



Youth Justice Board  
Bwrdd Cyfiawnder Ieuencid

The Youth Justice Board for England and Wales

# **ANNUAL REPORT AND ACCOUNTS 2016/17**



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Report presented to Parliament pursuant to Schedule 2, paragraph 8 (2) of the  
Crime and Disorder Act 1998

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# INTRODUCTION

I am delighted to introduce this Annual Report and Accounts, my first since becoming Chair of the Youth Justice Board in March 2017.

I would like to congratulate and thank those of you that work in the youth justice sector for your hard work and dedication. In the short time I have been in post and during the youth justice review, I have been struck by your levels of expertise in supporting some of our most troubled and vulnerable children.

I am very excited about the new challenges ahead of us all and I believe we have a great opportunity to build on the outstanding work in youth justice.

As some of you know, as well as being the author of the youth justice review, I was also a head teacher at a school for children with complex behavioural, emotional and social difficulties. This means I am well aware of how critical it is that we make a difference to the lives of the children with whom we work.

I look forward to meeting and working with many of you during the coming months.



**Charlie Taylor**

Chair

Date: 13 July 2017

# SECTION

# 1

# PERFORMANCE REPORT 2016/17

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- **Overview**
  - **Performance analysis**
  - **Our work in 2016/17**
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# OVERVIEW

This section of the report provides an overview of the YJB: the Chief Executive's review of the year and its financial performance, what it does and what its principal 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 2016-17 business plan.

## Chief Executive's in-year review

This is my first Annual Report and Accounts as Chief Executive of the Youth Justice Board. I took on the job in July 2016 without certainty about what the future would hold but it was clear that I was joining an organisation which, with its many partners, has much to look back on and to be proud of.

The last decade has seen unprecedented reductions in the number of children and young people entering the system for the first time. There were around 18,000 first time entrants in 2015/16, down by 83% compared with 2005/06. In 2015/16, less than 33,000 children and young people were convicted or cautioned, down by more than three-quarters since the record peak of nearly 148,000 in 2006/07. The average number of under-18s in custody is also down 69% since its peak of 3,050 in 2002/03 to 960 in 2015/16.

But it's not just about numbers and we all know that there is much more to do. For the children and young people with whom we all work the youth justice system is complex, the challenges they face are significant and our response needs to be better. We have faced capacity and performance challenges across the secure estate. Together with our partners we have managed the placement of children and young people sentenced to custody and continue to work to improve what the secure estate delivers.

We responded to evidence from our work with youth offending teams (YOTs) and developed the Youth Justice Resource Hub and Youth Justice Professional Framework. Together these new resources are improving workforce standards by boosting skills and expertise. In the secure estate, we strengthened our support for improved monitoring and in the community our reoffending toolkit is supporting YOTs. The roll out of AssetPlus, the new assessment and planning interventions framework, will assist YOTs in completing high quality and consistent assessments of the children and young people that they work with. In Wales, we developed enhanced case management practices to help us focus on the underlying needs of children and young people and phase and prioritise interventions accordingly. We also published a participation strategy to formalise how we listen to children and young people in every aspect of our work. But above all, we have worked tirelessly to support whole system improvements, to do our "day job" well and to play our part in ensuring that the youth justice system takes account of the unique voices and needs of children and young people.

Sadly, I have to report that a child died in one of our commissioned secure children's homes places. Our thoughts and attention have been with the family and professionals that cared for the child and we await the outcome of investigations into the circumstances.

In December 2016, Charlie Taylor's review of the youth justice system in England and Wales was published. The Government's response provides a road-map building on some of what has been achieved over the last sixteen years and addressing the challenges now faced. It provides a clear mandate for the YJB's work in the coming years.

The Government's intention to continue to use the experience and expertise within the YJB and YOTs to carry their strategy forward is welcomed. The YJB is committed to contributing fully to this work and using the opportunities that it presents and the investment promised to enable more children and young people to live a safe and crime free life and to contribute to the communities in which they live.

With Charlie now appointed as our new Chair, we are in a strong position to work towards our goal of a welfare-based and therapeutic approach to address offending by children and young people, so that they are given every opportunity to go on to live fulfilled and crime-free lives.

The future heralds much change for the YJB and I must pay tribute to my staff for whom the uncertainty created by the Youth Justice Review, coupled with a continuing drive for efficiency has been constantly in their minds. Over the last year, the YJB has experienced a high staff turnover with 23 staff leaving through a voluntary early departure scheme and 29 leaving for other reasons. Nevertheless, we have maintained high staff engagement and continue to keep children and young people at the centre of everything we do.



**Colin Allars**  
Chief Executive  
Date: 13 July 2017

## Who we are and what we do

The Youth Justice Board for England and Wales (YJB) is a non-departmental public body<sup>1</sup> responsible for overseeing the youth justice system.

We support our partners to prevent offending and reoffending by under-18s and achieve wider positive outcomes for children, young people and communities. These partners include:

- youth offending teams (YOTs)
- community youth justice services and their partners
- the youth secure estate – under-18 young offender institutions (under-18 YOIs), secure training centres (STCs) and secure children's homes (SCHs).

The YJB's strategic direction is set by our Board, which is formed of experts in areas which are vital for effective youth justice. Their expertise covers:

- education
- health
- local authorities
- policing
- the magistracy
- voluntary and private sectors.

## Our functions<sup>2</sup>

### Lead the youth justice system

Advise the Secretary of State on the operation of the youth justice system, including setting National Standards.

Provide places in the secure estate and commission secure escort services for young people.

Identify, make known and promote good practice in:

- the operation of the youth justice system and the provision of youth justice services
- the prevention of offending by children and young people
- working with children and young people who have offended or are at risk of offending.

Commission research and publish information on youth justice issues.

### Monitor and oversee the youth justice system

Monitor the operation of the youth justice system and the provision of youth justice services, both in the community and in secure establishments.

Monitor the extent to which the aims of the youth justice system are being achieved, and compliance with National Standards.

Make grants, with the approval of the Secretary of State, for the purposes of the operation of the youth justice system and services.

Determine in which secure accommodation a young person is to serve their period of detention.

Provide information technology related assistance for the operation of the youth justice system and services.

## Our Vision and Mission

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

Our mission for 2016-2018 is to:

- Develop and champion a child-centred and distinct youth justice system, in which a designated youth justice service keeps children and young people safe and addresses the age-specific needs of the child, to the benefit of the community.
- Develop a 'centre of excellence approach' in youth justice which will support innovation by using and interpreting available evidence to support the delivery of youth justice services in custody and the community. Also, more effectively drawing on the contribution of academic institutions and other relevant bodies.
- Drive continuous improvements in youth justice services delivered in custody and the community through our robust monitoring system and by identifying and promoting best practice.

These priorities act as the guiding framework for how we deliver our functions.

1 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>.

2 As set out in the Crime and Disorder Act 1998

## 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 2016/17, can be found in the governance statement on pages 27 to 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 course of 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 34 to 37 under 'Risk profile'.

## Financial Review

As part of the YJB's strategy to reduce offending, we have prioritised the resourcing of YOTs, seeing an overall reduction in the number of young people in the system.

Significant reductions in young people in the secure estate has enabled the decommissioning of secure places. This decommissioning, coupled with additional efficiencies and reductions to the YOT grant where necessary to remain within budget, has enabled the YJB to meet challenging budget reductions, reducing its net expenditure by 54% from £454.5m in 2010/11 to £210.2m in 2016/17.

The YJB's net expenditure of £210.2m in 2016/17 represents a reduction of £18.1m (7.9%) compared to 2015/16 and includes:

- £125.5m (59.9% of total net expenditure) spent on the provision of secure accommodation, compared to £136.9m (59.9%) in 2015/16.
- Grants of £71.2m (34% of total net expenditure) paid to YOTs across England and Wales, compared to £76m (33.3%) in 2015/16.

More detailed information about expenditure during the year can be found in the Accounts section of the report on pages 52 to 76.

The YJB is exempt from preparing a sustainability report under the Greening Government Commitments.

## Our strategy and future activities

The YJB's Strategic Plan for 2015 to 2018 was approved by the Secretary of State and is available on GOV.UK.

## Key relationships

The YJB has a broad range of external stakeholders encompassing 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, and the private and third sectors.

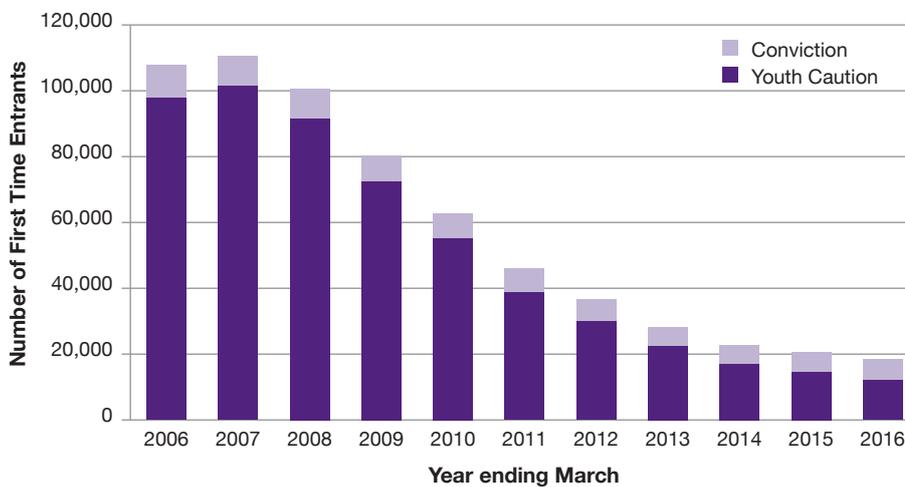
In Wales the YJB has a joint youth justice strategy with the Welsh Government and a memorandum of understanding that facilitates advice to Welsh Ministers on the impact of youth justice policy and practice on devolved services. YJB Cymru also works closely with national representative bodies in Wales such as the associations for Directors of Social Services and Directors of Education as well as Welsh Universities.

# PERFORMANCE ANALYSIS

Turning now to look at how the youth justice system performed, the YJB has a long-standing programme focussed on reducing:

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

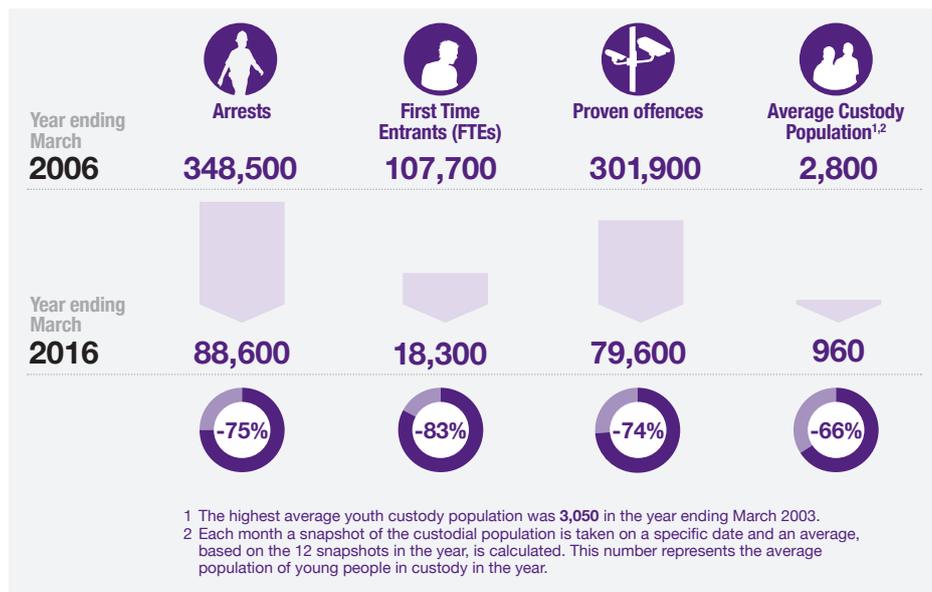
**Figure 1: Number of first-time entrants aged 10 to 17 years, year ending March 2006 to March 2016**



The data presented here is taken from the latest published Youth Justice Statistics: 2015 to 2016 (except for the reoffending data, which is taken from the Proven reoffending statistics: July 2014 to June 2015). Comparisons are made with the previous year (the year ending March 2015 in most cases), and the year ending March 2006 as a long term comparator (10 years).

## First-time entrants

There has been a continuing reduction in the number of first-time entrants to the youth justice system.<sup>4, 5, 6</sup> In the year ending March 2016, there were around 18,300 first-time entrants, a fall of 12% when compared with the year ending March 2015. The number of first-time entrants has fallen by 83% since the year ending March 2006.



3 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.  
 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 2016, available online at: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-march-2016>.

The rate of first-time entrants per 100,000 population<sup>7</sup> of 10-17s has fallen by 12% from 401 to 354 over the last 12 months. First-time entrants are getting older, with their average age increasing from 14.6 to 15.2 years between the years ending March 2006 and March 2016.

The reduction in the number of first-time entrants since the year ending March 2006 reflects both the decrease in the number of young people being issued with a youth caution (reprimand or warning, prior to 8 April 2013) and the decrease in the number of children and young people found guilty in all courts.

Changes in policing practice following the ending of the Offences Brought To Justice target has contributed to the reduction, but work by youth offending teams (YOTs) and other partners - including targeted youth crime prevention schemes and

diversion of children and young people away from the youth justice system through measures such as restorative justice disposals and Triage schemes - will also have contributed.

### Use of custody<sup>8</sup>

A custodial sentence will sometimes be the only appropriate response for some serious crimes. But the YJB believes custody should otherwise be a last resort. Addressing the needs of children and young people earlier can reduce offending, requires less investment and can produce better outcomes for the children and young people concerned.

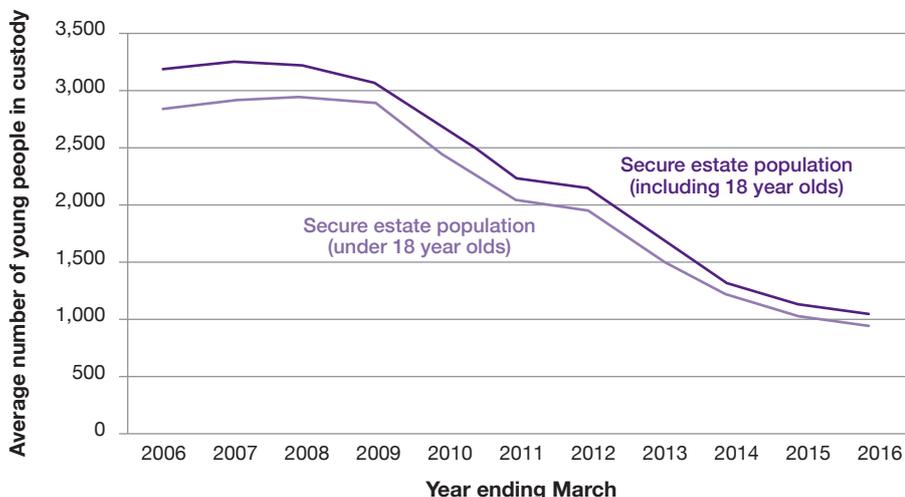
In March 2016, the average number of children and young people under the age of 18 in custody was 960, down by 8% when compared with the average number in the year ending March 2015 and by 66% compared with the year ending March 2006.

The fall in the number of children and young people entering the youth justice system will have contributed to this (the proportion of those sentenced to custody has stayed constant). In addition, the YJB believes that the following areas of work will have resulted in more children and young people 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 thousand 10 to 17-year-olds (population) was 0.4 in the year ending March 2016. This represents an 11% decrease compared with the year ending March 2015, and a decrease of 68% compared with the year ending March 2006, when the rate was 1.3.

**Figure 2: Average number of young people in custody in the secure estate, year ending March 2006 to March 2016**



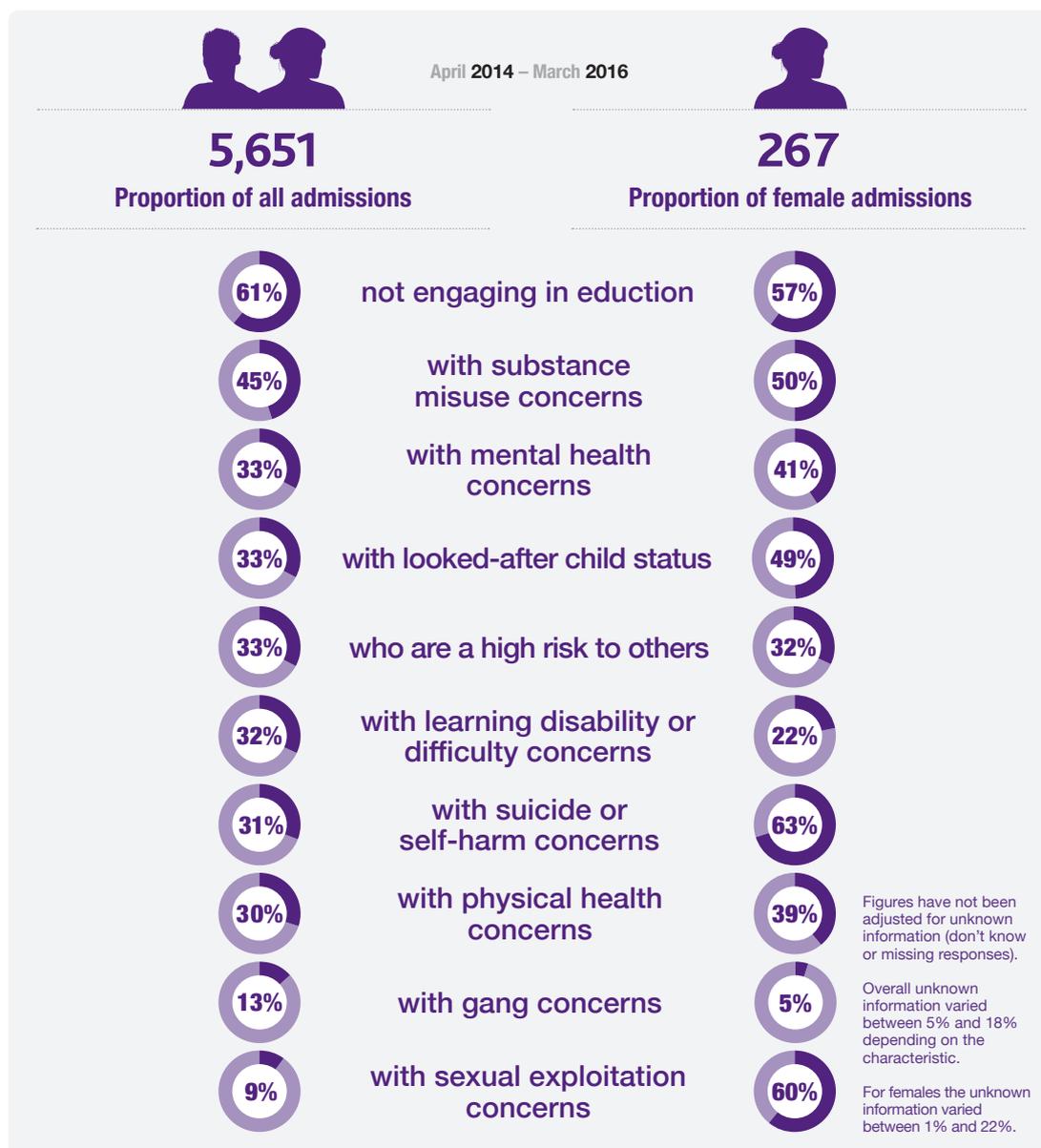
The data presented below is an indication of the needs and risks of children and young people in the secure estate, rather than a formal diagnoses. It provides the most comprehensive quantified picture to date of children and young people entering custody. It shows that children and young people entering custody require a great level of support and intervention to effectively address their needs and challenging behaviours, and help them turn their lives around.

<sup>7</sup> Population has been based on mid-year population estimates for each age group supplied by the Office for National Statistics. The previous year's estimate has been used for calculating the rate in the subsequent year. For example, the 2003 mid-year estimate has been used for calculating the rate for 2004.

<sup>8</sup> More recent provisional data is published monthly in the Youth Custody Report at: [www.gov.uk/government/publications/youth-custody-data](http://www.gov.uk/government/publications/youth-custody-data)

## Key characteristics of children and young people entering youth custody

Admissions characteristics can vary considerably depending on whether the offender is male or female.



The data presented here is taken from *Key characteristics of admissions to youth custody: April 2014 to March 2016*, which was published alongside the *Youth Justice annual statistics: 2015 to 2016* and available online at:

<https://www.gov.uk/government/statistics/youth-justice-statistics-2015-to-2016>.

## Reoffending

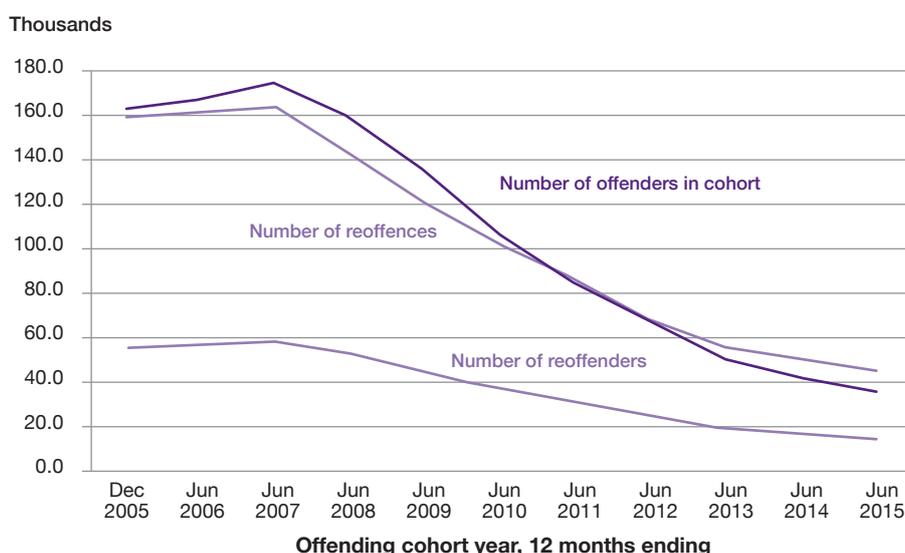
The number of children and young people in the cohort,<sup>9</sup> children and young people reoffending and reoffences committed have all reduced in the year ending June 2015 when compared with the year ending June 2014 and the year ending December 2005. The number in the cohort has decreased by 15% compared with the year ending June 2014 and by 79% when compared with the year ending December 2005. The number of children and young people reoffending has fallen by 15% when compared with the year previous, and by 76% when compared with the year ending December 2005. The number of reoffences has fallen by 9% when compared with the year ending June 2014, and by 72% when compared with the year ending December 2005.

Despite the significant successes in reducing offending and reoffending, for the smaller number of children and young people who have offended, the proportion who go on to reoffend has risen over the past decade: the reoffending rate for young people has remained fairly stable when compared with the year ending June 2014, but has increased by 4.4 percentage points compared with the year ending December 2005.

Around 34,700 children and young people were cautioned, convicted or released from custody between July 2014 and June 2015. Of these, around 13,200 reoffended within one year, giving a proven reoffending rate of 38.0%. This represents very little change from the rate of 37.8%

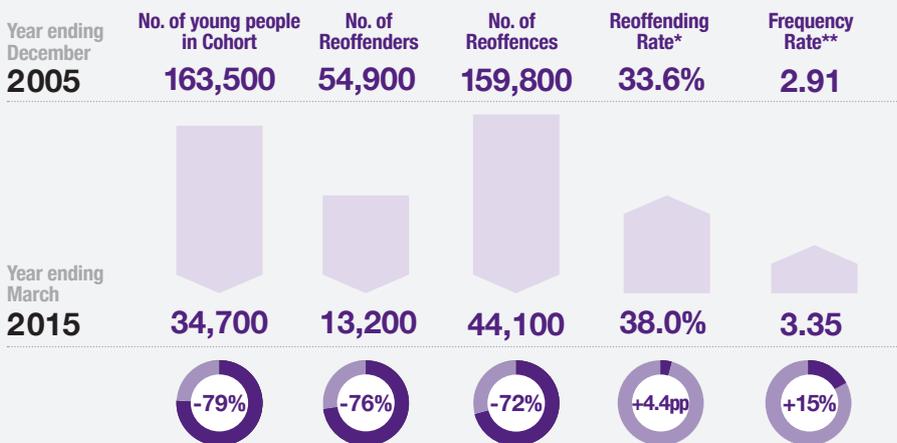
**Figure 3: Number of children and young people in the cohort, children and young people reoffending and reoffences, between years ending December 2005 and June 2015**

**Number of young people in the cohort, young people who reoffended and reoffences**



### REOFFENDING

The percentage of young people who reoffend within 12 months has increased over the past decade (to 38.0%), as has the average number of reoffences per reoffender. Over the same period, however, the number of young people in the justice system, the number reoffending, and the number of reoffences, have all fallen substantially. As the cohort shrinks, it becomes more concentrated with young people with the most complex needs, challenging behaviours, and propensity to reoffend.



\* Proportion of young people who reoffend within 12 months of their index disposal or release from custody.  
 \*\* Average number of reoffences per reoffender.

This reoffending data is published by the Ministry of Justice and available at: <https://www.gov.uk/government/collections/proven-reoffending-statistics>.

<sup>9</sup> The latest cohort is defined as children and young people who were released from custody, received a non-custodial conviction at court, or received a caution in the period July 2014 to June 2015.

for the previous year's cohort. In the year ending June 2015, the average number of reoffences per child or young person who reoffended was 3.35 (a 7% increase from the year ending June 2014 and a 15% increase from the year ending December 2005). This relatively high proportion of children and young people who reoffend may reflect, at least in part, that the cohort of children and young people in the justice system has changed since the 12 months ending December 2005. While there are now fewer children and young people offending, these children and young people have committed more previous offences and may have more complex needs. In the year ending June 2015, the average number of previous offences per child or young person in the cohort was 2.49, remaining fairly stable from the year previous when it was 2.53, but an increase from 1.60 in the year ending December 2005.

An increased focus on diverting low-level offenders from contact with the youth justice system means that those entering the system now tend to have a more serious record of offending, which in turn is linked to a greater likelihood of reoffending.

The YJB is working to support local partnerships address these issues through its reoffending programme and through the development of the enhanced case management approach in Wales to address the complex issues and adverse childhood experiences that often underlie offending behaviour.

## Performance outcomes

We believe that the positive outcomes in the areas described above were influenced by the following YJB activities over the past three years:

- the four year reducing reoffending programme was completed earlier this year, which is intended to support the reduction in reoffending by children and young people
- £1.7m was provided over the last three years to fund resettlement consortia to support children and young people leaving custody
- The YJB supported the transition between G4S and MTCnovo, when MTCnovo took over the Rainsbrook Secure Training Centre (STC) contract for the new service in May 2016. This was to ensure that there were secure accommodation options for sentenced and remanded children and young people should placement in an under-18 young offender institution be unsuitable. This is vital if we are to reduce reoffending
- YJB Cymru led on the development and evaluation of an enhanced case management approach in Wales to help respond to the root causes of offending behaviour.

Further information on these activities and the YJB's performance in 2016/17 is in the 'Our Work in 2016/17' section on page 16.

# OUR WORK IN 2016/17

Our Business Plan for 2016/17 sets out the annual programme of work that we consider will make a real impact on the youth justice system and build on the achievements outlined earlier. This section summarises our progress and achievements against the plan and the four strategic end benefits contained within it. It also contains other key information about work we have undertaken during the year.

The four benefits are:

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

## Benefit 1: reduce the number of children and young people in the youth justice system

### Youth offending team (YOT) performance

The performance of YOTs has remained steady during the year with nine YOTs requiring direct support above and beyond that normally offered by the YJB.

Some examples of our intervention with YOTs in the year included:

- support to local authority improvement by scoping projects and providing project management resource
- case management quality assurance training and review
- YOT management board development and training
- review role, for example, with key policies and procedures such as risk management
- access to sector led support from peer reviews to mentoring
- AssetPlus follow-up training and structural support.

### Assessment and information sharing

We developed AssetPlus the new assessment and planning interventions framework to ensure effective assessment and information sharing. It also replaces the current framework, 'Asset', and its associated tools. AssetPlus was designed to provide an end-to-end assessment and intervention plan, allowing one record to follow a child or young person throughout their time in the youth justice system.

Since 31 March 2017, 144 YOTs are now operating within the new framework. Deployment to most of the remaining YOTs is expected to be completed this summer (2017), with deployment to the secure estate continuing in 2017/18.

The YJB has started to collect and review feedback from YOTs through post implementation reviews, YOT quality surveys and initial evaluation interviews. Early findings report that the quality of assessments and intervention plans for children and young people had improved.

### AssetPlus

**“Our YOT is anticipating a greater focus on plans and the chance to improve these. The planning and supporting elements in AssetPlus will help with this.” – Mary Thirlaway, Team Leader at North Tyneside YOT.**

North Tyneside YOT went live with AssetPlus in April 2016 and all its staff were fully trained prior to its implementation.

In particular, staff have felt that the introduction of 'desistance theory' was helpful in their work. The YOT recognised the need to do more work on the quality of plans for the children and young people they worked with and to take account of the individual factors behind offending behaviour.

The YJB also developed the Youth Justice Application Framework (YJAF), to meet the needs of the youth justice system and replace outdated ICT applications.

The first phase was completed in 2015/16. Whilst some areas of the YJAF are still in development, it is already being used for:

- quarterly reporting including Welsh devolved indicators
- contract management and monitoring
- bed unlock (occupancy) data submissions
- reporting Community Safeguarding and Public Protection Incidents (CSPPI), which went live on 13 March 2017.

By the end of 2017, the framework will also include:

- processes to support the placing, receiving and management of a child or young person in custody
- the ability for secure estate practitioners to view and use AssetPlus
- a reoffending tool with the latest YOT Case Level Data.

## Policy, strategy and communications

The YJB has worked across Government and with the sector to influence policy and practice with the aim of improving the outcomes for children and young people in the youth justice system. In 2016/17 we have:

- Championed a distinct youth justice system by working with stakeholders to influence the Sentencing Council's guilty plea guidelines with regard to the needs and welfare of the child or young person.
- Shared our expertise and operational focus gained through our work with YOTs to support the Judicial Office's publication of youth specific Criminal Practice Directions on the use of live links with youth defendants.

There is significant evidence that children and young people in contact with the youth justice system have poorer health than the general population, and that improvements in health and well-being can help prevent involvement in crime and anti-social behaviour. We have promoted collaborative working and produced a suite of guidance to support local partnerships achieve the best outcomes for children and young people with health needs.

The YJB worked with NHS England and regional partners to publish the following guidance documents:

- *"Improving Health and Justice Outcomes Through Collaborative Working: Guidance for Youth Offending Partnerships"*
- The *"Liaison and Diversion YOT information guide"* to provide more information about the rollout of NHS England Liaison and Diversion services across the country.

Both publications are available on the Youth Justice Resource Hub at: <https://yjresourcehub.uk>

## Effective practice

We continue to help identify and disseminate effective practice to practitioners, including generating and using high quality evidence to help improve performance.

Since its launch in June 2016 the Youth Justice Resource Hub continues to receive new users with over 1,600 accounts registered.

We have increased the amount and type of material that we publish to increase the reach of our information. We have uploaded around 300 items to the new site which has received nearly 32,000 hits since the site went live.

In Wales, Hwb Doeth Online (Knowledge Hub) will be a parallel repository for research, evaluation and other materials about youth justice in Wales. YJB Cymru are developing the site in conjunction with the Welsh Centre for Crime and Social Justice as part of its work to strengthen links between YOTs, the secure estate and academic community in Wales. The site will go live later in the year.

## The Workforce Development Strategy

The Workforce Development Strategy 2017-20 was developed by representatives from the sector in the Youth Justice Workforce Development Council. The strategy which was published in April 2017, recognises the importance of a skilled workforce in preventing children offending, and in turning their lives around once they have entered the youth justice system. The strategy targets the specific needs of the secure estate workforce and the changing smaller cohort of children and young people who have more complex needs. It also looks at opportunities for YOTs.

At the heart of the Strategy is the Youth Justice Professional Framework (YJPF). Published in September 2016, YJPF provides staff working in the youth justice sector with an opportunity to develop their professional skills and knowledge. The YJPF was developed with Unitas, and is based on the existing Youth Justice Effective Practice Certificate (YJ EPC) and the Youth Justice Skills Matrix. The YJ EPC saw its 1000th participant trained during the year.

The Youth Justice Foundation Degree is available for all staff working in secure or community settings, or those who wish to do so and provides the skills and knowledge central to practice. The Degree was conferred by the University of Suffolk and Module 1 of the Degree started on 24 April 2017. The YJB has funded 40 youth justice degree places for secure estate workers as well as 40 places for the Effective Practice Certificate for community workers.

## Benefit 2: reduce reoffending by children and young people in the youth justice system

### Develop Rainsbrook Secure Training Centre (STC)

If we are to achieve a reduction in reoffending by children and young people then it is vital that there are secure accommodation options for sentenced and remanded children and young people who are not suitable for placement in an under-18 young offender institution (YOI). Towards ensuring this, a new better value contract for Rainsbrook STC was awarded in September 2015.

We supported the safe transition between G4S and MTCnovo, when MTCnovo took over the new service in May 2016. As well as generating savings of £7.9m, this new service includes:

- a multi-disciplinary Care Management Team, supported by psychologists, so that children and young people receive an integrated, personally tailored, sentence plan. Work will continue to deliver the plans and develop the interventions available to address children and young people's offending behaviour
- personalised education tailored to children and young people's needs
- an 'early days' centre, to help children and young people transition into the centre and allow thorough assessments to take place
- improved family involvement - MTCnovo is looking at holding a parents' evening for education and has sought ways of making it easier

for children and young people to stay in touch with families. For example they have piloted secure messaging between young people and families via electronic tablets and are upgrading the phone system to improve contact

- enhancements to the building to improve the environment for children and young people and to support closer working with health care providers
- a psychologically informed framework approach for integrated care of children and young people, working closely with NHS England - a plan for this was developed with NHS England in March 2017, to begin roll-out in summer 2017.

### The resettlement programme in England

The YJB established resettlement consortia to bring partners across custody and the community together to offer enhanced support for children and young people leaving custody. The aim is to improve their outcomes and reduce reoffending.

The YJB committed to funding the resettlement consortia for three years (with 2016/17 being the final year) to enable the consortia to provide enhanced resettlement services to children and young people. The three consortia are in North-East London, South London and South & West Yorkshire. Due to budget reductions, final year grants to the resettlement consortia were reduced to £75k each.

The 2016/17 funding was used to help the consortia transition to a 'business as usual' model, with the functions of the consortia absorbed within local authorities as far as possible. The YJB worked with the consortia to support

this transition with all consortia areas maintaining their established structures/governance and pathways/processes. The two London consortia have secured funding from MOPAC to train staff and deliver interventions for children and young people experiencing complex trauma. All youth offending teams (YOTs) continue to provide core resettlement services to children and young people leaving custody as required under the National Standards for Youth Justice Services. A process evaluation of the consortia has been completed and is to be published during 2017.

A Turn Around to Work (TAtW) pilot had limited success in securing referrals or work placements for young people leaving custody – there were 35 referrals in total that translated into just 5 placements across both pilot areas. A review identified that a much greater emphasis is needed on preparing and supporting young people in order for them to be considered "work-ready" by employers.

As a result, TAtW was relaunched through a single, nationwide strategic forum in June 2016. The forum convened a network of employers, youth justice practitioners, voluntary sector partners, programme operators and government departmental representatives to focus on facilitating local solutions to prepare young people in the youth justice system for work.

The YJB is working with the Ministry of Justice's Youth Justice Policy Team and the Youth Justice Reforms Programme, to take forward learning and key stakeholder relationships from TAtW and align these to the commitments to improve the

employability of young people in youth custody. This includes them accessing apprenticeships or work placements.

## The reducing reoffending programme

In March 2017 the YJB completed its four year reducing reoffending programme work which we hope will support the reduction in reoffending by children and young people. The YJB engaged with 66 YOT partnerships on a risk led basis. All YOT partnerships engaged in the programme used the YJB reducing reoffending toolkit to analyse local reoffending cohorts and take actions to address the issues identified. 90% (59) of the YOTs that we have worked with had action plans in place to drive performance improvements to reduce reoffending. We spoke to half of these YOTs and to date 57% (16) reported a positive local direct or indirect impact on reoffending following use of the toolkit.

### Reducing reoffending

#### Performance improvements contributed to a 12% reduction in reoffending

Brighton and Hove Youth Offending Service undertook a suite of strategic and operational service wide improvements. Using toolkit analysis supported by the Strategic Management board, they saw a 12% reduction in the service's overall reoffending rate.

In November 2016, we published practice guidance on the Youth Justice Resource Hub called 'Understanding and Improving Reoffending Performance'. It provides a summary of learning from the

programme with implications for practice and draws together all that we have learned working with YOTs over the last four years.

## An enhanced case management (ECM) approach

To develop ECM, YJB Cymru worked collaboratively with the Welsh Government, YOTs and the All Wales Forensic Adolescent Consultation and Treatment Service (FACTS). It is built on the Trauma Recovery Model, a seven-stage model that looks at the intervention or support required to address the complex issues and adverse childhood experiences that often underlie offending behaviour.

A two year test in three Welsh YOTs of ECM concluded in March 2017. An independent evaluation published in March 2017 concluded that YOT practice had improved as a result of the ECM approach. It helped improve the understanding, skills and practice of YOT workers, as well as the way agencies as a whole worked with children young people.

From April 2017 the ECM was trialled across South Wales, the YJB is also undertaking work to scope a pilot in England.

### An enhanced case management model (ECM)

**"My YOT worker is actually ok, he trusted me and helped me open up and talk about my problems"** – young person supported using ECM

### An enhanced case management model (ECM) continued

Carmarthenshire Youth Offending Service used the ECM model to support their work with a 16 year-old boy. He and his family had been involved with child protection services on-and-off since he was young. His offending history included criminal damage, theft, causing nuisance, and violence against a person.

The YOT chose to use ECM to ensure that the support they provided aligned with the young person's emotional developmental needs.

The work focussed on establishing a stronger working relationship with the boy's case manager. This was achieved by spending time finding out about him, being flexible about contact arrangements and sequencing interventions recognising that building a successful positive relationship was a first step before addressing offending-related issues.

The young person experienced some improvements during the trial. Firstly, his relationship with his YOT worker improved. This was highlighted by him as well as YOT staff. The young person experienced a number of knock-on effects from this improvement in relationships and "opening up". He agreed to take part in a mental health assessment. Following this, he engaged with a specialist worker who helped to address his substance misuse and mental health concerns.

As a result of the case formulation and the in-depth knowledge it provided about the young person, the YOT worker was able to more effectively advocate on his behalf with other services and to encourage him to re-engage with education and to start college. He was also supported to access accommodation and more stable living arrangements.

### Benefit 3: improve the safety and wellbeing of children and young people in the youth justice system

The youth justice annual statistics show a sustained reduction in the numbers of children and young people going into custody. However, the youth secure estate now accommodates a higher proportion of children and young people who have committed serious offences, often involving violence. The statistics also show that whilst in custody those children and young people go on to harm themselves and others with increasing frequency.

The YJB has carried out the following work to improve the ability of the secure estate to safely accommodate children and young people and contribute to their positive outcomes.

#### Youth custody reform

In 2016/17 the YJB engaged with the youth justice review conducted by Charlie Taylor and contributed our views on the challenges facing the secure estate and the potential solutions to those challenges.

We welcome Charlie Taylor's conclusions and the government's response to his recommendations that the secure estate should consist of small units, locally based with high ratios of staff to children, with staff specifically trained to work with children who have highly complex needs.

We recognise that the scale of change envisaged will take time and have worked with colleagues in the Ministry of Justice to establish a programme of work that seeks to make a series of improvements to the existing estate in the short to medium term. Central to this is the need to support staff with the right training and development.

The YJB have developed high quality bespoke training for those working in the field of youth justice and we have worked with Ministry of Justice colleagues on how training such as this could be rolled out more widely.

#### Secure estate monitoring

Against the backdrop of a challenging and changing youth secure estate it is important that the YJB is able to identify, capture and address concerns and problems. To this end the YJB has reviewed the way it monitors the youth secure estate, reinforcing the need for child safety to be central to our monitoring activity. We have also worked with our advocacy provider to develop changes to their service to help children and young people better understand and exercise their rights.

To safeguard and protect the wellbeing of children and young people in custody we worked with the Ministry of Justice and the Office of the Children's Commissioner to implement an enhanced system of scrutiny, support and performance improvement. The project was completed in March 2017, and the new framework went live in April 2017. Activities are ongoing to ensure that the framework embeds changes in the following areas:

- a new risk led approach to monitoring will allow a stronger focus on safeguarding, children and young peoples' rights and provider practice
- a strengthened focus on joint working will drive an increased use of multi-agency intelligence and expertise
- new systems and processes designed to support monitoring that include a revised, more focused suite of performance indicators, a new performance tool for secure training centres (STCs), and a range of templates to support consistent recording across all establishments
- an increase in the number and seniority of monitoring staff
- a new approach to engaging with providers that balances performance improvement, support and practice development with the use of escalation levers and contract management.

A 'Transition to Business as Usual' plan is now in place to make sure that the work is fully embedded and that the benefits are realised.

#### STC changes

The YJB has made a range of changes to STCs during 2016/17. This included overseeing the mobilisation of a new provider at Rainsbrook STC who introduced a range of changes to both the regime and management of the centre.

In May 2016 the Secretary of State for Justice announced changes to the management of Medway STC. This involved the then National Offender Management Service (NOMS -now HM Prisons and Probation Service) taking over the running of the centre from G4S in July 2016.

The YJB worked closely with NOMS and G4S to facilitate that transition.

The YJB also worked with Oakhill STC to address a range of operational challenges they were facing.

### Minimising and managing physical restraint

The minimising and managing physical restraint (MMPR) programme aims to ensure that operational staff in under-18 young offender institutions (YOIs) and STCs are equipped to effectively and safely manage children and young people's behaviour in a way that minimises the need to use physical restraint.

This system provides not just new safer techniques for restraining children and young people when violent incidents occur but trains staff in how to prevent and de-escalate potential violent incidents. Despite the increasing violence in the youth secure estate the use of restraint has not become more frequent, with the rates of restraint declining from the year ending 2014 to the year ending 2016.

During the year we have managed the roll-out of MMPR so that by the end of the year all STCs and YOIs have received the system with the exception of Parc YOI where the rollout commenced but will conclude in 2017. In the coming year we will monitor how MMPR is operating across the STCs and YOIs.

### Safeguarding capital improvement

During the year we invested around £2m on improvements across the

estate to focus on the safety of children and young people. Examples include our work to improve CCTV systems and coverage at a number of sites, this helps ensure that in the majority of areas of the secure estate if an incident occurs there is good quality CCTV footage available for review. We have also invested in Body Worn Cameras that mean that areas where CCTV is inappropriate can also be filmed if there is an incident, these cameras provide up-close footage and also audio to ensure that any issues or concerns can be looked at in detail.

### Custody placement service

The appropriate placement of children and young people into custody is a priority for the YJB. We have undertaken a review of our placement processes to help us, youth offending teams (YOTs) and the secure estate understand how placement decisions can better support case management and resettlement. The outcome of the review will be available on GOV.UK later in 2017.

### Counter-terrorism

The counter terrorism project recognises that under-18s have distinct issues and challenges around extremism. The YJB continues to work with partners, including the police and HMPS to help identify children and young people at risk of being drawn into extremism, in addition to supporting those who have become engaged already.

Solid foundations have been put in place to ensure that where children and young people are involved in police investigations, age-appropriate advice and support is offered.

Information and intelligence sharing processes are also being established in order to be more joined up. This collaborative working will continue in order to build capacity and capability both in the secure estate and within the community.

### Trauma-informed practice and workforce development in Wales

Most aspects of policy for the development of the children's workforce in Wales are devolved to the Welsh Government. The YJB worked with the Welsh Government and the All Wales Facts to provide training in attachment theory, child development and trauma-informed practice to the majority of staff at Parc YOI. This followed similar training that was accessed by staff in Hillside secure children's home and delivered as part of the development of enhanced case management in a number of Welsh YOTs. This complements the introduction of MMPR at Parc YOI and forms part of actions under the joint YJB and Welsh Government strategy to achieve a trauma-informed workforce across the youth justice sector in Wales.

## Benefit 4: improve the positive outcomes for children and young people in the youth justice system

### Skype Pilot

In April 2016 the YJB completed a pilot on the use of Skype. The aim of the project was to improve the way children and young people in custody stayed in touch with their families and to help prepare them for release. In partnership with Swansea University the YJB produced a report on the findings from the pilot. The report concluded that staff at Parc under-18 young offender institution (YOI), youth offending team (YOT) and resettlement workers and family members regarded the use of Skype as a worthwhile initiative. As a result Parc YOI now has Skype available as business as usual. A report on the Skype project is available on the Youth Justice Resource Hub.



**Colin Allars**  
Chief Executive  
Date: 13 July 2017

### Skype

**“Providing young people with more options to stay in touch benefits us all”** – Senior Resettlement Manager, Parc YOI

A 17-year-old boy was placed into custody at Parc YOI shortly after his mother had suffered a serious illness.

Staff at the YOI wanted to ensure that he was able to maintain contact with his mother despite her inability to travel.

A video call was set up between the young person and his mother, who had since been moved to a care home. At the time of the call, it had been almost a year since they had seen each other.

The use of Skype enabled a very emotional reunion. The young person was supported throughout by a member of staff from the establishment. The experience of seeing his mum boosted the young person's self-esteem and motivated him to make a go of his life on release. He has since found himself a job.

Natasha Shalton, the Senior Resettlement Manager at Parc YOI said:

*“Skype has proven to be a useful aid in helping families stay connected. While most young people have regular family visits, there can be a variety of circumstances that reduce the frequency of face to face contact. For those individuals, Skype can be an invaluable support which enables young people to feel less isolated and more involved in the family unit.*”

*“A stable and supportive family network can often be a key area in reducing reoffending and so providing young people with more options to stay in touch benefits us all.”*



## 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**
-

# CORPORATE GOVERNANCE REPORT

This section of the report outlines the YJB's governance over 2016/17.

## Board Report

### 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:

- Charlie Taylor (Chair)\*
- Lord Tom McNally (Chair)\*
- David Banks (Chair of the Finance, Audit and Risk Assurance Committee)
- Rob Butler
- Christine Davies CBE (Chair of the Remuneration and Personnel Committee)
- Dr Gillian Fairfield (Chair of the Performance Committee)
- Dr Carol Homden CBE
- Seamus Oates
- Neil Rhodes
- Amanda Sater
- Dr Tony Sewell
- John Wrangham MBE (Co-Chair of the Wales Youth Justice Advisory Panel)

\* Lord Tom McNally's tenure as the Chair ended on 17 March 2017, Charlie Taylor's appointment as the Chair began on 18 March 2017.

The biographical details of the YJB's Board members are available online 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)

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).

The Finance, Audit and Risk Assurance Committee oversees the YJB's internal control arrangements, the operation of the internal and external audit service, and the management of risks. This work is explained in detail in the Governance Statement on pages 27 to 37.

### Executive Management Group

At 31 March 2017, the YJB's Executive Management Group (EMG) consisted of the following personnel:

#### Collin Allars

Chief Executive

#### Dr Louise Falshaw

Director of Partnerships and Performance

#### Dusty Kennedy

Director of YJB Cymru

#### Sara Robinson

Director of Operations and Commissioning

#### Ann Skamarauskas

Director of Human Resources

#### Martin Skeats

Director of Finance and Business Assurance

A list of all EMG members who were in post during the year is shown in the Remuneration Report on page 40 to 41

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 26.

### Company directorships and other significant interests

There are no company directorships or other significant interests held by members of the management board which may conflict with their management responsibilities.

### Personal data incidents

There was one personal data related incident reported to the Information Commissioner's Office (ICO) in the year. In May 2016, 40 files held by a contracted provider (for which the YJB is joint data controller with the MoJ) of escort services for young people in secure training establishments were removed from the provider's depot. The documentation included names, offences, young persons' background and risk assessment. Seven files have been recovered. The police, ICO and young people affected were notified. The ICO closed its investigation taking no action.

### 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 2.1 (see page 65). 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 Youth Justice Board (YJB) as the Accounting Officer for the YJB. The responsibilities of an Accounting Officer are set out in *Managing Public Money*<sup>10</sup> published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, responsibility for keeping proper records and responsibility for safeguarding the YJB's assets.

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the

Government *Financial Reporting Manual* and, in particular, to:

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

The Accounting Officer also confirms that:

- as far as he is aware, 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 the 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: 13 July 2017

<sup>10</sup> See: [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)

## Governance statement

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

As Chief Executive and YJB Accounting Officer, I am 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*<sup>11</sup>. 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 place the utmost reliance on the assurances given to me by my predecessor, Lin Hinnigan, who was Accounting Officer up to 18 July 2016. She has provided me with a letter of assurance confirming that she is not aware of anything that was within her 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, which sets out the following:

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

The Framework Document is reviewed every three years, with the latest update agreed in July 2014. The YJB has proposed that it should review the Framework Document with the MoJ during the course of 2017/18.

## Strategic and business planning

The YJB Strategic Plan 2015-18 sets out the YJB's vision and mission statement. The YJB's Strategic Plan is published on GOV.UK and can be found online 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)

## The YJB Chair, Board and committees

### Chair and Board

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

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. It currently has 11: the Chair, Charlie Taylor, and 10 others from backgrounds including education, health, the police, the voluntary and community sectors, and the private sector. The YJB members include specific representation for Wales. A list of YJB members and a brief biography can be found on GOV.UK: <https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership>

The Chief Executive and Directors of the YJB also attend Board meetings. The Board formally met four times during 2016/17. A schedule of attendance is shown in the following table.

11 See: [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)

## YJB Board meeting attendance 2015/16

| Member  | 26/05/2016 | 17/08/2016 | 16/11/2016 | 01/03/2017                  |
|---|------------|------------|------------|-----------------------------|
| <b>Youth Justice Board members</b>  |            |            |            |                             |
| David Banks   | ✓          | ✓          | ✓          | ✓                           |
| Rob Butler  | ✓          | ✓          | ✓          | ✓                           |
| Christine Davies  | ✓          | ✓          | ✓          | ✓                           |
| Gillian Fairfield   | ✓          | x          | ✓          | ✓                           |
| Carol Homden  | x          | x          | ✓          | ✓                           |
| Lord Tom McNally <sup>12</sup>  | ✓          | ✓          | ✓          | ✓                           |
| Seamus Oates  | ✓          | x          | ✓          | ✓                           |
| Neil Rhodes   | x          | ✓          | ✓          | ✓                           |
| Amanda Sater  | ✓          | ✓          | ✓          | Tenure ended<br>17 November |
| Tony Sewell   | ✓          | ✓          | x          | ✓                           |
| John Wrangham   | x          | ✓          | ✓          | x                           |
| <b>Chief Executive and Directors</b>  |            |            |            |                             |
| Lin Hinnigan<br>Chief Executive (until 18/07/2016)                                    | ✓          | n/a        | n/a        | n/a                         |
| Colin Allars<br>Chief Executive (from 19/07/2016)                                     | n/a        | ✓          | ✓          | ✓                           |
| Louise Falshaw<br>Director of Partnerships and Performance                            | ✓          | ✓          | x          | ✓                           |
| Dusty Kennedy<br>Director of YJB Cymru  | ✓          | ✓          | ✓          | ✓                           |
| Kate Morris<br>Director of Operations<br>(on maternity leave from 29/08/2016)         | ✓          | n/a        | n/a        | n/a                         |
| Sara Robinson<br>Director of Operations and Commissioning<br>(from 24/10/2016)        | n/a        | n/a        | ✓          | ✓                           |
| Ann Skamarauskas<br>Director of HR (from 01/12/16)                                    | n/a        | n/a        | n/a        | ✓                           |
| Martin Skeats<br>Director of Finance and Business                                     | ✓          | ✓          | ✓          | ✓                           |
| Kevin Venosi<br>Director of Commissioning and Change<br>Programmes (until 30/11/2016) | ✓          | ✓          | ✓          | n/a                         |

<sup>12</sup> Tenure as the Chair ended on 17 March 2017, Charlie Taylor's appointment as the Chair began on 18 March 2017.

<sup>13</sup> Where a director was not in post or was on maternity leave at the time of the meeting, this is indicated by "n/a".

### Committees

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

The committees are attended by Board members, members of the EMG and, 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 Wales Youth Justice Advisory 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. The strategy is available online at: <https://www.gov.uk/government/publications/youth-justice-strategy-for-wales-children-and-young-people-first>.

The Panel also reviews and scrutinises youth justice performance in Wales and acts as a stakeholder reference group for the Welsh Government and YJB Cymru. It 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 and the Welsh Centre for Crime and Social Justice (WCCSJ).

The Wales Youth Justice Advisory Panel also 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 in order to inform policy formulation.

The committees meet quarterly, with the exception of the Remuneration and Personnel Committee, which meets at least three times a year.

The work of the Board and its committees is formally prescribed in the YJB 'corporate governance document set', which includes the committee's *Terms of Reference*, *YJB Standing Orders*, *the Code of Conduct for YJB Board Members*, and *the YJB Scheme of Delegation*. The corporate governance document set is reviewed annually 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. The committee was chaired by David Banks.

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 Performance Committee was chaired by Gillian Fairfield.

The Wales Youth Justice Advisory Panel is a body jointly convened by the Welsh Government and the YJB. The panel oversees the YJB's work to achieve strategic objectives in relation to Wales, and acts as a strategic stakeholder reference group for YJB change initiatives in Wales. The Wales Youth Advisory Panel was jointly chaired by John Wrangham and a senior civil servant of the Welsh Government.

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 committee met three times during 2016/17. The Remuneration and Personnel Committee was chaired by Christine Davies.

### The Executive Management Group

The YJB Executive Management Group (EMG) ensures delivery of the *Strategic Plan (2015-18)* and *Business Plan (2016/17)*. It is comprised of the Chief Executive and directors of each directorate.

The roles of the YJB directorates are as follows:

- **Partnerships and Performance**  
Strategy, policy, youth offending team (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.
- **Operations and Commissioning**  
Change programmes, police liaison, placements, secure contract management and the YJB's secure estate commissioning activity.
- **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**  
Finance, ICT, assurance, risk, governance, facilities management, shared services.
- **Human Resources (HR) Directorate**  
Organisational development, HR Strategy, leadership and support for transformational change and people development programmes.

### Youth justice in Wales

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

The directorate is led by the Director of YJB Cymru, who works in close contact with John Wrangham, the YJB Board member with lead responsibility for Welsh issues.

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

Responsibility for oversight and support of youth justice services in the community and secure estate as well as the operation of the effective practice cycle in Wales rests with YJB Cymru.

## Account of corporate governance

### Parliamentary accountability

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

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

The Chair of the YJB is responsible to the Secretary of State for Justice. The YJB's Framework Document states that the Chair is also responsible for ensuring that activities support the Minister for Youth Justice and the MoJ's wider strategic policies, and that the YJB's affairs are conducted with probity.

The Chair, Chief Executive and other senior YJB officials can appear before Parliamentary committees, commissions and inquiries to give evidence about the work of the YJB, the youth justice system more generally, and the use and stewardship of the public funds entrusted to the YJB.

In May 2016, the then Chair gave evidence to the Justice Select Committee's Restorative Justice Inquiry on the use or potential use

of restorative justice in the criminal justice system. During the year he also met with a number of Parliamentarians and Police and Crime Commissioners to discuss youth justice issues. Both the Chief Executive and the Chair met regularly with the UK Government Minister responsible for youth justice, and the Chief Executive met regularly with the MoJ Director with responsibility for youth justice policy. The YJB Chief Executive and Director of Finance and Business Assurance also met with the MoJ sponsor unit for quarterly business assurance meetings to discuss performance, budget management and risk.

The Director of YJB Cymru, the Board Member for Wales and the Chair also met regularly with the Welsh Government Cabinet Secretary with responsibility for Children and the interface with youth justice.

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 31 Parliamentary Questions.

In July 2016 the YJB closed its final outstanding recommendation from the Public Accounts Committee report: *The Youth Justice System in England and Wales: Reducing Offending by Young People*. The recommendation stated that, “The Board should be much more active in building its knowledge of commonly used interventions, understanding their effectiveness, and disseminating this information to youth offending teams across England and Wales, including by providing example course material and content.”

### **The role of the Board**

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

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

### **Board effectiveness**

The Chair of the YJB has an established performance appraisal system for Board members. Board members agree their objectives with the Chair at the beginning of the financial year. End-of-year appraisals are signed off by the Chair and respective Board member. All appraisals have been completed for 2016/17. 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 June 2016, having completed a survey addressing the different aspects of its role. Following this, it

reviewed and updated its scheme of delegation, standing orders and its committee terms of reference in its meeting of August 2016.

### **Youth Justice Review**

In December 2016, the Charlie Taylor Review was published and made a number of recommendations for the youth justice system. In February 2017, the Secretary of State announced changes in the youth justice system which include transferring functions and operational activities from the YJB.

The YJB’s operational function will be amended as a result of the Secretary of State’s decision and a note in relation to this has been included in the Accounts under the ‘Events after the reporting period’ section.

### **The YJB Triennial Review – control and governance**

As part of the government’s then Triennial Review programme, all non-departmental public bodies (NDPBs) were reviewed every three years to assess whether their individual functions require continuation, and whether the NDPB is the correct body to carry out those functions. The YJB was reviewed in 2013, and a total 40 recommendations were made, focusing on improvements to accountability, clarity of roles, and effective financial management. The outstanding recommendation relating to the assessment of junior assessment centres closed in June 2016.

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

As mentioned on page 29, 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, youth reoffending rates, reducing the use of custody, and the custodial population
- a performance and risk assessment of YOTs and the secure estate
- YJB corporate data in relation to finance and human resources
- a summary of progress against corporate objectives.

Information in the Corporate Performance Report is drawn from the Police National Computer, case management data submitted by YOTs through the Youth Justice Application Framework (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 2016/17, the YJB allocated £71.2m 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 grant were signed by the chair of each YOT management board, the local authority chief financial officer and the YOT manager as proof of acceptance prior to funding being released by the YJB. Costed youth justice plans were also received in advance. Audit certificates signed by the local authority chief financial officer and the YOT manager were received at the end of the financial year to evidence regularity of expenditure.

The YJB's approach to overseeing performance and driving improved outcomes 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) and National Standards, as well as considering YJB-held knowledge of YOT issues and development (including progress against post-inspection improvement plans). This work is supported by an annual review of the youth justice plan for each service. Where progress proves difficult to sustain, an escalation process is in place which includes escalation to both chief executive and ministerial levels.

The YJB's internal audit service conducts an annual audit of the governance of grants, to provide an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2016/17, this involved the team visiting a sample of six YOTs to review their financial and governance arrangements. The final audit report returned a 'substantial' rating, the highest of four possible ratings, with no critical or significant areas of weakness identified.

### Internal audit

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

| <b>Audit undertaken</b>   | <b>Assurance Rating*</b> |
|---|--------------------------|
| Governance of under-18 young offender institution (YOI) Reforms | Substantial              |
| YJB Application Strategy  | Substantial              |
| Assurance Framework – Phase 1                                   | Moderate                 |
| Follow-up and HR Services                                       | Moderate                 |
| Junior Attendance Centres                                       | Limited                  |
| Governance of Grants  | Substantial              |
| Assurance Framework – Phase 2                                   | Moderate                 |
| Secure Monitoring Framework                                     | Moderate                 |
| Benefit Realisation   | Moderate                 |
| Medway secure training centre (STC) – contract management*      | Unsatisfactory           |
| Rainsbrook STC – contract management*                           | Limited                  |
| Oakhill STC – contract management*                              | Limited                  |

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

Following concern about performance at Medway STC, contract management audits were carried out for Medway, Rainsbrook and Oakhill STCs, on behalf of the Permanent Secretary as Principal Accounting Officer. The scope of the audit included a review of the management of the STC contracts from planning and governance, through to service delivery and payment. The

Medway report identified significant weaknesses and was rated 'unsatisfactory'. The Rainsbrook and Oakhill audits were rated as 'limited.' Immediate steps were taken to address the weaknesses identified. The YJB conducted a fundamental review of secure estate monitoring and responded with the implementation of the Secure Monitoring Implementation Board

(SMIB). The SMIB met monthly with its primary objective to put in place an enhanced system of monitoring to aid the safeguarding of young people. This framework was further reviewed by internal audit and received an assurance rating of moderate (second highest).

### 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 2016/17 concluded that a 'moderate' level of assurance can be given, an equivalent rating to that for 2015/16.

### 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
- access relevant training – for example, information assurance training is compulsory for all staff.

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

risk processes, enhancing the EMG's capacity to monitor and manage risks.

#### The risk and control framework

The YJB's Risk Management Framework informs the YJB's risk management system, aligning with HM Treasury's *Orange Book, Management of Risk – Principles and Concepts* (2004) and with the MoJ's *Risk Management Policy* (April 2010). The framework is reviewed by the Board every 2 years and is due for its next review in February 2018.

In accordance with the risk and control framework, the Corporate Risk Register is renewed annually, by the Board and EMG, as part of the business planning process.

Some of the 2015/16 risks had aspects absorbed or continued on the new 2016/17 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, 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 including:

##### • Risks to the secure estate

The Committee provided oversight and assurance to the Board of the management of strategic risks. This involved regular reviews of the high rated risks including the risk that children and young people in the secure estate are not safe. In accordance with this the Committee continued to monitor the situation at Medway STC and the other STCs.

### Transition to shared transactional services and Single Operating Platform

At the end of January 2017, the Ministry of Justice (MoJ) moved its HR, finance, payroll and procurement services from the Phoenix platform to a new IT system called the Single Operating Platform (SOP). This is part of the Cabinet Office's next generation Shared Services Strategy which sets out a new model to share HR, procurement, finance and payroll functions and join up ways of working across government.

As with any system migration there are a number of defects in reporting and controls which are being resolved with SSCL, the Shared Service provider; whilst none of these issues are deemed to be significant there are multiple issues which when combined have hampered the YJB's ability to report accurately on a timely basis across HR and Finance activities.

Additional assurance procedures and control assessment work have been implemented across the group as part of the production of the financial statements, this will form the focus for controls and systems optimisation in the coming financial year.

During the year the YJB restructured its back-office finance function. This included a change in finance to rely on shared services provided by the MoJ. The cross Government shared service operation is subject to a range of independent assurance activity summarised below:

- An ISAE3402 report from PWC (covering the service organisations controls framework and assurance).

- The programme of internal audit work specified by the Cabinet Office and delivered by SSCL's internal auditors (BDO).
- Other assurance activity at the Cabinet Office level, including work by the Government Internal Audit Agency (GIAA) and a security accreditation report.

Work by the Cabinet Office has seen a number of customers migrated on to the Single Operating Platform.

The ISAE3402 report for 2016-17 has confirmed the vast majority of key controls are operating as designed. However, the report was qualified by PwC because of exceptions found in the operation of 29 controls (of which 16 relate to the MoJ). The MoJ and GIAA have reviewed these exceptions and concluded that, while of concern, none are fundamental to the Department's financial statements or governance statement.

Other assurance activity, while not reporting any material weaknesses, continues to highlight areas of improvement needed by SSCL.

The principal risks and mitigating actions identified during 2016/17 were as follows.

### **1. The YJB is unable to sustain its contribution to the delivery of youth justice services during a period of transition**

The YJB's budget allocation for the year was reduced and consequently this impacted on the funding available for YOTs and the secure estate.

There was also uncertainty generated by the Charlie Taylor

review for the youth justice system, including the YJB. Mitigating actions included:

- The YJB focussed on supporting youth justice services to protect the safety and wellbeing of children and young people. This was through a high risk period before the review reported and detail was released on how the reforms were to be developed and implemented.
- Regular contact with the MoJ on how the review was developing throughout the year ensured that the YJB was in a position to advise on specific youth justice aspects and communicate with its stakeholders and partners as appropriate.

### **2. The YJB is unable to positively influence the future of youth justice**

The youth justice reforms must address the many challenges the system faces without undermining the considerable successes it has achieved. It was acknowledged that the reforms must learn from current and past practice, draw on the expertise of the sector, its partners and stakeholders, and listen to the views of children and young people. A mitigating action included:

- the YJB has provided advice to the review team

### **3. Children and young people in the secure estate are not safe**

The problems in the youth secure estate, in under-18 young offender institutions (YOIs) and STCs in particular, are well-documented. The youth secure estate now accommodates a higher proportion

of children and young people who have committed serious offences, often involving violence. The statistics show that whilst in custody those children and young people go on to harm themselves and others with increasing frequency. Mitigating actions included:

- The risk that particular children and young people are not safe on a day-to-day basis is managed through the activities of the YJB Placement Service. When concerns have arisen that a site could not accommodate specific needs or volumes of children and young people, the YJB has swiftly moved them to more appropriate placements. The YJB is also increasingly involved in identifying those children and young people in the estate with acute needs and ensuring that their placement remains the most appropriate and supportive environment available for them.
- The YJB view of the secure estate is informed by its monitoring activity. During 2016/17 the YJB reviewed its approach to monitoring, reinforcing the need for child safety to be central to our monitoring activity. Our staff are increasingly available to children and young people and are focused on improving practice in secure settings. We have increased the number and seniority of staff and rolled out enhanced training for our monitoring team. We have also worked with our advocacy provider to develop changes to their service to help children and young people better understand and exercise their rights.

- Where a provider is not performing well in its management of children and young people we have used our influence and levers to drive change. We have instigated major commercial action to drive change in provider performance during 2016/17 and seen some specific measurable changes in key areas as a result.
- We have invested funds in infrastructure changes to improve safety for children and young people and engaged in wider programmes to roll-out improved training and engagement techniques for staff working with children and young people to better enable them to manage behaviour.
- In June 2016, responsibility for this risk was shared with the MoJ. From December 2016, the threat had diminished and it was agreed the risk would be managed solely by the YJB.

**4. The 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 have a negative impact on the youth justice system. Mitigating actions included:

- A Senior Information Risk Owner is appointed and reviews quarterly the Information Assurance risks and their mitigation.

- The MoJ acts as our Intelligent Client with service agreements in place and attendance at the ICT Programme Board governing all ICT across the YJB.
- In Wales we have improved communication between community and custody to ensure a more streamlined flow of information between YOTs and the secure estate.
- Following the successful deployment of AssetPlus into all YOTs across England and Wales (two remain outstanding), issues were identified relating to the transfer functionality of AssetPlus. A Case Transfer Project is working to make improvements and governance is in place to manage and oversee this work

**5. The YJB fails to monitor the youth justice system effectively**

A key function of the YJB is to monitor and oversee the youth justice system. A failure to carry out this responsibility would be a threat to delivery in the secure estate and the community operations. Mitigating actions included:

- Secure Estate Monitoring has been enhanced by the cross-deployment of staff from community-facing teams, from project-focused staff and through the geographical redeployment of staff within the team.
- YOT performance was monitored and appropriate action was identified and taken through the YOT Commissioning Oversight Group (YCOG).

- All staff with operational contract management within their role are undertaking the International Association of Commercial and Contract Management professional qualification.
- A senior YJB staff member is permanently based at Medway STC to lead on engagement with NOMS, (now HMPPS) over the service delivered at that site.
- A senior staff member has been appointed to lead on Placements and secure estate monitoring. This is being supported by a reallocation of work within the Operations Directorate to ensure sufficient resources are in the correct areas.
- A range of improvements to the YJB contract management and monitoring has been implemented including changes to the performance management framework for STCs to provide clarity on the current system. Enhanced process and management checks are being implemented around this system.
- YJB Cymru operates an end to end performance framework for the community and secure estate sectors in Wales, monitoring performance and the safety of children and young people.
- YJB Cymru also monitors the performance of YOTs on a quarterly basis and works closely with them to address any identified issues. This has resulted in significant improvements in the performance.
- The Secure Estate Governance Board is in operation. The YJB scrutinises the Secure Estate

Performance Report from the Governance Board ahead of further scrutiny from the YJB's Performance Committee. The Emergency Response Group meets to create governance around exceptional situations. The STC Strategy Meeting has been established as enhanced governance in relation to STCs in response to the concerns at Medway STC and is chaired by the Director of Operations.

#### YJB assurance map

The YJB uses an 'assurance map' based on HM Treasury guidance. This is used to provide 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 1 of the internal audit's high level review of the framework was completed in 2015/16. 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 identified controls were working effectively in practice. These controls were to support the assurances as intended and the risk ratings. This was completed in 2016/17 and received a 'moderate' rating.

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

The YJB Information Assurance Policy ensures that the information held by the YJB is handled securely, appropriately protected, as accurate as possible, and made available to the right people, at the right time, for the correct reasons. The policy complies with the Cabinet Office *HMG Security Policy Framework*.

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).

The YJB received 32 freedom of information requests in the year of which 31 were answered within the statutory 20-working day deadline.

#### 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.



#### Colin Allars

Chief Executive and Accounting Officer  
Youth Justice Board for England and Wales

Date: 13 July 2017



# 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.

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 directly as Chair and permission was sought, and received from the Commissioner of Public Appointments not to run a competition in this case.

Lord McNally's term as Chair was for a period of three years ending on 17 March 2017 and Charlie Taylor commenced his term (two years) 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

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

Executive Directors are permanent employees, secondees and loans. YJB operates the Civil Service Compensation Scheme. Further information is available online at: <http://www.civilservicepensionscheme.org.uk/civil-service-compensation-scheme/>

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

## Remuneration and Personnel Committee

Our Remuneration and Personnel Committee meets at least three times a year and may meet at other times as outlined in Standing Orders. It has delegated authority to consider the annual appraisal of the Chief Executive, and to approve any changes to the remuneration of the Chief Executive and all 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 Chair, the Chair of the YJB Finance, Audit and Risk and Assurance Committee and two Board members, one of whom chairs the Remuneration Committee.

## Remuneration (audited information)

### YJB members and Executive Directors

The remuneration of the Chairman and YJB members is determined by the Secretary of State for Justice.

Board members' fees are £250 per day. Lord McNally and Charlie Taylor (Chair) are paid a salary. No pension benefits are paid to Board members.

For the year ended 31 March 2017, 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   | 2016/17                   |       |                  |  |         | 2015/16 |       |                  |                                      |         |
|--|---------------------------|-------|------------------|--|---------|---------|-------|------------------|--------------------------------------|---------|
|  | Salary                    | Bonus | Benefits in kind | Pension benefits (to nearest £1,000) <sup>14</sup> | Total   | Salary  | Bonus | Benefits in kind | Pension benefits (to nearest £1,000) | Total   |
|  | £'000                     | £'000 | £'000            | £'000  | £'000   | £'000   | £'000 | £'000            | £'000                                | £'000   |
| <b>Lord McNally</b><br>Chair (until 17 March 2017)                         | 40-45<br>(40-45<br>FYE)   | –     | 1.1              | –  | 40-45   | 40-45   | –     | 1.0              | –                                    | 40-45   |
| <b>Charlie Taylor</b><br>Chair (from 18 March 2017)                        | 5-10<br>(60-65<br>FYE)    | –     | –                | –  | 5-10    | –       | –     | –                | –                                    | –       |
| <b>Lin Hinnigan</b> <sup>15</sup><br>Chief Executive<br>(until 18/07/2016) | 50-55<br>(125-130<br>FYE) | –     | –                | 14   | 65-70   | 125-130 | –     | –                | 49                                   | 175-180 |
| <b>Colin Allars</b><br>Chief Executive<br>(from 19/07/2016)                | 75-80<br>(110-115<br>FYE) | –     | –                | 81   | 155-160 | –       | –     | –                | –                                    | –       |
| <b>David Banks</b> *<br>YJB Member   | 10-15                     | –     | 3.6              | –  | 15-20   | 10-15   | –     | 2.5              | –                                    | 10-15   |
| <b>Robert Butler</b> *<br>YJB Member                                       | 5-10                      | –     | –                | –  | 5-10    | 5-10    | –     | –                | –                                    | 5-10    |
| <b>Christine Davies</b> *<br>YJB Member                                    | 5-10                      | –     | 1.5              | –  | 10-15   | 5-10    | –     | 1.2              | –                                    | 10-15   |
| <b>Gillian Fairfield</b> <sup>16*</sup><br>YJB Member                      | 5-10                      | –     | 1.6              | –  | 5-10    | 5-10    | –     | 2.2              | –                                    | 5-10    |
| <b>Louise Falshaw</b><br>Director of Partnerships<br>and Performance       | 65-70                     | –     | –                | 30   | 95-100  | 40-45   | –     | –                | 17 <sup>17</sup><br>(65-70<br>FYE)   | 70-75   |
| <b>Carol Homden</b> *<br>YJB Member  | 5-10                      | –     | –                | –  | 5-10    | 0-5     | –     | –                | –                                    | 0-5     |
| <b>Dusty Kennedy</b><br>Director of YJB Cymru                              | 60-65                     | 0-5   | –                | 25   | 85-90   | 60-65   | –     | –                | 24                                   | 85-90   |

\* YJB Member appointments have been extended to 30 September 2017 by the Secretary of State.

<sup>14</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>15</sup> On leaving Lin Hinnigan received annual leave and PILON payments of £3.5k. This amount is included in the salary column in the table above.

<sup>16</sup> The board member fee for Gillian Fairfield was paid directly to Pennine Acute Hospitals NHS Trusts.

<sup>17</sup> Amount restated due to updated information from Pension provider.

| Name and title  | 2016/17                 |                |                              |  |                | 2015/16         |                |                              |  |                |
|---|-------------------------|----------------|------------------------------|--|----------------|-----------------|----------------|------------------------------|--|----------------|
|   | Salary<br>£'000         | Bonus<br>£'000 | Benefits<br>in kind<br>£'000 | Pension<br>benefits<br>(to nearest<br>£1,000) <sup>14</sup><br>£'000 | Total<br>£'000 | Salary<br>£'000 | Bonus<br>£'000 | Benefits<br>in kind<br>£'000 | Pension<br>benefits<br>(to nearest<br>£1,000)<br>£'000 | Total<br>£'000 |
| <b>Kate Morris</b><br>Director of Operations<br>(on maternity leave from<br>29/08/2016)                       | 80-85<br>(85-90<br>FYE) | 0-5            | -                            | 18   | 100-105        | 70-75           | -              | -                            | 34<br>(85-90<br>FYE)                                   | 105-110        |
| <b>Seamus Oates</b> <sup>18*</sup><br>YJB Member  | 5-10                    | -              | -                            | -  | 5-10           | 5-10            | -              | -                            | -  | 5-10           |
| <b>Neil Rhodes</b> <sup>19*</sup><br>YJB Member   | 5-10                    | -              | 1.1                          | -  | 10-15          | 5-10            | -              | 2.4                          | -  | 5-10           |
| <b>Sara Robinson</b><br>Director of Operations<br>and Commissioning (from<br>24/10/2016)                      | 35-40<br>(95-90<br>FYE) | -              | -                            | 15   | 50-55          | -               | -              | -                            | -  | -              |
| <b>Amanda Sater</b><br>YJB Member (until 17/11/16)  | 5-10<br>(5-10<br>FYE)   | -              | -                            | -  | 5-10           | 5-10            | -              | -                            | -  | 5-10           |
| <b>Tony Sewell</b> *<br>YJB Member  | 5-10                    | -              | -                            | -  | 5-10           | 0-5             | -              | -                            | -  | 0-5            |
| <b>Ann Skamarauskas</b><br>Director of HR<br>(from 01/12/16)  | 20-25<br>(65-70<br>FYE) | -              | -                            | 9  | 30-35          | -               | -              | -                            | -  | -              |
| <b>Martin Skeats</b><br>Director of Finance and<br>Business Assurance   | 70-75                   | -              | -                            | 23   | 95-100         | 70-75           | -              | -                            | 37   | 105-110        |
| <b>Kevin Venosi</b> <sup>20</sup><br>Director of Commissioning<br>and Change Programmes<br>(until 30/11/2016) | 65-70<br>(90-95<br>FYE) | -              | -                            | 56   | 120-125        | 85-90           | 0-5            | -                            | 37   | 120-125        |
| <b>John Wrangham</b> *<br>YJB Member  | 10-15                   | -              | 3.1                          | -  | 15-20          | 10-15           | -              | 2.1                          | -  | 10-15          |

\* YJB Member appointments have been extended to 30 September 2017 by the Secretary of State.

18 The board member fee for Seamus Oates was paid directly to The Bridge AP Academy.

19 The board member fee for Neil Rhodes was paid directly to Lincolnshire Police until 31 January. From 1 February it was paid directly to the member.

20 On leaving Kevin Venosi received a PILON payment of £8.2k. This amount is included in the salary column in the table above.

## Benefits in kind

### YJB 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.

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

### Executive management

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

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

Executive managers who are not graded as equivalent to the SCS can receive a bonus if they obtain an outstanding 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.

### 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

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 2016/17, excluding pension benefits, was £125-130k (2015/16: £125-130k). This was 3.2 times (2015/16: 3.4 times) the median remuneration of the workforce, which was £38k (2015/16: £37k).

No employee received remuneration in excess of the highest-paid director (2015-16: Nil). Remuneration ranged from £13k to £125k (2015-16: £15k to £127k).

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 31/03/17<br>£'000 | Real increase in pension at pension age<br>£'000 | CETV at 31/03/17<br>£'000 | CETV at 31/03/16<br>£'000 | Real increase in CETV<br>£'000 |
|--|--|--|---------------------------|---------------------------|--------------------------------|
| <b>Lin Hinnigan</b><br>Chief Executive<br>(until 18/07/2016)                                 | 5 – 10   | 0 – 2.5  | 170                       | 155                       | 12                             |
| <b>Colin Allars</b><br>Chief Executive<br>(from 19/07/2016)                                  | 45 – 50 plus a lump sum of 135 – 140                   | 2.5 – 5 plus a lump sum of 10 – 12.5             | 943                       | 858                       | 73                             |
| <b>Louise Falshaw</b><br>Director of Partnerships and Performance                            | 15 – 20 plus a lump sum of 40 – 45                     | 0 – 2.5 plus a lump sum of 0 – 2.5               | 265                       | 239 <sup>21</sup>         | 13                             |
| <b>Dusty Kennedy</b><br>Director of YJB Cymru  | 10 – 15  | 0 – 2.5  | 131                       | 118                       | 10                             |
| <b>Kate Morris</b><br>Director of Operations<br>(on maternity leave from 29/08/2016)         | 15 – 20 plus a lump sum of 40 – 45                     | 0 – 2.5 plus a lump sum of 0                     | 213                       | 199 <sup>22</sup>         | 1                              |
| <b>Sara Robinson</b><br>Director of Operations and Commissioning<br>(from 24/10/2016)        | 5 – 10   | 0 – 2.5  | 68                        | 59                        | 7                              |
| <b>Ann Skamarauskas</b><br>Director of HR<br>(from 01/12/16)                                 | 10 – 15  | 0 – 2.5  | 146                       | 140                       | 5                              |
| <b>Martin Skeats</b><br>Director of Finance and Business Assurance                           | 30 – 35  | 0 – 2.5  | 567                       | 525                       | 18                             |
| <b>Kevin Venosi</b><br>Director of Commissioning and Change Programmes<br>(until 30/11/2016) | 40 – 45 plus a lump sum of 120 – 125                   | 2.5 – 5 plus a lump sum of 7.5 – 10              | 768                       | 695                       | 46                             |

21 Amount restated due to updated information from our pension provider.

22 Amount restated due to updated information from our pension provider.

### 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 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of 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 online at:  
[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

Kevin Venosi left on the Voluntary Exit Scheme receiving compensation of £95k. This was funded by the Ministry of Justice (2015/16: Nil).

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

The YJB had no direct early departure costs in 2016/17 or in 2015/16. In 2015-16, the Ministry of Justice accounted for a Voluntary Early Departure Scheme relating to the YJB (and other group entities) as they were liable to pay for the redundancy and other departure costs of this Scheme on behalf of the YJB. The following table sets out the number of exit packages relating to this Scheme that were disclosed within the "Civil Service and other compensation schemes- exit package" table on page 59 of the MoJ Annual Report and Accounts 2015-16. These employees left the YJB during 2016-17.

|                                      | Compulsory Redundancies | Other Departures | 2016 Total      |
|--------------------------------------|-------------------------|------------------|-----------------|
| Less than £10,000                    | -                       | -                | -               |
| £10,000 – £25,000                    | -                       | 5                | 5               |
| £25,001 – £50,000                    | -                       | 15               | 15              |
| £50,001 – £100,000                   | -                       | 3                | 3               |
| £100,001 – £150,000                  | -                       | -                | -               |
| £150,001 – £200,000                  | -                       | -                | -               |
| £200,001 – £250,000                  | -                       | -                | -               |
| £250,001 – £300,000                  | -                       | -                | -               |
| <b>Total number of Exit Packages</b> | -                       | <b>23</b>        | <b>23</b>       |
| <b>Total Cost of Exit Packages</b>   | -                       | <b>£815,259</b>  | <b>£810,298</b> |

## Staff numbers and composition (audited information)

### Staff numbers

The average number of full-time equivalent (FTE) people employed by the YJB during the period was as follows:

|                              | 2017       | 2016       |
|------------------------------|------------|------------|
| Permanent staff              | 162        | 179        |
| Temporary and seconded staff | 19         | 35         |
| <b>Total</b>                 | <b>181</b> | <b>214</b> |

### Staff costs

|                       | Board<br>members | Permanent<br>staff | Other (including<br>seconded<br>& agency<br>staff costs) | 2017<br>total | 2016<br>total |
|-----------------------|------------------|--------------------|--|---------------|---------------|
|                       | £'000            | £'000              | £'000  | £'000         | £'000         |
| Wages and salaries    | 136              | 6,859              | 650  | 7,645         | 8,831         |
| Social security costs | 7                | 795                | –  | 802           | 765           |
| Other pension costs   | –                | 1,496              | –  | 1,496         | 1,749         |
| <b>Total</b>          | <b>143</b>       | <b>9,150</b>       | <b>650</b>   | <b>9,943</b>  | <b>11,345</b> |

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

No staff costs were capitalised during 2016/17 (2015/16: Nil).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, in which the YJB is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the 2012/13 resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

For 2016/17, employers' contributions of £1,469k were payable to the PCSPS (2015/16: £1,669k) at one of four rates in the range of 20.0% to 24.5% (2015/16: 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 £19k (2015/16: £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 (2015/16: Nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to Nil (2015/16: Nil).

**Expenditure on consultancy**

The YJB incurred expenditure of £1k on consultancy in 2016/17 (2015/16: Nil).

**Off-payroll engagements**

The YJB had no off payroll engagements in 2016/17 (2015/16: Nil).

**Staff composition**

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

|                            | Male      | Female    | Transgender & Other |
|----------------------------|-----------|-----------|---------------------|
| Board members              | 7         | 3         | –                   |
| Executive Management Group | 3         | 4         | –                   |
| Employees                  | 69        | 92        | 4                   |
| <b>Total</b>               | <b>79</b> | <b>99</b> | <b>4</b>            |

Note that the column Transgender & Other includes staff who identify as transgender or who preferred not to identify their gender.

Note that the Executive Management Group 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 2017 between male and female was:

| Senior Civil Service (SCS) equivalent staff by band | Male     | Female   | Transgender & Other |
|---|----------|----------|---------------------|
| SCS Payband 1                                       | –        | 3        | –                   |
| SCS Payband 2                                       | 1        | –        | –                   |
| SCS Payband 3                                       | –        | –        | –                   |
| <b>Total</b>  | <b>1</b> | <b>3</b> | <b>–</b>            |

**Staff absence**

The average number of days taken off by staff due to sickness was 2.5 per staff member in the financial year ending 31 March 2017. This compares with an average of 2.2 days in 2015/16 and an average of 9.6 days for Civil Service staff as a whole in 2015/16.

### Equal opportunities

The YJB 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.

The policy states that there must be no discrimination, directly or indirectly, against any eligible person on the grounds of the protected characteristics of age, disability, gender reassignment, marriage and partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation – whether in recruitment, training, promotion or in any other way. The YJB follows the codes of practice issued by the Equality and Human Rights Commission.

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

The YJB is committed to producing equality statements to demonstrate our compliance with the Public Sector Equality Duty. This means that we must consider how our policies, services, spending decisions and employment practices affect our stakeholders and staff, in turn ensuring that we proactively look to identify and address any differential impact.

### Employee relations

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

All HR policies are reviewed and amended in line with current employment legislation and best practice, following consultation with employees and trade unions. Regular meetings are held with trade unions to ensure a two-way flow of information.

Internal communications are regularly reviewed and evaluated to see how they can be improved. This has led to initiatives such as more shared learning sessions in the monthly senior management briefings. 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 to all staff, and staff can access a range of material on the YJB intranet.

### Employment of disabled people

At 31 March 2017, there were 7 (2015/16: 4) registered disabled people employed by the YJB.

When recruiting, the YJB specifically encourages applications from disabled people. We also operate a 'guaranteed interview' scheme whereby disabled people who meet the criteria for a post are automatically interviewed. 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.

For anyone who becomes disabled during their employment, this would be looked at on a case-by-case basis. HR Casework Service and Occupational Health are accessible and can assist managers where necessary.

# PARLIAMENTARY ACCOUNTABILITY 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

|                     | 2017  | 2016  |
|---------------------|-------|-------|
|                     | £'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-off in the year to 31 March 2017 (2015/16: Nil).

### Special payments

There were no special payments made in the in the year to 31 March 2017 (2015/16: 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.

The YJB has no remote contingent liabilities.

Signed on behalf of the YJB by



### Colin Allars

Chief Executive and Accounting Officer

Date: 13 July 2017

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

I certify that I have audited the financial statements of the Youth Justice Board for the year ended 31 March 2017 under the Crime and Disorder Act 1998. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Report that is described in that report as having been audited.

## Respective responsibilities of the Board, Accounting Officer and auditor

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

## Scope of the audit of the financial statements

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Youth Justice Board's affairs as at 31 March 2017 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 other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Crime and Disorder Act 1998; and
- the information given in Performance Report and the Accountability and Audit 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 Remuneration and Staff Report and the Parliamentary 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**  
**Date: 17 July 2017**

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

**SECTION**

**3**

**FINANCIAL  
STATEMENTS  
2016/17**

# FINANCIAL STATEMENTS

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

|                                     | Notes | 2017<br>£'000  | 2016<br>£'000  |
|-------------------------------------|-------|----------------|----------------|
| <b>Expenditure</b>                  |       |                |                |
| Staff costs                         | 3     | 9,943          | 11,345         |
| Depreciation                        | 5     | 1,448          | 2,170          |
| Amortisation                        | 6     | 1,452          | 191            |
| Other expenditure                   | 2.1   | 214,791        | 235,885        |
| <b>Income</b>                       |       |                |                |
| Income from activities              | 4     | (18,164)       | (22,070)       |
| <b>Net operating expenditure</b>    |       | <b>209,470</b> | <b>227,521</b> |
| Interest on PFI liabilities         |       | 725            | 761            |
| <b>Net expenditure for the year</b> |       | <b>210,195</b> | <b>228,282</b> |

### Other comprehensive net expenditure

|  | Notes | 2017<br>£'000  | 2016<br>£'000  |
|--|-------|----------------|----------------|
| Net (gain) on revaluation of property, plant and equipment | 5     | (1,221)        | (3,866)        |
| Net (gain) on revaluation of intangible assets             | 6     | (389)          | –              |
| <b>Total comprehensive expenditure for the year</b>        |       | <b>208,585</b> | <b>224,416</b> |

All results arise from continuing activities.

## Statement of Financial Position as at 31 March 2017

|  | Notes | 2017<br>£'000   | 2016<br>£'000   |
|--|-------|-----------------|-----------------|
| <b>Non-current assets</b>                    |       |                 |                 |
| Property, plant and equipment                | 5     | 69,582          | 66,143          |
| Intangible assets                            | 6     | 2,253           | 3,316           |
| <b>Total non-current assets</b>              |       | <b>71,835</b>   | <b>69,459</b>   |
| <b>Current assets</b>                        |       |                 |                 |
| Trade and other receivables                  | 7     | 8,676           | 6,956           |
| Cash and cash equivalents                    | 8     | 18,434          | 4,191           |
| <b>Total current assets</b>                  |       | <b>27,110</b>   | <b>11,147</b>   |
| <b>Total assets</b>                          |       | <b>98,945</b>   | <b>80,606</b>   |
| <b>Current liabilities</b>                   |       |                 |                 |
| Trade and other payables                     | 9     | (39,169)        | (10,956)        |
| PFI liabilities                              | 12    | (740)           | (701)           |
| <b>Total current liabilities</b>             |       | <b>(39,909)</b> | <b>(11,657)</b> |
| <b>Total assets less current liabilities</b> |       | <b>59,036</b>   | <b>68,949</b>   |
| <b>Non-current liabilities</b>               |       |                 |                 |
| PFI liabilities                              | 12    | (11,732)        | (12,472)        |
| <b>Total non-current liabilities</b>         |       | <b>(11,732)</b> | <b>(12,472)</b> |
| <b>Total assets less total liabilities</b>   |       | <b>47,304</b>   | <b>56,477</b>   |
| <b>Taxpayers' equity and other reserves</b>  |       |                 |                 |
| Revaluation reserve                          |       | 24,161          | 23,228          |
| General reserve                              |       | 23,143          | 33,249          |
| <b>Total taxpayers' equity</b>               |       | <b>47,304</b>   | <b>56,477</b>   |



**Colin Allars**  
Chief Executive and Accounting Officer  
Date: 13 July 2017

## Statement of Cash Flows for the year ended 31 March 2017

|   | Notes    | 2017<br>£'000    | 2016<br>£'000    |
|---|----------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |
| <b>Net expenditure for the year</b>   | SoCNE    | (210,195)        | (228,282)        |
| <b>Adjustments for non-cash transactions</b>  |          |                  |                  |
| Depreciation and amortisation   | 5,6      | 2,900            | 2,361            |
| Payments made by sponsoring department on behalf of the YJB                         | 2.2      | 57,541           | 59,402           |
| Services and facilities provided by sponsoring department                           | 2.3      | 3,222            | 4,184            |
| <b>Changes in working capital</b>   |          |                  |                  |
| (Increase)/decrease in trade and other receivables                                  | 7        | (1,720)          | (1,884)          |
| Increase/(decrease) in trade and other payables and PFI liabilities                 | 9        | 27,512           | (2,783)          |
| Movement in payables not passing through the Statement of Comprehensive Expenditure |          | 701              | 665              |
| <b>Net cash outflow from operating activities</b>                                   |          | <b>(120,039)</b> | <b>(166,337)</b> |
| <b>Cash flows from investing activities</b>   |          |                  |                  |
| Purchase of Property, Plant & Equipment   | 5        | (3,666)          | –                |
| Purchase of Intangible Assets   | 6        | –                | (620)            |
| <b>Net cash outflow from investing activities</b>                                   |          | <b>(3,666)</b>   | <b>(620)</b>     |
| <b>Cash flows from financing activities</b>   |          |                  |                  |
| Grants from sponsoring departments  | 10       | 137,948          | 150,204          |
| Capital element of payments in respect of on-balance sheet PFI contracts            |          | –                | –                |
| <b>Net cash inflow from financing activities</b>                                    |          | <b>137,948</b>   | <b>150,204</b>   |
| <b>Net (decrease) in cash and cash equivalents in the period</b>                    |          | <b>14,243</b>    | <b>(16,753)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>                     |          | <b>4,191</b>     | <b>20,944</b>    |
| <b>Cash and cash equivalents at the end of the period</b>                           | <b>8</b> | <b>18,434</b>    | <b>4,191</b>     |

Grants from government departments are all treated as contributions from a controlling party, as directed by the Financial Reporting Manual (FRoM), 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 2017

|   | Notes | Revaluation<br>reserve<br>£'000 | General<br>reserve<br>£'000 | Taxpayers'<br>equity<br>£'000 |
|---|-------|---------------------------------|-----------------------------|-------------------------------|
| Balance at 1 April 2015                                     |       | 19,832                          | 46,606                      | 66,438                        |
| <b>Changes in taxpayers' equity for 2014/15</b>             |       |                                 |                             |                               |
| Grants from sponsoring departments                          | 10    | –                               | 150,204                     | 150,204                       |
| <b>Non-cash charges</b>                                     |       |                                 |                             |                               |
| Payments made by sponsoring department on behalf of the YJB | 2.2   | –                               | 60,067                      | 60,067                        |
| Services and facilities provided by sponsoring department   | 2.3   | –                               | 4,184                       | 4,184                         |
| Net expenditure for the year                                | SoCNE | –                               | (228,282)                   | (228,282)                     |
| <b>Transfers between reserves</b>                           |       |                                 |                             |                               |
| Release of reserves to the general reserve                  |       | (470)                           | 470                         | –                             |
| Net gain on revaluation of property, plant and equipment    | 5     | 3,866                           | –                           | 3,866                         |
| <b>Balance at 31 March 2016</b>                             |       | <b>23,228</b>                   | <b>33,249</b>               | <b>56,477</b>                 |
| <b>Changes in taxpayers' equity for 2016/17</b>             |       |                                 |                             |                               |
| Grants from sponsoring departments                          | 10    | –                               | 137,948                     | 137,948                       |
| <b>Non-cash charges</b>                                     |       |                                 |                             |                               |
| Payments made by sponsoring department on behalf of the YJB | 2.2   | –                               | 58,242                      | 58,242                        |
| Services and facilities provided by sponsoring department   | 2.3   | –                               | 3,222                       | 3,222                         |
| Net expenditure for the year                                | SoCNE | –                               | (210,195)                   | (210,195)                     |
| <b>Transfers between reserves</b>                           |       |                                 |                             |                               |
| Release of reserves to the general reserve                  |       | (677)                           | 677                         | –                             |
| Net gain on revaluation of property, plant and equipment    | 5     | 1,221                           | –                           | 1,221                         |
| Net gain on revaluation of intangible assets                | 6     | 389                             | –                           | 389                           |
| <b>Balance at 31 March 2017</b>                             |       | <b>24,161</b>                   | <b>23,143</b>               | <b>47,304</b>                 |

# NOTES TO THE ACCOUNTS

## 1. Statement of Accounting Policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the *Government Financial Reporting Manual 2016-17* (FReM) issued by Her Majesty's (HM) Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. They are in a form as directed by the Secretary of State with the approval of Treasury and in accordance with section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998.

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

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

### 1.2 Going concern

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

Grant-in-aid for 2017/18, covering the amounts required to meet the YJB's liabilities falling due that year, has already been included in the MoJ estimates for that year, and has been approved by Parliament. The YJB is created by statute and 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.

### 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

The new standards IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in Methods of Disposal and IFRS 7 Financial Instruments Disclosures: Servicing Contracts have been adopted and do not have a material impact on the YJB's accounts.

#### b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2016 and not adopted early

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

IFRS 16 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 12 months or less or the underlying asset has a low value. The full impact of IFRS 16 on the YJB has yet to be determined and will not be until it has been adopted for use in the public sector by the FReM.

**c) Changes in accounting policies**

There has been one change of accounting policy during 2016/17, relating to Intangible Assets.

Intangible assets had not previously been revalued following initial recognition. They will now be revalued annually – this will enhance the accuracy of the value of assets employed by the YJB.

As no active market exists for the YJB's intangible assets, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses. Intangible assets are now valued at each reporting date using the Producer Price Index issued by the Office for National Statistics (ONS).

The change in policy is not material and so is applied prospectively from 2016/17 only, with no restatement of 2015/16 balances. The new policy complies with the FReM and the underlying accounting standard, IAS 38.

## 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.

Secure Training Centres are classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with 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, have been transferred to the MoJ as part of the department's strategy to centralise administrative processes and enhance ministerial oversight. The MoJ receives and settles invoices directly with the PFI contractor. The YJB continues to recognise PFI assets and liabilities in its accounts, where applicable. The YJB has not entered into any off-balance sheet PFI contracts.

## 1.10 Cash and cash equivalents

Cash and cash equivalents recorded in the SoFP and Statement of Cash Flows (SoCF) 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 because the liabilities of the scheme are reported centrally. 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

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

Administration expenditure reflects the cost of support activities such as business and corporate support services, back-office administration and administration of grants. Programme expenditure reflects costs directly related to frontline service delivery.

#### 1.14 Notional costs

Notional costs in Note 2 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 2.2 and 2.3). The settlement of these notional costs are credited directly to the general fund.

#### 1.15 Grants from sponsoring departments

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

#### 1.16 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

#### 1.17 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. 'Soft charges' raised by the MoJ are net of VAT.

#### 1.18 Financial instruments

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

#### 1.19 Critical accounting estimates and judgements

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

### **Critical accounting estimates and assumptions**

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

#### *Valuation of non-current assets*

Land and buildings comprise STCs that are shown at Depreciated Replacement Cost, based on professional valuations. The value of land and buildings fluctuates with market conditions of the construction industry. Location factors and the BCIS forecast tender price indices have a direct and significant impact on the DRC buildings valuations.

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

#### *Lease accounting*

Judgement is required on initial classification of leases as either operating leases or finance leases. The YJB has no finance leases.

#### *Service concession arrangements*

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

## 2. Other expenditure

### 2.1 Admin and programme expenditure

|  | Notes | 2017<br>£'000  | 2015<br>£'000  |
|--|-------|----------------|----------------|
| <b>Admin expenditure</b>   |       |                |                |
| Audit fee – external <sup>23</sup>                                       |       | 48             | 48             |
| Audit fee – internal   |       | 37             | 38             |
| Board meetings   |       | 11             | 16             |
| Communications   |       | 50             | 53             |
| IT costs   |       | 809            | 1,009          |
| Legal costs  |       | 28             | 59             |
| Other administration <sup>24</sup>                                       |       | 989            | 548            |
| Personnel costs  |       | 2              | 59             |
| Travel and subsistence   |       | 157            | 384            |
| <b>Total admin expenditure</b>   |       | <b>2,131</b>   | <b>2,214</b>   |
| <b>Programme expenditure</b>   |       |                |                |
| Grants to youth offending teams  |       | 71,193         | 76,036         |
| Intensive Fostering  |       | –              | 29             |
| Other grants for intervention programmes                                 |       | –              | 938            |
| Other programme expenditure  |       | 1,440          | 4,482          |
| Research   |       | 2              | 59             |
| Secure children's homes  |       | 25,606         | 26,987         |
| Secure escorts   |       | 6,811          | 5,013          |
| Secure training centres  |       | 35,030         | 38,616         |
| Under-18 young offender institutions                                     |       | 64,865         | 71,271         |
| Youth justice information and communications technology (ICT) programmes |       | 4,491          | 6,056          |
| <b>Total programme expenditure</b>                                       |       | <b>209,438</b> | <b>229,487</b> |
| <b>Other costs</b>   |       |                |                |
| Corporate services provided by the department on a non-cash basis        | 2.3   | 3,222          | 4,184          |
| <b>Total other expenditure</b>   |       | <b>214,791</b> | <b>235,885</b> |

<sup>23</sup> External audit fees for do not include any non-audit work undertaken by the NAO. Total fees paid to NAO for non-audit work £0. (2015/16: £0).

<sup>24</sup> In 2015/16 The Ministry of Justice (MoJ) began re-charging the YJB for finance and HR services as part of moving the YJB to MoJ's shared services model. (Refer to note 2.3).

**2.2 Payments made by sponsoring department on behalf of the YJB**

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>Payments recognised in the SoCNE</b>                               |               |               |
| Interest on PFI liabilities <sup>25</sup>                             | 725           | 761           |
| Secure escorts  | 6,811         | 4,413         |
| Secure training centres   | 34,197        | 37,729        |
| Under-18 young offender institutions                                  | 15,808        | 16,499        |
| <b>Total payments recognised in the SoCNE</b>                         | <b>57,541</b> | <b>59,402</b> |
| <b>Payments recognised in the SoFP</b>                                |               |               |
| Capital element of payments in respect of PFI contracts <sup>25</sup> | 701           | 665           |
| <b>Total payments recognised in the SoFP</b>                          | <b>701</b>    | <b>665</b>    |
| <b>Total payments</b>   | <b>58,242</b> | <b>60,067</b> |

**2.3 Services and facilities provided by sponsoring department**

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Commercial contract management   | 188           | 312           |
| Communications   | –             | 20            |
| Estates  | 1,891         | 1,897         |
| Finance  | 144           | 552           |
| Information and communication technology                               | 999           | 1,362         |
| Information operations   | –             | 41            |
| <b>Total services and facilities provided by sponsoring department</b> | <b>3,222</b>  | <b>4,184</b>  |

25 Relates to Oakhill Secure Training Centre).

### 3. Staff costs

Staff costs for the year to 31 March 2017 are shown below. More information on staffing can be found in the accountability report on pages 24 to 37.

|                          | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------|---------------|---------------|
| Wages and salaries       | 7,645         | 8,831         |
| Social security costs    | 802           | 765           |
| Other pension costs      | 1,496         | 1,749         |
| <b>Total staff costs</b> | <b>9,943</b>  | <b>11,345</b> |

### 4. Income from activities

|                                     | 2017<br>£'000 | 2016<br>£'000 |
|-------------------------------------|---------------|---------------|
| Remand income                       | 18,169        | 21,890        |
| Other Income                        | (5)           | 180           |
| <b>Total income from activities</b> | <b>18,164</b> | <b>22,070</b> |

### 5. Property, plant and equipment

Land and buildings at the three secure training centre (STC) sites are revalued to depreciated replacement costs to a modern equivalent basis. The professional valuation was performed at 31 March 2017 by the Valuation Office Agency (which is independent of the YJB), in accordance with UKVS 1.15 and UKGN 2 for specialised operational assets. Depreciated replacement cost valuation includes VAT.

Land and buildings for the Oakhill STC site are held under PFI contract (refer to Note 12), at the end of which the ownership of the relevant freehold will revert to the YJB. There are no IT, office equipment or leasehold improvement property plant and equipment held.

|  | Land<br>£'000 | Buildings<br>£'000 | Plant &<br>Machinery<br>£'000 | Assets<br>Under<br>Construction<br>£'000 | Total<br>£'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>  |

## 5. Property, plant and equipment continued

|  | Land<br>£'000 | Buildings<br>£'000 | Plant &<br>Machinery<br>£'000 | Assets<br>Under<br>Construction<br>£'000 | Total<br>£'000 |
|--|---------------|--------------------|-------------------------------|--|----------------|
| 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>  |
| Cost/valuation at 01 April 2015        | 11,455        | 81,707             | –                             | –  | 93,162         |
| Additions                              | –             | –                  | –                             | –  | –              |
| Disposals                              | –             | –                  | –                             | –  | –              |
| Revaluation                            | (2,050)       | 9,513              | –                             | –  | 7,463          |
| <b>Cost/valuation at 31 March 2016</b> | <b>9,405</b>  | <b>91,220</b>      | <b>–</b>                      | <b>–</b>                                 | <b>100,625</b> |
| Depreciation at 01 April 2015          | –             | 28,715             | –                             | –  | 28,715         |
| Charge for the year                    | –             | 2,170              | –                             | –  | 2,170          |
| Disposals                              | –             | –                  | –                             | –  | –              |
| Revaluation                            | –             | 3,597              | –                             | –  | 3,597          |
| <b>Depreciation at 31 March 2016</b>   | <b>–</b>      | <b>34,482</b>      | <b>–</b>                      | <b>–</b>                                 | <b>34,482</b>  |
| <b>Net book value at 31 March 2016</b> | <b>9,405</b>  | <b>56,738</b>      | <b>–</b>                      | <b>–</b>                                 | <b>66,143</b>  |
| <b>Asset financing:</b>                |               |                    |                               |  |                |
| Owned                                  | 4,980         | 35,040             | –                             | –  | 40,020         |
| On-balance sheet PFI contracts         | 4,425         | 21,698             | –                             | –  | 26,123         |
| <b>Net book value at 31 March 2016</b> | <b>9,405</b>  | <b>56,738</b>      | <b>–</b>                      | <b>–</b>                                 | <b>66,143</b>  |

## 6. Intangible assets

|  | Assets under<br>construction<br>£'000 | Internally generated<br>software<br>£'000 | Total<br>£'000 |
|--|---------------------------------------|---|----------------|
| 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>–</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>   |
|  | Assets under<br>construction<br>£'000 | Internally generated<br>software<br>£'000 | Total<br>£'000 |
| Cost/valuation at 01 April 2015        | 2,887                                 | 1,984                                     | 4,871          |
| Additions                              | 537                                   | 83  | 620            |
| Impairment                             | (3,424)                               | 3,424                                     | –              |
| <b>Cost/valuation at 31 March 2016</b> | <b>–</b>                              | <b>5,491</b>                              | <b>5,491</b>   |
| Amortisation at 01 April 2015          | –                                     | 1,984                                     | 1,984          |
| Charge for the year                    | –                                     | 191                                       | 191            |
| Disposals                              | –                                     | –   | –              |
| <b>Amortisation at 31 March 2016</b>   | <b>–</b>                              | <b>2,175</b>                              | <b>2,175</b>   |
| <b>Net book value at 31 March 2016</b> | <b>–</b>                              | <b>3,316</b>                              | <b>3,316</b>   |

|  | Assets under<br>construction<br>£'000 | Internally generated<br>software<br>£'000 | Total<br>£'000 |
|--|---------------------------------------|---|----------------|
| <b>Asset financing</b>                 |                                       |   |                |
| Owned                                  | –                                     | 3,316                                     | 3,316          |
| <b>Net book value at 31 March 2016</b> | <b>–</b>                              | <b>3,316</b>                              | <b>3,316</b>   |

## 7. Trade and other receivables

| Amounts falling due within one year | 2017<br>£'000 | 2016<br>£'000 |
|-------------------------------------|---------------|---------------|
| Other receivables                   | 8,611         | 6,940         |
| Prepayments and accrued income      | 65            | 16            |
| <b>Total</b>                        | <b>8,676</b>  | <b>6,956</b>  |

## 8. Cash and cash equivalents

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Balance at 1 April 2016                         | 4,191         | 20,944        |
| Net change in cash and cash equivalent balances | 14,243        | (16,753)      |
| <b>Balance at 31 March 2017</b>                 | <b>18,434</b> | <b>4,191</b>  |

The following balances at 31 March 2017 were held at:

|   |               |              |
|---|---------------|--------------|
| Government banking service and cash-in-hand | 18,435        | 4,196        |
| Commercial banks and cash-in-hand           | (1)           | (5)          |
| <b>Balance at 31 March 2017</b>             | <b>18,434</b> | <b>4,191</b> |

## 9. Trade and other payables

| Amounts falling due within one year                   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Accruals and deferred income                          | 6,898         | 3,594         |
| Payable to Her Majesty's Prison and Probation Service | 26,362        | 3,984         |
| Payable to the Ministry of Justice                    | 4,399         | 2,453         |
| Trade payables  | 1,510         | 925           |
| <b>Total</b>  | <b>39,169</b> | <b>10,956</b> |

## 10. Grants from sponsoring departments

|   | 2017<br>£'000  | 2016<br>£'000  |
|---|----------------|----------------|
| Grant-in-aid from the Ministry of Justice | 137,900        | 149,978        |
| Grants from the Welsh Government          | 48             | 226            |
| <b>Total</b>                              | <b>137,948</b> | <b>150,204</b> |

## 11. Commitments

### 11.1 Operating leases

The YJB is committed to making the following minimum lease payments under operating leases at the reporting date. The payments relate to contracts to manage nine secure children's homes. These contracts expire on 31 March 2018.

#### Obligations under operating leases

|   | 2017<br>£'000 | 2016<br>£'000  |
|---|---------------|----------------|
| Not later than one year                           | 24,530        | 80,188         |
| Later than one year and not later than five years | –             | 24,530         |
| Later than five years                             | –             | –              |
| <b>Total</b>                                      | <b>24,530</b> | <b>104,718</b> |

## 11.2 Other financial commitments

The YJB has entered into contracts, which are not lease or PFI contracts, for the management and operation of the Medway and Rainsbrook secure training centres, secure escort services, and education services. During the 2015/16 year new contracts were awarded for the management of Medway and Rainsbrook. During the 2014/15 year, contracts were established for education services delivered at Cookham Wood under-18 young offender institution (YOI), Feltham YOI, Werrington YOI and Wetherby YOI. The total payments for which the YJB is committed are as follows:

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Not later than one year                           | 25,332        | 30,086        |
| Later than one year and not later than five years | 57,953        | 58,180        |
| Later than five years                             | –             | 1,039         |
| <b>Total</b>                                      | <b>83,285</b> | <b>90,085</b> |

## 11.3 Other commitments

There were no outstanding capital commitments at the year end.

Commitments related to on balance sheet PFI contracts are disclosed in Note 12.

## 12. Commitments under PFI contracts

### 12.1 On-balance sheet

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

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

| <b>Oakhill</b>                                    | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| <b>Imputed minimum lease payment due</b>          |               |               |
| Not later than one year                           | 1,426         | 1,426         |
| Later than one year and not later than five years | 5,702         | 5,702         |
| Later than five years                             | 10,336        | 11,762        |
| <b>Total</b>                                      | <b>17,464</b> | <b>18,890</b> |
| Less interest element                             | (4,992)       | (5,717)       |
| <b>PFI liability recognised in SoFP</b>           | <b>12,472</b> | <b>13,173</b> |
| <b>Of which:</b>                                  |               |               |
| Current PFI liability                             | 740           | 701           |
| Non-current PFI liability                         | 11,732        | 12,472        |
| <b>Total</b>                                      | <b>12,472</b> | <b>13,173</b> |

During the 2014/15 year, the administrative function for Oakhill was transferred from the YJB to the MoJ. Invoices are received and settled directly by the MoJ with the PFI contractors. The YJB continues to recognise the PFI asset and liability.

The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions in the year to 31 March 2017 was £15.349m (2015/16 full year: £16.505m). Of this total, the service element was £14.624m (2015/16 full year: £15.744m) and the interest charges £0.725m (2015/16 full year: £0.761m).

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

| <b>Total minimum lease payments including service and imputed interest element for on-balance sheet PFI contracts</b> |                |                |
|---|----------------|----------------|
|   | <b>2017</b>    | <b>2016</b>    |
|   | <b>£'000</b>   | <b>£'000</b>   |
| Service charge due within one year  | 17,725         | 17,179         |
| Service charge due later than one year and not later than five years  | 70,900         | 68,716         |
| Service charge due later than five years  | 128,507        | 141,727        |
| <b>Total</b>  | <b>217,132</b> | <b>227,622</b> |

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

|         | <b>Length<br/>of term</b> | <b>Contract<br/>end date</b> |
|---------|---------------------------|------------------------------|
| Oakhill | 25 years                  | June 2029                    |

**12.2 Off-balance sheet**

The YJB has no off-balance sheet PFI contracts.

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

There are no contingent liabilities (2015/16: Nil).

## 14. Related party transactions

The YJB is an executive non-departmental public body that, during the 2016/17 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 2.1 and 2.2.

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 2016/17, the YJB undertook material transactions of the following values with related parties:

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Ministry of Justice</b>   |               |               |
| Expenditure with the Ministry of Justice                             | 155           | 272           |
| Income from the Ministry of Justice                                  | –             | –             |
| Balance owed to the Ministry of Justice at 31 March                  | 4,399         | 2,453         |
| Balance owed by the Ministry of Justice at 31 March                  | 69            | 870           |
| <b>Her Majesty's Prison &amp; Probation Service</b>                  |               |               |
| Expenditure with Her Majesty's Prison & Probation Service            | 49,057        | 54,772        |
| Income from Her Majesty's Prison & Probation Service                 | –             | 150           |
| Balance owed to Her Majesty's Prison & Probation Service at 31 March | 26,362        | 3,984         |
| Balance owed by Her Majesty's Prison & Probation Service at 31 March | –             | 21            |

Colin Allars and Sara Robinson are both directors of the YJB who are on loan from Her Majesty's Prison and Probation Service. Colin Allars acts as the Accounting Officer for the YJB.

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

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

A register of Board members' interests is maintained and is available online at:

[www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership](http://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership)

## 15. Events after the reporting period

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On 24 February 2017, the Secretary of State for Justice announced that following the Government's review of the youth justice system (including the Charlie Taylor report), there would be a number of changes during the 2017/18 year that would affect the YJB.

These changes have not affected the YJB in respect of the 2016/17 year. The announcement also confirmed that the YJB will continue to operate in its present form.

At this time, the exact nature and timing of the likely changes have not been confirmed. The stated intention of the review is to transfer responsibility for the commissioning of youth justice services into the Ministry of Justice and to transfer day to day operational responsibility for running the youth custody estate to a newly formed division of Her Majesty's Prison and Probation service (formerly National Offender Management Services).

Events after the reporting period 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.



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