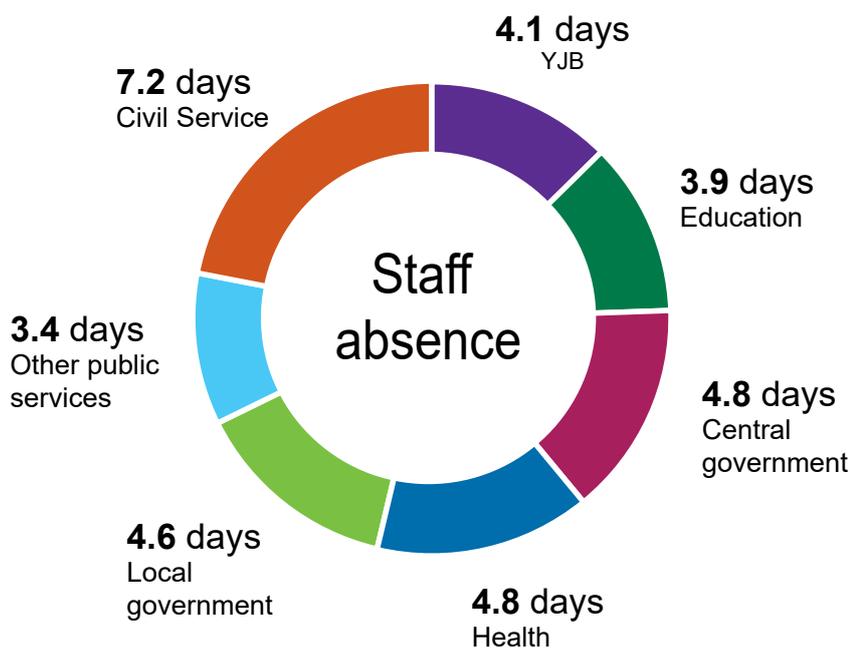
	Male	Female	Transgender and other
Board members	8	3	–
Executive Management Group	3	2	–
Employees	46	49	–
<b>Total</b>	<b>57</b>	<b>54</b>	<b>–</b>

Note that the column 'transgender and other' includes staff who identify as transgendered or who preferred not to identify their gender.

Note that the Executive Management Group (EMG) includes the staff at Senior Civil Service level shown in the table below.

The composition of those staff at Senior Civil Service (SCS) bands at 31 March 2018 between male and female was:

Senior Civil Service (SCS) equivalent staff by band	Male	Female	Transgender and other
SCS Pay Band 1	–	1	–
SCS Pay Band 2	1	–	–
SCS Pay Band 3	–	–	–
<b>Total</b>	<b>1</b>	<b>1</b>	<b>–</b>

**Staff absence**

The average number of days taken off by staff due to sickness was 4.1 days per staff member up until 31 March 2018. This is an increase compared to 2.5 days in 2016/17 but is favourable in comparison to the average of 7.2 days for Civil Service staff as a whole in 2017/18.

**Equal opportunities**

The YJB encourages a diverse workforce and is committed to ensuring that all eligible people 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 equality and diversity strategy and action plan.

The strategy 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
- 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.

As an organisation, the YJB is committed to promoting equality and embracing diversity and you can read our equality and diversity strategy online.<sup>36</sup>

**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.

Despite the uncertainty surrounding the future direction of the organisation and the ensuing internal changes, the YJB recorded a 64% satisfaction rating for staff who agreed or strongly agreed with the statement that the 'YJB motivates me to help achieve its objectives'. HR policies follow, where practical, those of the Ministry of Justice and, as such, 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 our monthly senior management briefings.

<sup>36</sup> The YJB Equality and Diversity Strategy is available at: <https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/equality-and-diversity>

These are led by the Chief Executive, and the information is then cascaded to all staff via their senior manager at their own team meetings. A fortnightly electronic bulletin is also distributed, and staff can access a range of material on the YJB intranet.

If a member of staff becomes disabled during their employment, the support given would be determined on a case-by-case basis following consultation with HR Casework Service and Occupational Health professionals.

### **Employment of disabled people**

At 31 March 2018, there were two registered disabled people employed by the YJB. The figures above are only for those who choose to record their disability.

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. This is clearly stated on the application forms.

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. Civil Service Learning is available to all staff, which includes e-learning options such as disability awareness, mental health awareness and unconscious bias training, as well as coaching and mentoring. The YJB has promoted MoJ events via the YJB intranet.

# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

In addition to the primary financial statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FRM)* requires the YJB to report on losses, special payments and remote contingent liabilities. These notes and disclosures are subject to audit.

## Losses and special payments

### Losses Statement

	2018	2017
	£'000	£'000
<b>Values</b>		
Constructive losses	-	-
Debt write-off	-	-
<b>Total</b>	-	-
<b>Numbers</b>		
Constructive losses	-	-
Debt write-off	-	-
<b>Total</b>	-	-

### Details of losses over £300,000

There were no constructive losses or debt write-offs exceeding £300,000 in the year to 31 March 2018 (2016/17: nil).

### Special payments

There were no special payments made in the year to 31 March 2018 (2016/17: nil).

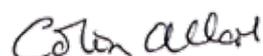
### Remote contingent liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, the YJB also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

As at 31 March 2018 the YJB has no remote contingent liabilities.

Date 10 July 2018

Signed on behalf of the YJB by



**Colin Allars**

Chief Executive and Accounting Officer

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Youth Justice Board for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited. In my opinion:

- the financial statements give a true and fair view of the state of the Youth Justice Board's affairs as at 31 March 2018 and of 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 regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of

Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Youth Justice Board in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Board and Accounting Officer for the financial statements

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.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Crime and Disorder Act 1998.

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. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Youth Justice Board's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Youth Justice Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

### **Other Information**

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Crime and Disorder Act 1998;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and the Accountability 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 parts of the Accountability 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**  
**16 July 2018**

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

**SECTION**

**3**

**FINANCIAL  
STATEMENTS  
2017/18**

# FINANCIAL STATEMENTS

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

### Net Operating Expenditure

	Notes	2018 £'000	2017 £'000
<b>Expenditure</b>			
Staff costs	4	7,360	9,943
Depreciation	6	615	1,448
Amortisation	7	2,605	1,452
Other expenditure	3.1	139,054	214,791
<b>Income</b>			
Income from activities	5	(23,338)	(18,164)
<b>Net operating expenditure</b>		<b>126,296</b>	<b>209,470</b>
Interest on PFI liabilities	3.2	286	725
<b>Net expenditure for the year</b>		<b>126,582</b>	<b>210,195</b>

### Non-Operating Expenditure

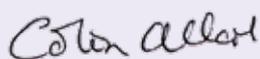
Non-Operating Loss on Transfer of Functions	2	56,779	–
<b>Total Operating and Non-Operating Expenditure</b>		<b>183,361</b>	<b>210,195</b>

### Other comprehensive net expenditure

	Notes	2018 £'000	2017 £'000
Net (gain) on revaluation of property, plant and equipment	6	–	(1,221)
Net (gain) on revaluation of intangible assets	7	(173)	(389)
<b>Total other comprehensive expenditure</b>		<b>(173)</b>	<b>(1,610)</b>
<b>Total comprehensive expenditure for the year</b>		<b>183,188</b>	<b>208,585</b>

## Statement of Financial Position as at 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	–	69,582
Intangible assets	7	9,780	2,253
<b>Total non-current assets</b>		<b>9,780</b>	<b>71,835</b>
<b>Current assets</b>			
Trade and other receivables	8	7,872	8,676
Cash and cash equivalents	9	6,089	18,434
<b>Total current assets</b>		<b>13,961</b>	<b>27,110</b>
<b>Total assets</b>		<b>23,741</b>	<b>98,945</b>
<b>Current liabilities</b>			
Trade and other payables	10	(7,356)	(39,169)
PFI liabilities	15	–	(740)
Provisions – short term	11	(318)	–
<b>Total current liabilities</b>		<b>(7,674)</b>	<b>(39,909)</b>
Total assets less current liabilities		<b>16,067</b>	<b>59,036</b>
<b>Non-current liabilities</b>			
PFI liabilities	15	–	(11,732)
<b>Total non-current liabilities</b>		<b>–</b>	<b>(11,732)</b>
<b>Total assets less total liabilities</b>		<b>16,067</b>	<b>47,304</b>
<b>Taxpayers' equity and other reserves</b>			
Revaluation reserve	SoCTE	233	24,161
General reserve	SoCTE	15,834	23,143
<b>Total taxpayers' equity</b>		<b>16,067</b>	<b>47,304</b>



Colin Allars

Chief Executive and Accounting Officer

Date: 10 July 2018

## Statement of Cash Flows for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
<b>Total operating and non-operating expenditure</b>	SoCNE	(183,361)	(210,195)
(Increase)/decrease in trade and other receivables	8	804	(1,720)
Increase/(decrease) in trade and other payables and PFI liabilities	10, 15	(32,121)	27,512
PFI repayment of liability (not part of SoCNE)	3	308	701
Costs incurred on behalf of HM Prison and Probation Service and MoJ	2	(9,616)	–
<b>Adjustments for non-cash transactions</b>			
Depreciation and amortisation	6,7	3,220	2,900
Impairment of Intangible Assets and Property Plant and Equipment	3	–	–
Payments made by sponsoring department on behalf of the YJB	3	19,506	57,541
Transfer of assets and liabilities to HMPPS	2	56,779	–
Loss on disposal of assets	6	24	–
Increase in provisions	11	318	–
Services and facilities provided by sponsoring department	3	1,924	3,222
<b>Net cash outflow from operating activities</b>		<b>(142,215)</b>	<b>(120,039)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	6	–	(3,666)
Purchase of Intangible Assets	7	(965)	–
<b>Net cash outflow from investing activities</b>		<b>(965)</b>	<b>(3,666)</b>
<b>Cash flows from financing activities</b>			
Grants from sponsoring departments	13	130,835	137,948
<b>Net cash inflow from financing activities</b>		<b>130,835</b>	<b>137,948</b>
<b>Net (decrease) in cash and cash equivalents in the year</b>		<b>(12,345)</b>	<b>14,243</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>18,434</b>	<b>4,191</b>
<b>Cash and cash equivalents at the end of the year</b>	9	<b>6,089</b>	<b>18,434</b>

Grants from government departments are all treated as contributions from a controlling party, as directed by the Financial Reporting Manual (FRM), and recognised on a cash basis in the general reserve (see Statement of Changes in Taxpayers' Equity).

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Notes	Revaluation reserve £'000	General reserve £'000	Taxpayers' equity £'000
Balance at 1 April 2016		23,228	33,249	56,477
<b>Changes in taxpayers' equity for 2016/17</b>				
Grants from sponsoring departments	13	–	137,948	137,948
Total operating and non-operating expenditure	SoCNE	–	(210,195)	(210,195)
<b>Non-cash charges</b>				
Payments made by sponsoring department on behalf of the YJB	3	–	58,242	58,242
Services and facilities provided by sponsoring department	3	–	3,222	3,222
<b>Transfers between reserves</b>				
Release of reserves to the general reserve		(677)	677	–
Net gain on revaluation of property, plant and equipment	6	1,221	–	1,221
Net gain on revaluation of intangible assets	7	389	–	389
<b>Balance at 31 March 2017</b>		<b>24,161</b>	<b>23,143</b>	<b>47,304</b>
<b>Changes in taxpayers' equity for 2017/18</b>				
Grants from sponsoring departments	13	–	130,835	130,835
Net expenditure for the year	SoCNE	–	(183,361)	(183,361)
<b>Non-cash charges</b>				
Payments made by sponsoring department on behalf of the YJB	3	–	19,814	19,814
Services and facilities provided by sponsoring department	3		1,924	1,924
<b>Transfer of functions</b>				
Transfer of revaluation reserve balance to HMPPS		(23,808)	23,808	–
Transfer of costs incurred on behalf of HM Prison and Probation Service and MoJ		–	(9,616)	(9,616)
<b>Transfer of assets</b>				
Transfer of intangible assets from MoJ on completion of development	7	–	8,994	8,994
<b>Transfers between reserves</b>				
Release of reserves to the general reserve		(293)	293	–
Net gain on revaluation of property, plant and equipment	6	–	–	–
Net gain on revaluation of intangible assets	7	173	–	173
<b>Balance at 31 March 2018</b>		<b>233</b>	<b>15,834</b>	<b>16,067</b>

# SUPPORTING NOTES TO THE FINANCIAL STATEMENTS

## 1. Statement of Accounting Policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the *Government Financial Reporting Manual 2017-18* (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). The YJB is created by statute and although accountability for several of its functions has been transferred elsewhere in the MoJ group during 2017/18, there is no proposition before Parliament that would suggest the YJB should not be considered a going concern.

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

More information on the accounting policies used for the transfer of accountability is included at note 1.21 below, and information on the transfer itself is included in Note 2.

### 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

There have been no new or amended standards adopted in the period ended 31 March 2018.

#### b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2017 and not adopted early

IFRS 9: Financial Instruments, IFRS 15: Revenue from contracts with customers and IFRS 16: Leases are not yet effective for public sector reporting.

IFRS 9: Financial Instruments (replacing IAS 39) aims to simplify financial instrument accounting and more closely align accounting and practices with how instruments are used in the business. The standard is effective from 2018-19 but is not expected to have a material impact on the YJB's financial statements.

IFRS 15: Revenue from contracts with customers aims to replace a significant amount of existing guidance and reduce inconsistencies by setting a new principles-based Standard. The standard is effective from 2018-19 but is not expected to have a material impact on the YJB's financial statements.

IFRS 16: Leases will change the way the YJB recognises, measures, presents and discloses leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is short term (less than 12 months) or the underlying asset has a low value. The standard is effective from 2019-20 but is not expected to have a material impact on the YJB's financial statements unless significant new leases are entered into.

### **c) Changes in accounting policies**

There have been no changes in existing accounting policy in 2017/18, although new policies have been used to govern the one-off transfer of accountability for functions as outlined in section 1.20 below.

## **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**

Property Plant and Equipment 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.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. The capitalisation threshold for grouped assets is £10,000. Where an item costs less than the prescribed limit, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is capitalised. All thresholds include irrecoverable VAT.

### **Valuation method**

In accordance with the FReM, property, plant and equipment is carried at current value in existing use.

Plant and equipment are included at cost upon purchase and restated at each reporting period by using Producer Price Index issued by the Office for National Statistics.

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. In between professional valuations, carrying values are adjusted by the application of indices or through desktop valuations.

Specialised properties, where applicable, are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with UKVS 1.15 and UKGN 2 for specialised operational assets.

### 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 expenditure 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 expenditure 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. 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 for property assets, and in the month of acquisition on non-property assets. 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:

Freehold land	Not depreciated
Freehold Buildings (including dwellings)	Shorter of remaining life or 60 years
Plant and Machinery	Shorter of remaining lease period or 3 to 5 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.

Subsequent to initial recognition, intangible assets are measured at fair value. As no active market exists for the intangible assets of YJB, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses (i.e. depreciated replacement cost).

Intangible assets in service are re-measured at the end of each reporting period using the Producer Price Index issued by the Office for National Statistics (ONS).

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 intangible assets is £10,000 (including irrecoverable VAT).

### Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and intangible assets, and are not depreciated or amortised until ready for use. At this point the asset's carrying value is transferred to the appropriate asset category.

## 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.

### 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 FReM 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 Property Plant and Equipment 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.

From 2014/15, all contracts relating to the administration of Secure Training Centres (STCs), including the Oakhill STC which is provided under a PFI contract, were transferred to the MoJ as part of the department's strategy to centralise administrative processes and enhance ministerial oversight. The MoJ received and settled invoices directly with the PFI contractor. The YJB continued to recognise PFI assets and liabilities in its accounts, where applicable. The Oakhill STC contract was transferred to HMPPS from 1st September 2017. 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) includes 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 section 9 of the FReM, 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.

Redundancy and other departure costs, where applicable, are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the exit package is confirmed. Ill health retirement costs are met by the pension scheme and are not included in YJB's accounts.

### 1.12 Income

#### Remand income

Under LASPO, (Legal Aid, Sentencing and Punishment of Offenders Act 2012) the YJB has a legislative mandate to recover the full cost of remands from the designated authorities. This includes the cost of remands to 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.

### 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. 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

Other Operating Expenditure within the SOCNE is analysed between administration and programme income and expenditure in Note 3. 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 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.

### 1.15 Provisions

Provisions are recognised when MoJ has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation. The YJB has no provisions which require discounting.

### 1.16 Grants from sponsoring departments

The YJB is principally funded by grant-in-aid received from the MoJ, which is accounted for when received. Grant-in-aid is treated as financing. These are credited to the general reserve because they are regarded as contributions from a controlling party. Other grants received to support the statutory purposes of the YJB are recognised as income and credited to the SOCNE.

### 1.17 Contingent liabilities

A contingent liability is disclosed when the likelihood of a payment is less than probable, but more than remote. Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' are stated at discounted amounts.

### 1.18 Value added tax

Most of 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. The secondment of staff to Local Authorities and other bodies is within the scope of VAT and output tax is charged and paid to HMRC. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Secure Estate costs paid on the YJB's behalf by the MoJ (until September 2017) are included in the YJB's financial statements net of VAT.

### 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 financial instruments the YJB does hold relate largely either to contracts to buy non-financial items (in line with the YJB's expected purchase and usage requirements) or to amounts owed to the YJB by other areas of the public sector (local government or other government departments) 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. There are presently no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

#### **Critical judgements in applying the YJB's accounting policies**

##### ***Transfer by Absorption – working capital***

The YJB, in consultation with HMPPS, has concluded that the transfer of accountability for functions falls under the FReM rules for Transfer by Absorption. The judgement has been made that the transfer of net assets undertaken as part of this exercise should not include working capital balances incurred as a result of activities falling within the period up to 31 August 2017. This is because these balances pertain to items that are properly included in the YJB's income and expenditure, and so are most appropriately settled by the YJB. This judgement has an impact on the level of balances at the 31 March 2018.

##### ***Service concession arrangements***

The YJB was until 31 August 2017 party to one SCA, conducted under a PFI. The classification of such arrangements as SCAs required the YJB to determine whether it controlled the infrastructure. This determination was based on an evaluation of the terms and conditions of the arrangements. When the YJB was judged to control the infrastructure, the contract assets were reflected in the SoFP. The assets were transferred to HMPPS at 1 September 2017 though the interest and principal repayment elements of the PFI scheme for the five months to 31 August remain in the YJB financial statements for 2017/18.

## 1.21 Transfer of accountability for YJB functions

### Period prior to the transfer

The YJB continues to include in these financial statements all expenditure pertaining to the period prior to the transfer of accountability on 1st September 2017.

### Transfer by absorption

The transfer of accountability falls within the FReM's criteria for a Transfer by Absorption. This requires that each participating entity recognises at the date of transfer a net gain or loss on the transfer of net assets. This gain or loss is to appear on the face of the SoCNE but is non-operating and does not score against budgetary control totals.

### Transfer of fixed assets

Where fixed assets have transferred, this has been based on the assets' net book value at the date of transfer. No specific revaluation exercises have taken place. The net value of assets transferred is recorded as a non-operating loss in the YJB's SoCNE.

### Agency arrangement with HMPPS

For logistical reasons, the YJB continued to undertake a number of transactions on behalf of HMPPS and MoJ following the date of transfer.

This was carried out on an agency basis. All relevant income and expenditure balances have been written out of these financial statements (via accounting entries impacting the General Reserve) and reflected in the HMPPS and MoJ financial statements.

Responsibility for all agency transactions rests with the body (and Accounting Officer) that has taken over the function – primarily HMPPS. The agency function was carried out as part of transitional arrangements only and is not expected to continue beyond 31 March 2018. No consideration has been requested or given for this service.

### Working capital

All receivable and payable balances outstanding at the 31 August that related to the period prior to the transfer of functions were retained in the YJB books. The accounting policy applied was for payments and receipts in advance, as well as debts owed by employees who transferred to HMPPS (such as season ticket loan balances), to be transferred to HMPPS. In practice, all such balances at 31 August 2017 were de minimis and were not transferred. There is no split of cash balances as funding is provided to the YJB, which remains a going concern, and there is no basis for distinguishing cash employed for different functions within the YJB.

### Taxation

The transfer of functions does not give rise to any taxation issues. There is no supply of taxable services as part of the transfer.

## 2. Transfer of Accountability for Functions to HMPPS and MoJ

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The transfer of accountability of certain functions from the YJB to HM Prison & Probation Service (HMPPS) and the Ministry of Justice (MoJ) took place with effect from the 1 September 2017. This note provides background and figures to give an overview of the transfer arrangements and the impact on the YJB.

### 2.1 Overview of the transferring accountabilities

At the direction of the Secretary of State for Justice, the accountability for certain functions has been transferred from the YJB to HMPPS and MoJ. This transfer has not entailed any amendments to the YJB's statutory remit but has resulted in the responsibility for significant operations transferring to other bodies.

#### To HMPPS

The operations transferred are known within HMPPS as the Youth Custody Service (YCS) and relate to the youth secure estate and the placement of children remanded or sentenced to custody. This includes funding Young Offenders' Institutions, Secure Training Centres (including the Oakhill facility provided under PFI arrangements) and budgets for Secure Children's Homes and escorting services. The spend henceforth undertaken by HMPPS includes staff costs, operational costs, depreciation and capital expenditure. The net book value of relevant assets and liabilities has also transferred, as shown at 2.2 below.

A total of 69 FTE staff transferred from the YJB to HMPPS from 1st September 2017. Their costs prior to the transfer remain in the YJB's accounts.

#### To MoJ

A total of 9 FTE staff have transferred into the MoJ. Their roles include communications (1 FTE) and the commissioning of services (8 FTE). Their costs prior to the transfer remain in the YJB's accounts.

## 2.2 Balances transferred to HMPPS at 1 September 2017

The balances transferred comprised of:

<b>Property, Plant and Equipment</b>	Note	<b>YJB Balances £'000s</b>	<b>Of which PFI £'000s</b>
Land	6	9,581	4,425
Buildings	6	55,728	22,004
Plant and machinery	6	19	–
Assets under construction	6	3,615	–
<b>Total</b>		<b>68,943</b>	<b>26,429</b>
<b>Liabilities</b>			
Current liability	15	(757)	(757)
Non-current liability	15	(11,407)	(11,407)
<b>Total</b>		<b>(12,164)</b>	<b>(12,164)</b>
<b>Non-operating loss on transfer of functions</b>		<b>56,779</b>	<b>14,265</b>

The loss on transfer of assets is disclosed on the SoCNE but does not impact on the YJB's budgetary control totals or financial performance, nor affect the level of resource available for service delivery either in the YJB or in the ongoing Youth Custody Service within HMPPS.

### 2.3 Expenditure incurred on behalf of HMPPS and MoJ since 1 September 2017

The table below indicated the volume of transactions undertaken on behalf of MoJ and HMPPS in the period from 1 September 2017 to 31 March 2018 by the YJB. For completeness, this includes costs incurred by the MoJ on behalf of the YJB that would (under previous arrangements) have been reflected in the YJB's financial statements had the transfer of accountability not taken place, and have accordingly been transferred to HMPPS.

All accounting entries for the Oakhill PFI arrangements are reflected in the HMPPS accounts from 1 September – the spend undertaken by YJB reflects the combined “unitary” payments to the provider.

	For HMPPS – YJB ledger £'000s	For HMPPS – MoJ ledger £'000s	For MoJ – YJB ledger £'000s	Total at 31 Mar 2018 £'000s
Staff Costs	1,477	–	253	1,729
Other expenditure	7,886	10,579	–	18,465
<b>Total</b>	<b>9,363</b>	<b>10,579</b>	<b>253</b>	<b>20,194</b>

### 2.4 Analysis of the cost of transferred services

The below table illustrates the income and expenditure included within these financial statements which relates to the services transferred to the MoJ/HMPPS. This expenditure was incurred prior to the transfer and is therefore still included in the YJB's 2017/18 financial statements, but the table provides an indication of the level of ongoing activity that the YJB will undertake.

	Note	Spend on functions for which accountability transferred on 31 August 2017 £000s	Ongoing YJB spend £'000s	Total at 31 Mar 2018 £'000s
Staff Costs	4	1,556	5,804	7,360
Depreciation	6	615	–	615
Amortisation	7	–	2,605	2,605
Other expenditure	3	58,269	80,785	139,054
Income	5	–	(23,338)	(23,338)
Interest on PFI liabilities	15	286	–	286
<b>Total</b>		<b>60,726</b>	<b>65,856</b>	<b>126,582</b>

It should be noted that responsibility for and entitlement to remand income transferred to HMPPS from 1 April 2018 so while it was part of ongoing YJB operations after 1 September 2017, it will not be part of the YJB's operations in 2018/19. Remand income in 2017/18 totalled £23,096k.

### 3. Other expenditure

#### 3.1 Admin and programme expenditure

	Notes	2018 £'000	2017 £'000
<b>Admin expenditure</b>			
Audit fee – external <sup>37</sup>		70	48
Audit fee – internal		41	37
Board meetings		2	11
Communications		31	50
IT costs		607	809
Legal costs		93	28
Other administration		814	989
Personnel costs		5	2
Travel and subsistence		157	157
<b>Total admin expenditure</b>		<b>1,820</b>	<b>2,131</b>
<b>Programme expenditure</b>			
Grants to youth offending teams		71,523	71,193
Other programme expenditure		524	1,440
Research		15	2
Secure children's homes		10,772	25,606
Secure escorts		3,385	6,811
Secure training centres		15,002	35,030
Under-18 young offender institutions		29,076	64,865
Youth justice information and communications technology (ICT) programmes		4,695	4,491
Provision expense		318	–
<b>Total programme expenditure</b>		<b>135,310</b>	<b>209,438</b>
<b>Other cost</b>			
Corporate services provided by the department on a non-cash basis	3.3	1,924	3,222
<b>Total other expenditure</b>		<b>139,054</b>	<b>214,791</b>

37 External audit fees do not include any non-audit work undertaken by the NAO. There were no fees paid to NAO for non-audit work in 2017/18 or 2016/17.

## 3.2 Payment made by sponsoring department on behalf of the YJB

	2018 £'000	2017 £'000
Payments recognised in the SoCNE		
Interest on PFI Liabilities <sup>38</sup>	286	725
Secure escorts	3,385	6,811
Secure training centres	14,493	34,197
Under-18 young offender institutions	1,342	15,808
<b>Total payments recognised in the SoCNE</b>	<b>19,506</b>	<b>57,541</b>
Payments recognised in the SoFP		
Capital element of payments in respect of PFI contracts <sup>1</sup>	308	701
<b>Total payments recognised in the SoFP</b>	<b>308</b>	<b>701</b>
<b>Total payments</b>	<b>19,814</b>	<b>58,242</b>

## 3.3 Services and facilities provided by sponsoring department

	2018 £'000	2017 £'000
Commercial contract management	55	188
Communications	5	–
Estates	1,089	1,891
Finance	–	144
Information and communication technology	628	999
Other services	147	–
<b>Total services and facilities provided by sponsoring department</b>	<b>1,924</b>	<b>3,222</b>

38 Relates to Oakhill secure training centre.

#### 4. Staff Costs

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,838	8,112
Social security costs	655	802
Other pension costs	1,144	1,496
<b>Total gross cost</b>	<b>7,637</b>	<b>10,410</b>
Less recoveries in respect of outward secondments	(277)	(467)
<b>Total net cost</b>	<b>7,360</b>	<b>9,943</b>

#### 5. Income from activities

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Remand income	23,096	18,169
Other Income	242	(5)
<b>Total income from activities</b>	<b>23,338</b>	<b>18,164</b>

## 6. Property, plant and equipment

	Land £'000s	Buildings £'000s	Plant and machinery £'000s	Assets under construction £'000s	Total £'000
Cost/valuation at 01 April 2017	9,581	56,339	40	3,626	69,586
Additions	-	-	-	-	-
Transfers	(9,581)	(56,338)	(26)	(3,615)	(69,560)
Disposals	-	(1)	(14)	(11)	(26)
Revaluation	-	-	-	-	-
<b>Cost/valuation at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation at 01 April 2017	-	(2)	(2)	-	(4)
Charge for the year	-	(610)	(5)	-	(615)
Transfers	-	610	7	-	617
Disposals	-	2	-	-	2
Revaluation	-	-	-	-	-
<b>Depreciation at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset financing:</b>					
Owned	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
<b>Net book value at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Land £'000	Buildings £'000	Plant and machinery £'000s	Assets under construction £'000s	Total £'000
Cost/valuation at 01 April 2016	9,405	91,220	–	–	100,625
Additions	–	–	40	3,626	3,666
Disposals	–	–	–	–	–
Revaluation	176	(34,881)	–	–	(34,705)
<b>Cost/valuation at 31 March 2017</b>	<b>9,581</b>	<b>56,339</b>	<b>40</b>	<b>3,626</b>	<b>69,586</b>
Depreciation at 01 April 2016	–	(34,482)	–	–	(34,482)
Charge for the year	–	(1,446)	(2)	–	(1,448)
Disposals	–	–	–	–	–
Revaluation	–	35,926	–	–	35,926
<b>Depreciation at 31 March 2017</b>	<b>–</b>	<b>(2)</b>	<b>(2)</b>	<b>–</b>	<b>(4)</b>
<b>Net book value at 31 March 2017</b>	<b>9,581</b>	<b>56,337</b>	<b>38</b>	<b>3,626</b>	<b>69,582</b>
<b>Asset financing:</b>					
Owned	5,156	34,099	38	3,626	42,919
On-balance sheet PFI contracts	4,425	22,238	–	–	26,663
<b>Net book value at 31 March 2017</b>	<b>9,581</b>	<b>56,337</b>	<b>38</b>	<b>3,626</b>	<b>69,582</b>

## 7. Intangible assets

	Assets under construction £'000	Internally generated software £'000	Total £'000
Cost/valuation at 01 April 2017	–	6,243	6,243
Additions	–	965	965
Transfers	–	8,994	8,994
Revaluations	–	305	305
<b>Cost/valuation at 31 March 2018</b>		<b>16,507</b>	<b>16,507</b>
Amortisation at 01 April 2017	–	(3,990)	(3,990)
Charge for the year	–	(2,605)	(2,605)
Disposals	–	–	–
Revaluations	–	(132)	(132)
<b>Amortisation at 31 March 2018</b>		<b>(6,727)</b>	<b>(6,727)</b>
<b>Net book value at 31 March 2018</b>	<b>–</b>	<b>9,780</b>	<b>9,780</b>
<b>Asset financing:</b>			
Owned	–	9,780	9,780
<b>Net book value at 31 March 2018</b>	<b>–</b>	<b>9,780</b>	<b>9,780</b>
Cost/valuation at 01 April 2016	–	5,491	5,491
Additions	–	–	–
Transfers	–	–	–
Revaluations	–	752	752
<b>Cost/valuation at 31 March 2017</b>	<b>–</b>	<b>6,243</b>	<b>6,243</b>
Amortisation at 01 April 2016	–	(2,175)	(2,175)
Charge for the year	–	(1,452)	(1,452)
Disposals	–	–	–
Revaluations	–	(363)	(363)
<b>Amortisation at 31 March 2017</b>		<b>(3,990)</b>	<b>(3,990)</b>
<b>Net book value at 31 March 2017</b>	<b>–</b>	<b>2,253</b>	<b>2,253</b>
<b>Asset financing:</b>			
Owned	–	2,253	2,253
<b>Net book value at 31 March 2017</b>	<b>–</b>	<b>2,253</b>	<b>2,253</b>

## 7.1 Intangible assets include the following materially significant items:

Asset	Net Book Value £000s	Remaining useful economic life (years)
Youth Justice Application Framework	5,747	6
Business Application Strategy	1,963	6

## 8. Trade and other receivables

	2018 £'000	2017 £'000
<b>Amounts falling due within one year:</b>		
Other receivables	7,865	8,611
Prepayments and accrued income	7	65
<b>Balance at 31 March</b>	<b>7,872</b>	<b>8,676</b>

## 9. Cash and cash equivalents

	2018 £'000	2017 £'000
Balance at 1 April	18,434	4,191
Net change in cash and cash equivalent balances	(12,345)	14,243
<b>Balance at 31 March</b>	<b>6,089</b>	<b>18,434</b>

The following balances at 31 March 2017 were held at:

Government banking service and cash-in-hand	6,089	18,435
Commercial banks and cash-in-hand	-	(1)
<b>Balance at 31 March</b>	<b>6,089</b>	<b>18,434</b>

## 10. Trade and other payables

	2018 £'000	2017 £'000
<b>Amounts falling due within one year:</b>		
Accruals and deferred income	1,038	6,898
Payable to HM Prison and Probation Service	1,520	26,362
Payable to the Ministry of Justice	3,768	4,399
Trade payables	1,030	1,510
<b>Balance at 31 March</b>	<b>7,356</b>	<b>39,169</b>

## 11. Provisions

	2018 £'000	2017 £'000
Balance at 01 April	–	–
Provisions utilised in year	–	–
Provisions created in year	318	–
Provisions written back in year	–	–
<b>Balance at 31 March</b>	<b>318</b>	<b>–</b>

### Of which:

Amounts to be settled within one year	318	–
Amounts to be settled within one to five years	–	–
Amounts to be settled after more than five years	–	–
<b>Balance at 31 March</b>	<b>318</b>	<b>–</b>

Provisions relate to legal actions in which the YJB is a defendant.

## 12. Contingent liabilities disclosed under IAS 37

There are no contingent liabilities. (2016/17: Nil).

### 13. Grants from sponsoring departments

	2018 £'000	2017 £'000
Grant-in-aid from the Ministry of Justice	130,835	137,900
Grants from the Welsh Government	–	48
<b>Total</b>	<b>130,835</b>	<b>137,948</b>

### 14. Commitments

All disclosable financial commitments transferred to HMPPS on 1 September 2017.

#### 14.1 Operating leases

The YJB previously held operating leases relating to contracts to manage nine Secure Children's Homes. These transferred to HMPPS from 1 September 2017.

#### Obligations under operating leases:

	2018 £'000	2017 £'000
Not later than one year	–	24,530
Later than one year and not later than five years	–	–
Later than five years	–	–
<b>Total</b>	<b>–</b>	<b>24,530</b>

## 14.2 Other financial commitments

The YJB previously held non-PFI contracts for the management of the Medway and Rainsbrook STCs as well as escorting services and education services at YOIs. These transferred to HMPPS from 1 September 2017.

	2018 £'000	2017 £'000
Not later than one year	–	25,332
Later than one year and not later than five years	–	57,953
Later than five years	–	–
<b>Total</b>	<b>–</b>	<b>83,285</b>

## 14.3 Other commitments

There were no outstanding capital commitments at 31 March 2018.

## 15. Commitments under PFI contracts

### 15.1 On-balance sheet

Until 31 August 2017, the YJB held a reversionary interest in the Oakhill STC building at the end of the contract term. The entries in these financial statements represent the accounting for the PFI arrangement for the 2017/18 year up to 31 August 2017. After that time, the scheme is accounted for by HMPPS. As such the YJB no longer holds any commitment. Details of the PFI liability at the point of transfer can be found in Note 2 above.

Under IFRIC 12 Service Concession Arrangements, Oakhill STC was capitalised as property plant and equipment and depreciated accordingly.

The original fair capital value was 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, was repaid from part of the total amount paid to the contractors each year up until the transfer of the liability to HMPPS.

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 – these costs up to 31 August 2017 remain included in these financial statements.

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

Oakhill	2018 £'000	2017 £'000
<b>Imputed minimum lease payment due:</b>		
Not later than one year	–	1,426
Later than one year and not later than five years	–	5,702
Later than five years	–	10,336
<b>Total</b>	<b>–</b>	<b>17,464</b>
Less interest element	–	(4,992)
<b>PFI liability recognised in SoFP</b>	<b>–</b>	<b>12,472</b>
Of which:		
Current PFI liability	–	740
Non-current PFI liability	–	11,732
<b>Total</b>	<b>–</b>	<b>12,472</b>

The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions in the year (in effect to the 31 August 2017) was £7.708m (2016/17 full year: £15.349m). Of this total, the service element was £7.422m (2016/17 full year: £14.624m) and the interest charges £0.286m (2016/17 full year: £0.725m).

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

	2018 £'000	2017 £'000
Service charge due within one year	–	17,725
Service charge due later than one year and not later than five years	–	70,900
Service charge due later than five years	–	128,507
<b>Total</b>	<b>–</b>	<b>217,132</b>

#### 15.2 Off-balance sheet

The YJB has no off-balance sheet PFI contracts.

## 16. Related party transactions

The YJB is an executive non-departmental public body that, during the 2017/18 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 Notes 3.1 and 3.2.

In addition, the YJB has a number of transactions with the Her Majesty's Prison and Probation Service (formerly National Offender Management Service, an executive agency of the MoJ), as well as with local authorities, whose combined balances are material.

During 2017/18, the YJB undertook material transactions of the following values with related parties:

	2018 £'000	2017 £'000
<b>Ministry of Justice</b>		
Expenditure with the Ministry of Justice	3,829	155
Income from the Ministry of Justice	66	–
Balance owed to the Ministry of Justice at 31 March	3,768	4,399
Balance owed by the Ministry of Justice at 31 March	66	69
<b>Her Majesty's Prison and Probation Service</b>		
Expenditure with Her Majesty's Prison and Probation Service	27,866	49,057
Income from Her Majesty's Prison and Probation Service	–	–
Balance owed to Her Majesty's Prison and Probation Service at 31 March	1,520	26,362
Balance owed by Her Majesty's Prison and Probation Service at 31 March	–	–

Colin Allars and Sara Robinson have both served as directors of the YJB on loan from Her Majesty's Prison and Probation Service. Colin Allars acts as the Accounting Officer for the YJB and was in post for all of 2017/18. Sara Robinson was in post from the start of the year up to 31 August 2017.

There are no other disclosable interests.

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 online at:

<https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership>

## **17. Events after the reporting period**

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In accordance with the requirements of IAS 10 'Events after the reporting period', events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

From 1 April 2018, the responsibility for collecting remand income from local authorities transferred to the Youth Custody Service within HM Prison & Probation Service. This does not impact the YJB's 2017/18 financial statements but will mean that this income stream will no longer be reflected in 2018/19. Additionally, all receivable balances owed to the YJB at 31 March 2018 will transfer to HMPPS in 2018/19 as a non-operating loss.

This change will not impact on the level of resource available to fund the YJB's services in 2018/19.





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