



Youth Justice Board  
Bwrdd Cyfiawnder Ieuencid

# Annual report and accounts 2018/19

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

HC 2487





Youth Justice Board  
Bwrdd Cyfiawnder Ieuenctid

# The Youth Justice Board for England and Wales

## Annual report and accounts 2018/19

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

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

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# Foreword

Last year was a year of change for the Youth Justice Board (YJB). We made significant progress towards our vision of a youth justice system that sees children as children. We also continued to use our influence to ensure that children are treated fairly and helped to build on their strengths. This is vital if they are to be given the best opportunity to go on to be successful and productive adults. We will not stand by while exploitation through county lines and serious youth violence blights the lives of many. Finally, we remain resolute in our aim to prevent offending and create safer communities with fewer victims.

Overall last year there was marked progress against the youth justice system aims. We used every opportunity to divert children away from the criminal justice system and the number of arrests, first time entrants, proven offences, cautions and sentences all continued to decline.<sup>1</sup> These reductions were made possible by all of those who work in and influence youth justice, often in exceptionally challenging circumstances.

However, there are some areas of the youth justice system that require special attention. We have established a programme of work, to focus on seven priority areas determined by the Board. We implemented an internal restructure on 1 August 2018 to get us into the best possible shape to deliver these priorities.

Our restructure came after the Taylor Review<sup>2</sup> and the decision for policy, commissioning, delivery and oversight to be separate entities. This resulted in the creation of the Youth Custody Service (YCS) within Her Majesty's Prison and Probation Service. From 1 September 2017, the YCS became responsible for the placement of children into custody and the delivery of secure services. At the same time, responsibility for commissioning these services moved into the Ministry of Justice (MoJ). The YJB is now half the size it was before this change. In 2017, we had 181 full-time equivalent staff and as at 31 March 2019 we now have 92 staff.

As a leaner organisation we are more strategic and focus on:

- adopting a child first approach in all that we do - this is critical if we are to deliver our vision
- increasing the use of already available data and evidence (such as inspection reports)
- facilitating youth offending teams to share good practice with others
- working with our partners to address the intractable issues that face the youth justice system

We are proud of what our staff, along with colleagues in the sector have achieved over the last year and this report captures our efforts to improve outcomes for children.

Date: 15 July 2019



**Colin Allars**

Chief Executive and Accounting Officer



**Charlie Taylor**

Chair



Colin Allars and Charlie Taylor

<sup>1</sup> <https://www.gov.uk/government/statistics/youth-justice-statistics-2017-to-2018>

<sup>2</sup> <https://www.gov.uk/government/publications/review-of-the-youth-justice-system>





# 1

# Performance Report 2018/19

- Overview
- Performance analysis
- Our work in 2018/19

# Overview

This section of the report provides an overview of the Youth Justice Board for England and Wales (YJB) including:

- the Chief Executive's review of the year and our financial performance
- what we do
- our principle plans and risks for the future.

It concludes by looking at how the youth justice system performed and what we did.

## Who we are and what we do

The Youth Justice Board (YJB) for England and Wales is a non-departmental public body established by the Crime and Disorder Act 1998. We are responsible for overseeing the operation of the youth justice system and the provision of youth justice services – we are the only statutory body to have oversight of the whole system.

We work with partners with the aim of preventing offending and reoffending by children under 18 years old. Through our oversight of the system and the advice we provide to ministers we aim to improve safety in custody for children who find themselves in those circumstances, and help children achieve positive outcomes to lead them towards a successful and productive adulthood.

Our partners include, but are not limited to:

- local authorities and youth offending teams (YOTs)
- children's services, and their partners
- the Youth Custody Service (YCS)
- government departments responsible for services and policy which impact on the youth justice system
- Inspectorates and representative bodies
- membership bodies and charities.

## Summary of our functions

As a statutory body, we have a number of functions that relate to youth justice. These include:

- monitoring the youth justice system
- advising ministers
- commissioning research
- identifying and promoting good practice
- making grants
- publishing information
- providing IT related support
- supporting improvement.

## Our vision

For the reporting year 2018/19, our vision was:

*Every child should live a safe and crime-free life and make a positive contribution to society.*

In March 2019, the Board reviewed its vision and strategic approach. This is set out in our Strategic Plan 2019-2022<sup>3</sup> and our Business Plan 2019-20<sup>4</sup> which was published in May 2019.

As an independent public body with responsibility for monitoring the youth justice system, we gather information and assess its effectiveness. We aim to form an expert view of how the system can prevent offending, and deliver the best outcomes for children who offend and for victims of their crime. Our work is guided by a 'child first, offender second' principle, which puts children at the forefront of all our work. We aim to fulfil our vision through ensuring that our work is targeted towards the youth justice system aims that apply to the whole youth justice system. These aims are as follows:

- reduce the number of children in the youth justice system
- reduce reoffending by children in the youth justice system
- improve the safety and well-being of children in the youth justice system
- improve outcomes for children in the youth justice system.

## Our work

This year has seen us undergo fundamental changes to our responsibilities. This was to help us focus on a small set of priorities which we believe are important to the system and where we can use our position to make the most impact. Our board members used their considerable expertise to identify and establish an ambitious programme of work to deliver better outcomes in these areas. See 'our work in 2018/19' on page 17.

We completed a major restructure to allow us to deliver our priorities, to fulfil our statutory obligations and to maximise resources available to the front line. Our restructure took effect from 1 August 2018.

The new structure met the following agreed principles:

- a flexible and agile workforce committed to a child first approach and to delivering our objectives
- maximum accountability combined with maximum autonomy in the delivery of strategic objectives
- flexible staff deployment based on business priorities, skills, knowledge, behaviours and/or development need
- a joined-up approach to youth justice – making sure that colleagues in the community, secure settings, commissioning and policy work effectively together
- no duplication of effort or overlap of responsibility areas, either within the boundaries of each directorate or across the organisation
- an operating model which serves the youth justice system proportionately in both England and Wales
- the capacity to draw on skills for the youth justice sector and across government to make sure there is continuing relevance to the current delivery environment
- a lean but effective structure which reflects increasing budgetary pressures but is sufficient to support the needs of the Board
- the right level of transformational human resource, financial and information and communication technology leadership and support which contributes to organisational objectives and is aimed at removing or reducing bureaucratic obstacles
- resilience through change leadership, engaged people, effective systems and processes, clarity on governance including risk management and decision making.

<sup>3</sup> <https://www.gov.uk/government/publications/youth-justice-board-for-england-and-wales-strategic-plan-2019-22>

<sup>4</sup> <https://www.gov.uk/government/publications/yjb-business-plan-2019-to-2020>

## **Child first, offender second**

We are committed to championing an approach which sees those in the system as children first and offenders second. This means that all youth justice services:

1. Prioritise the best interests of children, recognising their particular needs, capacities, rights and potential. All work is child-focused and developmentally informed.
2. Promote children's individual strengths and capacities as a means of developing their pro-social identity for sustainable desistance, leading to safer communities and fewer victims. All work is constructive and future-focused, built on supportive relationships that empower children to fulfil their potential and make positive contributions to society.
3. Encourage children's active participation, engagement and wider social inclusion. All work promotes desistance through co-creation with children.
4. Promote a childhood removed from the justice system, using pre-emptive prevention, diversion and minimal intervention. All work minimises criminogenic stigma from contact with the system.

We have developed our approach of child first, offender second so that it is inherent in all that we do. It informs our decision-making and engagement at all levels. We have aligned the work of our Youth Justice Advisory Panel to the aims of the child first approach, ensuring that we continue to seek, listen to and capture the views and opinions of children who have experienced the youth justice system. This will help deliver a service that works for children and informed by children.

Over the coming year, we will build on this to make sure that we are working towards a truly distinct and child first system which prioritises children's best interests, through:

- promoting their potential and capabilities
- encouraging their engagement
- minimising the damage that being involved with the youth justice system can bring.

## **Enhancing the work of the Youth Justice System Oversight Group**

Following the creation of the Youth Justice System Oversight Group last year, we held three meetings (June 2018, October 2018, February 2019) to bring together partners across English and Welsh governments and representatives from local government and local services. We have considered the performance of the youth justice system against our four youth justice system aims (page 9), and complexities surrounding the following:

- the disproportionate representation of children from black, Asian and minority ethnic (BAME) groups
- resettlement and transitions between services
- serious youth violence.

We will build on the work to date to ensure that there are tangible improvements in the services delivered for children and victims.

## Consultations and inquiries

Since December 2018, we have evaluated our engagement with key stakeholders, highlighting how we will work with them from April 2019. We have also:

- developed a suite of tools to support our engagement
- improved our briefing system
- introduced an organisational forward look to support and track our strategic working.

## Advising ministers

We provided advice to ministers, drawing on intelligence and expertise from across the system to support understanding of the youth justice system and inform decision-making. This advice has covered:

- performance of the youth justice system as a whole and of individual components of the system
- funding for youth justice services
- initiatives aimed at improving performance
- youth justice priorities.

We have also used our expertise to inform cross-government policy development, for example, on serious youth violence.

## Influencing and engaging with strategic stakeholders

We have responded to a number of consultations and inquiries where these impact on the lives of children in or at risk of entering the criminal justice system.

## Our key issues and risks

Risk management is embedded in the way we plan and operate. More detailed information about the framework, and the principal risks managed during 2018/19 can be found in the governance statement on pages 31-41.

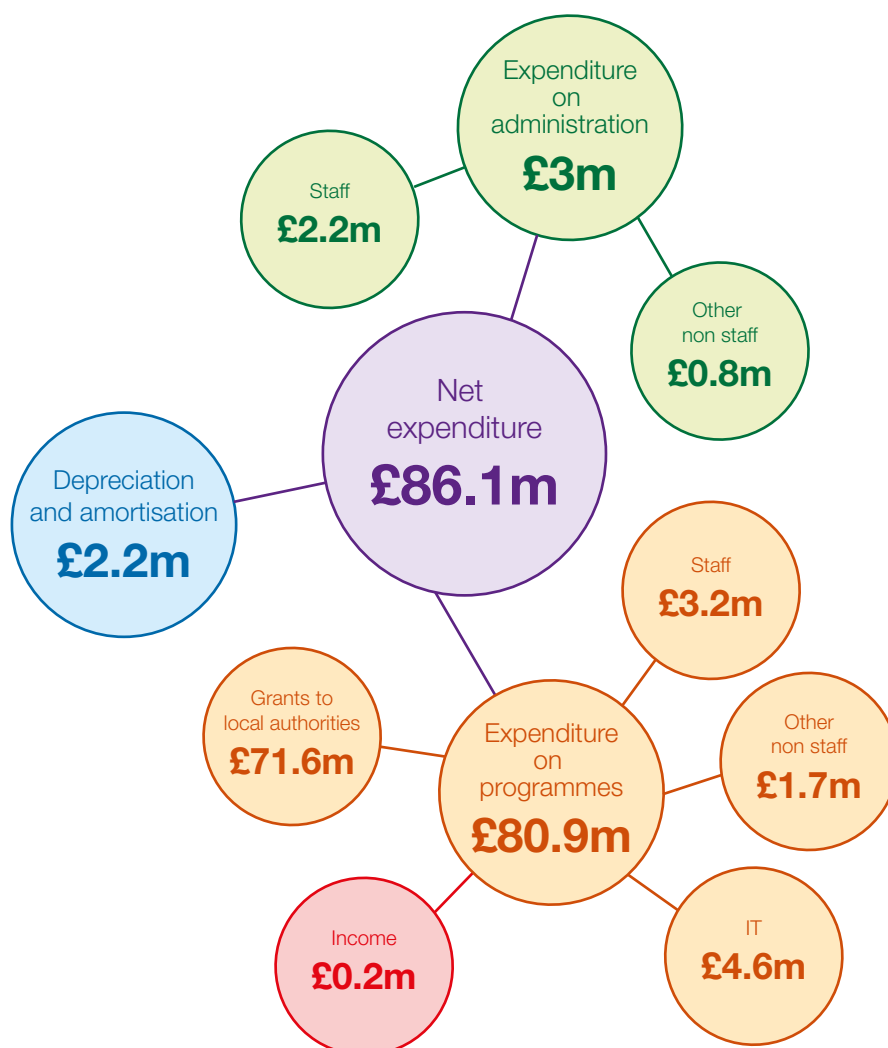
The overall risk to our objectives has reduced from 'high' to 'medium' over the last 12 months.

The key risks to the delivery of our vision and mission have been managed through our corporate risk register. The highest scoring risks are summarised on pages 39-40 under 'risk profile'.

## Financial review

Our net expenditure of £86m in 2018/19 represents a decrease of £40.6m (32.1%) compared to 2017/18. This is primarily because of the change in secure estate accountability for functions which moved to Her Majesty's Prison and Probation Service (HMPPS). Our expenditure included grants of £71.6m (83.4% of total net expenditure) paid to YOTs across England and Wales, which was the same as in 2017/18.

## How we spent our money



More detailed information about expenditure during the year can be found in the Accounts section of the report on pages 25-56.

## Other obligations

We are exempt from preparing a sustainability report under the Greening Government Commitments.

# Performance analysis

We collect and analyse data with a particular focus on the following:

- reducing first time entrants (FTEs) to the criminal justice system
- reducing the use of custody
- reducing reoffending.<sup>5</sup>

The graphics used in this section summarise the performance of the youth justice system in 2017/18. The 2018/19 data is still being prepared for publication in January 2020.

## Summary

### Cautions and convictions

In 2017/18, the number of children who received a caution or conviction has fallen by:

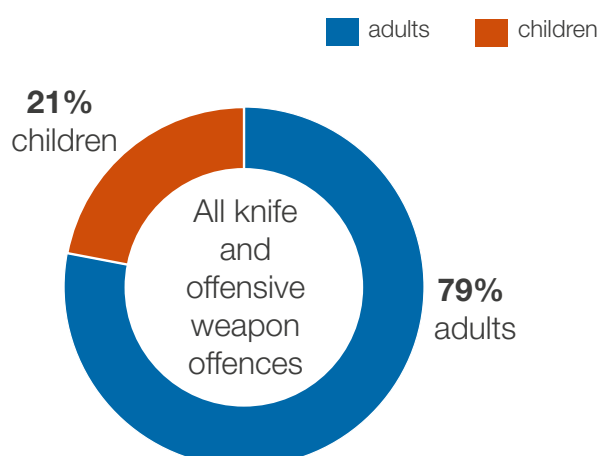
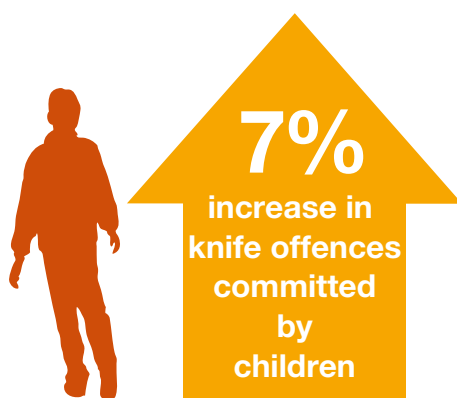


Overall, the numbers of children cautioned or convicted, whether as FTEs or reoffenders, have continued to fall. This reflects in part, efforts across a range of agencies to prevent children from offending and to divert children from the youth justice system.

However, clear challenges remain. The number of knife and offensive weapon offences committed by children has continued to increase, although children are still committing fewer of these offences than ten years ago. There have been increases in the number of robbery and drug offences committed by children. Furthermore, although the absolute number reduced, the proportion of children in the youth justice system from a black, Asian and minority ethnic (BAME) background continues to increase, especially within custody.

### Knife and offensive weapon offences

In 2017/18:



<sup>5</sup> In Wales the YJB also monitors and works to improve performance for outcomes in four areas of service devolved to the Welsh Government. These relate to education, mental health, accommodation and substance misuse.

## First time entrants

There continues to be a long-term fall in the number of FTEs to the youth justice system.<sup>6,7</sup> In the year ending March 2018, there was 14,373 FTEs, a fall of 14% from the previous year (year ending March 2017).

This reduction may be attributed to the work of the police, youth offending teams (YOTs) and other partners. This includes targeted youth crime prevention schemes and community based work to divert children away from the youth justice system through measures such as restorative justice disposals and triage schemes.

BAME children accounted for 25% of FTEs<sup>8</sup> and this proportion has increased in each of the last five years.

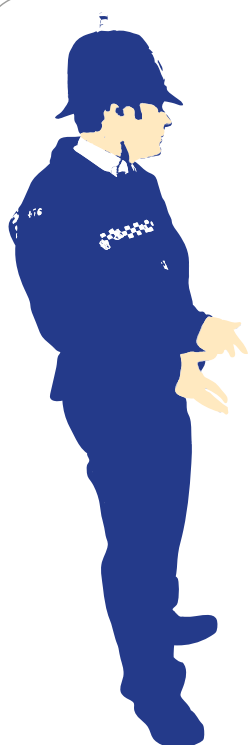
The average age of FTEs was 15.2 years in the year ending March 2018, remaining unchanged from the previous year.

### First time entrants

The number of 10 to 17-year-old first time entrants to the youth justice system continues to fall:

In 2017/18 it fell by:

**14%**



6 A first time entrant (FTE) is a child who has received their first caution or conviction for an offence processed by a police force in England or Wales, including the British Transport Police. Other sanctions given by the police are not counted.

7 See Youth Justice Statistics for the year to March 2018, available online at: <https://www.gov.uk/government/statistics/youth-justice-statistics-2017-to-2018>.

8 Where ethnicity was known.



## Use of custody

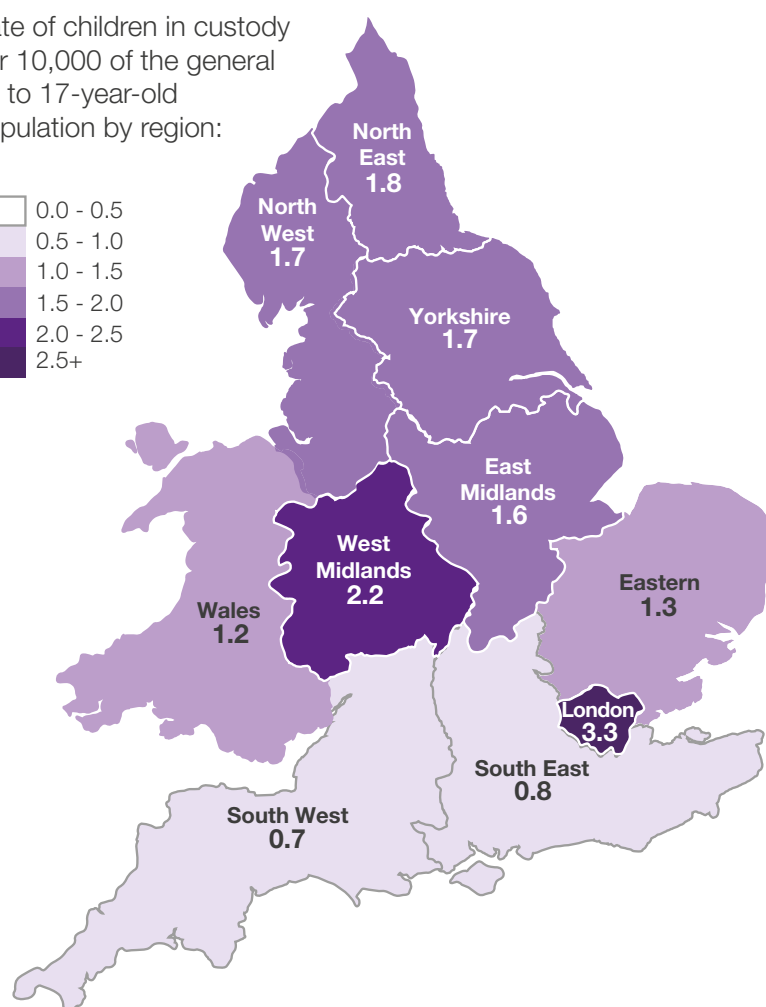
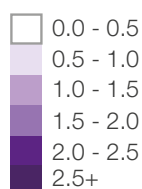
### Children in custody

Between 2016/17 and 2017/18 the number of children in custody

**increased**  
by **3%**



Rate of children in custody per 10,000 of the general 10 to 17-year-old population by region:



A custodial sentence may sometimes be the only appropriate response when a child commits an offence, but it should always be a last resort. Early intervention can reduce offending with less cost and better outcomes for the children concerned.

In the year ending March 2018, there was on average just under 900 children in custody at any one time.<sup>9</sup> This is an increase of 3% when compared with the previous year (year ending March 2017). However, this follows a 10% fall in the previous year and is the first increase since the year ending March 2008.

Provisional figures since March 2018 suggest that numbers of children in custody have since started to fall again. Nearly a quarter (24%) of children in custody in the year ending March 2018 were on remand. This is an increase of 19% compared with the previous year, and the first increase seen in the last decade.

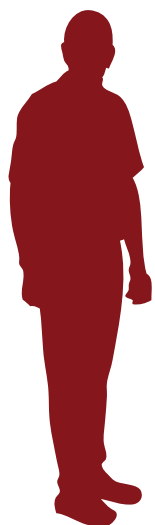
BAME children accounted for 45% of the custodial population, the same level as the previous year.

The rate of children in custody varies across England and Wales, with the highest rates in London (where 3.3 children per 10,000 are in custody) and the lowest rates in the south west of England (0.7).

In the latest year just under 1,600 custodial sentences were given to children. Whilst this is a slight fall from the previous year, the percentage these sentences make up of all sentences given to children has risen from 6% to 7% over the last year.

<sup>9</sup> Provisional data up to January 2019 is published monthly in the Youth Custody Report: <https://www.gov.uk/government/statistics/youth-custody-data>. These more up-to-date data indicate that the average youth custody population has started falling again.

## Reoffending



# 40.9%

of children reoffended within 12 months.  
They committed an average of **3.92** reoffences.  
This is a fall from a reoffending rate of **42.2%** in the previous year.

The long-term decreases in the number of children in the reoffending cohort<sup>10</sup> have continued. This reflects the shrinking number of children in the youth justice system overall and the number of children who reoffend and the reoffences they commit.

For the annual aggregated cohort from the year ending March 2017, the proportion of children in the cohort who went on to reoffend (binary rate) was 40.9%. This represents a decrease of 1.3 percentage points compared with the previous year, the largest year-on-year decrease for over ten years.

### Reoffending

The 2016/17 aggregated cohort compared with the 2015/16 cohort

**-13%** children who offended

**-15%** children who reoffended

**-13%** reoffences

**reoffending rate is now  
40.9%**

However, those children who do reoffend are committing more reoffences on average, with an average of 3.92 reoffences each (frequency rate) in the latest year. This is an increase of 3% compared with the previous year. The frequency of reoffending has increased year-on-year since the year ending March 2013.

Despite recent falls in the proportion of children who reoffended, the levels are still higher than for adults. The evidence shows that despite fewer children committing offences, the average number of previous offences per child has risen from 3.56 to 3.68 in the latest year. Anecdotal evidence from the sector suggests that on average the children in this cohort are those with the most complex needs.

<sup>10</sup> A child enters the reoffending cohort if they receive a caution, a non-custodial conviction at court or who were released from custody during the cohort period. The cohort period referenced here is the annual aggregate of the four quarterly cohorts for the year ending March 2017.

# Our work in 2018/19

In our 2018/21 Strategic Plan we set out seven priority areas on which we will work. In August 2018 we restructured and we established a programme, to deliver those priorities.

That programme is now firmly established with a clear plan of projects and activities to address the priorities and strong governance is in place covering the start-up, operation and evaluation of all activities. This programme approach is already providing a clear focus on how we make meaningful, sustainable improvements for children.

In September 2018, the Board determined that reducing serious youth violence should be an additional priority. Consequently, the priorities programme addressed:

- national standards for youth justice
- improving local practice
- resettlement and transitions between services
- safety and education in custody
- Secure Schools
- the disproportionate representation of children from some black, Asian and minority ethnic (BAME) backgrounds in the youth justice system; and
- serious youth violence reduction.

## National standards for youth justice

We have a statutory function to advise the Secretary of State for Justice on national standards for youth justice services. Between 2014-17 the existing standards audit process identified a range of areas that were dated or no longer suitable.

We advised the Secretary of State on revised standards which give local areas greater operational freedom to deliver services and innovate, while fulfilling their statutory responsibilities at each stage of a child's journey through the justice system. In developing the new standards, we undertook detailed engagement with regulatory bodies, inspectorates, government departments and the sector. This included a formal consultation.<sup>11</sup>

As the youth justice system has matured, we have introduced a revised approach to oversight and have reduced the number of prescriptive requirements. We published standards for children in the justice system<sup>12</sup> in February 2019 which sets its focus on outcomes not process. We aligned these standards, which came in to effect from April 2019, with the principles of constructive resettlement.<sup>13</sup> We also worked with HMI Prisons to ensure that resettlement is placed at the heart of HMI Prisons inspection criteria. Constructive resettlement principles have also been included in workforce development including the youth justice foundation degree and effective practice certificate.

<sup>11</sup> <https://www.gov.uk/government/consultations/revised-national-standards-for-children-in-the-youth-justice-system-2019>

<sup>12</sup> <https://www.gov.uk/government/publications/national-standards-for-youth-justice-services>

<sup>13</sup> <https://yjresourcehub.uk/yjb-effective-practice/youth-justice-kits/item/610-how-to-make-resettlement-constructive-yjb-document.html>

## Improving local practice

We focused improvement on the following six aspects of locally delivered services for children:

### Out-of-court disposals

We have collated examples of good practice, completed a gap analysis of provision and reviewed all out-of-court-disposal guidance. We have now identified the actions necessary to take improvements forward, which we will implement in the coming year. We have supported children from Media Academy Cardiff to produce a video about pre-court diversion to help others understand the process. The film will be published this summer.

### Trauma informed practice

The Enhanced Case Management (ECM) approach has been operating in the South Wales Police area since April 2017, following its initial trial in three youth offending teams (YOTs) in Wales. Forty-five children have been supported under this approach already. Referrals to the project have now closed but where relevant the children referred will continue to be supported. We have agreed an evaluation strategy for the ECM project with Public Health Wales and Bangor University and are looking at how ECM can be sustained. We have supported YOTs to implement ECM in their localities. We have created a partnership with NHS England, Public Health England and YOTs to develop ECM in Avon and Somerset. The project is in the process of recruiting staff, developing its operating arrangements and will be launched this summer.

### Improved safeguarding practice

We have worked with Welsh Government and other stakeholders to develop the following practice guides:

- 'Safeguarding of Children at Risk of Criminal Exploitation'
- 'Safeguarding of Children at Risk of Harmful Sexual Behaviour'.

This improved guidance will be published with the Wales Safeguarding Procedures in Autumn 2019.

### Grant review

During the past year we have reviewed how we might better use our grant funding powers. Alongside the need to fund priorities we explored the options for a different approach to how we allocate and distribute the grant between service providers across England and Wales. Guided by the minister, we decided to leave the funding formula for the YOT Good Practice grant unchanged for the time being and to continue to target some grants towards priorities, such as the £172k grant we provided to ten local authorities to tackle serious youth violence.

### Sector led improvement

Building on the strong, sector led improvement work already in place within the Youth Justice Sector Improvement Programme (YJSIP), we decided to introduce a sharing excellence model under the working title 'Pathfinders'. Using this, we will work with the YOTs and consortia to develop and share practice across the sector.

### Assessment

AssetPlus, our approved assessment and planning framework, enables a structured means of sharing information between YOTs and between them and secure settings. Our aim is to improve both the efficiency and quality of assessments and plans across the youth justice system and, with partners, to explore alternative assessment and planning models. We collaborated with the Department for Education on one specific aspect of their Partners in Practice Programme. This explored alternative assessment models to AssetPlus with projects expected to go live by the end of July 2019.

We introduced the capability for YOTs to securely transfer a child's information to another YOT. The first successful transfer took place in February 2019 and we completed the technical development for the secure transfer of a child's information from secure settings back to a YOT. These two developments mean that for the first time, the secure end to end sharing of children's information was made possible. Significant input from across the sector also enabled us to review both the AssetPlus Guidance and the AssetPlus Joint Working Protocol between YOTs and secure settings. New versions of both will be published on the Youth Justice Resource Hub in summer 2019. These documents reflect both our latest learning and the new standards for children in the youth justice system.

We commissioned St Helens YOT to share their AssetPlus practice improvement work called 'More for Less'. This was done through a series of workshops and was with a view to helping practitioners use AssetPlus as efficiently as possible. We supported this work through a supplementary grant and commissioned an independent process evaluation of AssetPlus - due to report in September 2019. We have also commissioned an independent evaluation of AssetPlus due to report in September 2020. All of this activity will provide us with valuable, insight, data and experience to inform our future strategy for assessment and planning to improve the outcomes for children.

## Resettlement and transitions between services

By the very definition and nature of custody, children within secure settings are some of the most vulnerable, disadvantaged and damaged. The behaviour of these children often has a significant impact for the communities in which they live. We have made resettlement of children from custody a priority, to ensure they and their communities are given the very best chance of a positive future free from reoffending.

In September 2018, we published *How to Make Resettlement Constructive*,<sup>14</sup> an evidence based approach to working with children in custody and upon release. We are pleased that the Youth Custody Service (YCS) has aligned itself with our constructive resettlement framework. Resettlement will also be advantageous in the development of Secure Schools.

We convened a resettlement working party which met on three occasions with further meetings scheduled throughout 2019 to develop effective practice and in turn share this with the wider sector. We took constructive resettlement out to the sector using regional meetings.

We have seen evidence of a positive culture change with some local authorities adopting constructive resettlement as they review their policies. Three YOTs have revised resettlement policy in line with constructive resettlement. Work is underway to harvest, refine and share this emerging practice with the sector. A further four YOTs have advised us that they are seeking to embed the principles across all their work.

Ten new additions have been made to the Youth Justice Resource Hub<sup>15</sup> that support the sector with resettlement and we are seeing the number of additions to the hub accelerate as practice develops.

The data and information we collected from the sector was reviewed to provide an accurate picture of resettlement outcomes and measure progress. This included information relevant to the accommodation arrangements for children leaving custody. We plan to make changes to the data collected through the course of 2019/20 and will report to the Cabinet Office on some of the practical challenges faced by children leaving custody to secure their support to push forward improvement across government.

In Wales, we worked with the National Probation Service (NPS) to provide expert advice to help refresh the existing framework and partnership working arrangements in Wales for the transfer of young people from supervision by YOTs to the Probation Service.

14 <https://yjresourcehub.uk/yjb-effective-practice/youth-justice-kits/item/610-how-to-make-resettlement-constructive-yjb-document.html?platform=hootsuite>

15 <https://yjresourcehub.uk/>

## Safety in custody

Over the past year, we worked closely with the YCS to develop a clear understanding of the Youth Justice Reform Programme. This included consideration of the intended actions, timescales and accountabilities and to develop effective oversight arrangements. We have provided regular advice to ministers on the secure estate.

We have offered advice and expertise to partners, including the YCS and the Ministry of Justice (MoJ), to support improvements in safety and education in custody.

We have provided advice to the YCS's young offender institution (YOI) education contract retender project so that new education contracts will deliver positive outcomes for children.

We helped the YCS's Behaviour Management Framework Steering Group to ensure that the group seeks the views of children through our Youth Advisory Panel to support its decision making. The panel influenced the content and naming of the framework, called 'building bridges', thus emphasising the intention that this should be a positive outcome.

We engaged with the Health & Justice Children's Assurance Group and had strategic oversight of the performance and service delivery of healthcare provision in the secure estate. We also contributed to the youth secure estate working group on the review of pain inducing techniques.

While there has been some improvement in inspection conclusions, we remain concerned that the pace of improvement has not been faster and that levels of violence, self-harm and restrictive interventions remain high. We are also concerned that in YOIs, children are spending too much time in their rooms with insufficient access to physical activity or high-quality education.

## Secure Schools

We believe that Secure Schools are essential and provide an opportunity to secure a step change in the effectiveness of custody. We are supporting the MoJ to deliver the first Secure School.

During this year, we have provided support to the MoJ and Department for Education, applications to be a Secure School provider were received and on 1 July 2019 the successful applicant was announced. We have contributed to the training of the assessors who are assessing the applications to ensure that they have adequate knowledge to do so.

We have facilitated YOTs involvement with secure school development, brokering contact with prospective providers to help inform and shape their bids.

## Disproportionality

Throughout the youth justice system there are concerns about the disproportionate representation of children from some black, Asian and minority ethnic (BAME) backgrounds. David Lammy's review into the treatment of, and outcomes for, BAME individuals in the criminal justice system highlights these issues and challenges government departments to 'explain or reform'.

Our work this year has been to deliver against three strategic objectives:

- to improve trustworthiness in the youth justice system from BAME communities
- develop prevention and diversion to prevent BAME children entering the criminal justice system
- explore improved employment outcomes for BAME children.

Our disproportionality toolkit was reviewed and redesigned. We published a new Local Ethnic Disproportionality Tool in November 2018 to allow all YOTs to access and utilise data to address disproportionality in their areas.



We redesigned the Summary Level Disproportionality Tool which enables YOTs to identify issues of over-representation of particular groups in their local youth justice system. It helps them share this data with other key, local stakeholders. This tool can present information by YOT, regional and Police and Crime Commissioner (PCC) area.

Our review<sup>16</sup> of the toolkit was in line with the completion of recommendation 33 from the David Lammy's review.<sup>17</sup> We will, after a period of embedding, review the whole toolkit and publish this in 2020.

We are updating materials that present the journey of a child through the youth justice system. The aim is to shine a light on the evidence that from early years and throughout the youth justice system, children from BAME backgrounds fare worse than the general population. These materials will be published this summer.

We have established a data sharing agreement with the Home Office to access Community Resolution data to allow a holistic understanding of disproportionality within out-of-court disposal options. We have partnered with the National Police Chief Council (NPCC) to assist with out-of-court disposals and disproportionality and improving outcomes for BAME children. This includes the first point of contact, stop and search, arrest and scrutiny panels and a police survey to establish the monitoring processes of disproportionality for out-of-court disposals.

We have supported YOTs to identify effective practice in relation to BAME children and shared this with the sector via the Youth Justice Resource Hub.

In the last year we:

- worked with the NPCC lead for stop and search to assist with options for reviewing force procedures, monitoring and scrutiny and strengthened our understanding of the use of stop and search
- visited stop and search scrutiny panels to determine good practice examples of addressing disproportionality
- advised on the Deferred Prosecution 'Chance for Change' recommendation within the Lammy review designed to pilot options for diversion from the Criminal Justice System without the need to plead guilty
- worked with the Association of Police and Crime Commissioners (APCC) to assist the PCC's in their analysis of youth disproportionality and consideration of this within their Police and Crime Plans
- supported partners including the Alliance of Sport on the Development of a Sports diversion programme for BAME children.

## Serious youth violence reduction

Serious youth violence is a complex issue. County lines, serious organised crime, children's vulnerability and their exploitation all have a bearing on levels of offending. We developed a targeted approach to support local authorities who are in the top quartile in terms of levels of serious youth violence.

We convened a reference group made up of thirteen local authorities who are a subset of the top quartile cohort to reduce serious youth violence. We awarded grants to local authorities to continue or initiate innovative projects to address serious youth violence and will draw on this learning to develop a shared understanding of good practice, to share to all YOTs.

We advised ministers on key areas of policy development including the Home Office's approach to Knife Crime Prevention Orders and the potential impact on YOTs in respect to the introduction of swift justice courts.

We are exploring what trauma informed policing and partnership activity is taking place across the sector and what can be learnt from this to improve outcomes for children, this will also inform our learning from the adverse childhood experience/trauma informed practice area of our improving local practice priority.

<sup>16</sup> <https://www.gov.uk/government/publications/an-evaluation-of-the-yjbs-case-level-ethnic-disproportionality-toolkit>

<sup>17</sup> <https://www.gov.uk/government/publications/lammy-review-final-report>

## Activities to deliver our priorities

### Performance improvement

We have developed a new system for the governance and oversight of youth justice sector performance. We have created an improved data analysis model including the overlay of inspectorate outcomes and BAME and accommodation data. We have created a new performance oversight board and supporting processes utilising a full dataset along with the skills of our staff across directorates to better inform performance assessments. We have reviewed the escalation model and created *Deep Dives* to take effective practice assessment to the sector. The focus so far is on first time entrants, remands and whole family intervention. Alongside the work we have done to improve our oversight of the system, effective practice and workforce development we have offered significant support and leadership to YOTs that have performed poorly to enable them to improve outcomes for children.

### Youth Justice Sector Improvement Partnership

We have supported the Youth Justice Sector Improvement Partnership (YJSIP) a self-improvement activity for YOTs and youth justice partnerships across England and Wales. Now in its seventh year, YJSIP includes, peer review, coaching, operational manager training, peer challenge, sector self-improvement tools and ongoing advice.

In January 2019, Dr Kerry Baker and Dr Chris Magill published an independent evaluation of sector-led peer assessments in youth justice.<sup>18</sup> Their report highlights the sector-led journey and provides further narrative regarding the YJSIP model including key findings and recommendations.

### Youth Justice Workforce Development Strategy

In 2018-19 the Youth Justice Workforce Development Strategy was refreshed, with the ongoing aim of developing the professionalism of the workforce. So far over 1000 personnel have achieved the Youth Justice Effective Practice Certificate and 300 staff from the secure estate are registered on the Youth Justice Degree. A sector led Workforce Development Council oversees the strategy and the skills matrix which identifies the youth justice core competences. The matrix was revised in 2018 and a skills audit process developed for the sector to use. The latter has been trialled successfully with two services receiving our support. A consultation to progress professional recognition and registration for youth justice staff was also undertaken and responses have been incorporated into the development work.

### Regional practice development fora

During 2018-19 we refreshed our practice development for a delivery strategy. We:

- provided common terms of reference for all fora to consider/adapt
- ensured all fora are supported, assigned leads, dates and confirming venues established a calendar structure to 'book' a programme of delivery topics in advance and in line with our priorities programme.

Fora have also enabled the sharing of key advances in relation to our priorities programme.

### Promoting the active participation of children

In April 2019 we took two young people to two of the serious youth violence summits at 10 Downing Street. These events aimed to ensure that agencies work together to support children at risk of becoming involved in violent crime. The young people spoke with passion and authority, showing that involving young people is vital if we are to understand and tackle serious violence.

At the Youth Justice Convention 2018, a record number of children and young people participated. They led seminars, shared their unique insight and expressed their views on how the system could change to improve children's experiences.

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<sup>18</sup> <https://aym.org.uk/2019/02/11/evaluation-of-sector-led-peer-assessments-in-youth-justice/>



A full review of our engagement mechanisms was undertaken between December 2018 and February 2019. Following the review, an engagement strategy and plan are being developed for delivery, it is intended that all new mechanisms will be in place by Autumn 2019. Four engagement fora are currently being established to effectively understand the views of the sector and to help inform our direction. These fora will include our ongoing work to build a collaborative network of children, across England and Wales to help assure that the voice of the child is central to our decision making and advice. Perspectives, strategic themes, issues and opportunities from all of the fora will inform the work of the Youth Justice System Oversight Group.

We have supported 'Voices from Youth' the young person panel in Wales, that has advised a range of influential stakeholders in the youth justice system. This has included advice and support to the development of Welsh government policy. Voices from Youth representatives participate in the quarterly Wales Youth Justice Advisory Panel, jointly chaired by us and the Welsh Government. This has given children a voice at this strategic reference group and contributed to positive outcomes for those involved e.g. a representative from Voices from Youth has subsequently secured employment as a result of their participation.

### Hwb Doeth

In Wales, we have continued to strengthen the way in which the website Hwb Doeth operates. Hwb Doeth is a national collaboration between us, Welsh Government, the Welsh Centre for Crime and Social Justice (a consortium of Welsh Universities) and youth justice services. Hwb Doeth promotes practice improvement, research and the dissemination of practice and has identified several priorities of common interest including child exploitation, realising 'child first' in practice and improving education outcomes for children.

### Strategic engagement with Welsh Government

Our work with Welsh Government has enabled us to continue to progress and improve YOT prevention and pre-court diversion activity in Wales. We secured continued funding from the Welsh Government to fund prevention and pre-court diversion activity, contributing £6.7 million in 2018-19 to Welsh YOTs. We are working with Welsh Government and YOTs to develop an improved reporting mechanism on targeted prevention activity and adverse childhood experiences in the cohort.

We have provided expert advice on the operation of youth justice in Wales, making recommendations for devolved and non-devolved agencies working in partnership to deliver a trauma-informed and rights-based approach in "Improving outcomes for children: youth justice blueprint".<sup>19</sup> We have engaged with and influenced programmes in Wales, namely:

- Welsh Government Safer Communities Programme (which is adopting a public health approach to serious violence and county lines)
- Welsh Government/HM Prison and Probation Service Framework to support positive change for those at risk of offending.

Date: 15 July 2019

Signed on behalf of the YJB by



**Colin Allars**

Chief Executive and Accounting Officer

<sup>19</sup> <https://gov.wales/supporting-young-offenders>



# 2

## Accountability report 2018/19

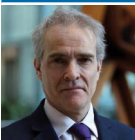





- Remuneration and staff report
- Parliamentary accountability and audit report
- The certificate and report of the Comptroller and Auditor General to the Houses of Parliament




# Corporate governance report

This section of the report outlines our governance over 2018/19.

## Board members and senior management

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

| Name  |                   | Role   | Date Started | Date ended |
|---|-------------------|--|--------------|------------|
|    | Charlie Taylor    | Chair  | 18/03/2017   | N/A        |
|    | Sir Alan Wood     | Board Member   | 21/04/2017   | N/A        |
|   | Ben Byrne         | Board Member   | 01/01/2018   | N/A        |
|  | Brian Tytherleigh | Chair of Finance, Audit and Risk Assurance Committee | 01/09/2017   | N/A        |
|  | Gillian Fairfield | Chair of the Performance Committee                   | 03/10/2012   | N/A        |
|  | Keith Fraser      | Board Member   | 01/01/2018   | N/A        |

| Name  |                      | Role   | Date Started | Date ended |
|---|----------------------|--|--------------|------------|
|    | Keith Towler         | Co-Chair of the Wales Youth Justice Advisory Panel | 01/01/2018   | N/A        |
|    | Mairead Healy        | Board Member                                       | 01/01/2018   | N/A        |
|   | Neil Rhodes          | Board Member                                       | 01/07/2013   | N/A        |
|  | Professor Neal Hazel | Board Member                                       | 01/01/2018   | N/A        |
|  | Sharon Gray          | Board Member                                       | 01/01/2018   | N/A        |

The biographical details of our Board members are available online.<sup>20</sup>

We have adopted a code of practice for our Board members. The code, along with a register of members' interests, can be found on the biographical details page referenced above.

Our Chair is responsible for appointing our Chief Executive, in consultation with the Ministry of Justice (MoJ).

<sup>20</sup> The biographical details of the YJB's Board members are available at: [www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership#board-members](https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership#board-members)

At 31 March 2019, our Senior Leadership Group (SLG) consisted of the following people:

| Name  |                         | Role  | Date Started | Date Ended |
|---|-------------------------|---|--------------|------------|
|    | Colin Allars            | Chief Executive                                   | 13/07/2016   |            |
|    | Stephanie Roberts-Bibby | Chief Operating Officer                           | 05/09/2018   |            |
|    | Ann Skamarauskas        | Director of Organisational Development and Change | 01/12/2016   |            |
|    | Dusty Kennedy           | Director of Innovation and Engagement (Wales)     | 29/3/2011    | 21/08/2018 |
|   | Lynzi Jarman            | Director of Innovation and Engagement (Wales)     | 05/09/2018   |            |
|  | Martin Skeats           | Director of Programme Delivery                    | 01/12/2009   |            |
|  | Mairi Warrington        | Director of Strategy and Planning from            | 01/09/2018   |            |
|  | Catherine Worswick      | Director of Strategy and Planning from            | 01/09/2018   |            |
|  | Lisa Harvey-Messina     | Director of Innovation and Engagement (England)   | 01/09/2018   |            |
|  | Paul Clarke             | Director of Oversight and intelligence            | 01/09/2018   |            |
|  | Marion Sandwell         | Senior Police Adviser                             | 01/09/2018   | 01/10/2018 |
|  | Jonathan Pickles        | Senior Police Adviser                             | 01/10/2018   |            |

A list of all Board and SLG members who were in post during the year is shown in the remuneration report on pages 42-46.

The Chief Executive, as Accounting Officer, ensures that all public funds made available to us 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 30.

### **Company directorships and other significant interests**

All interests have been declared and are managed accordingly to ensure there is no impact on their responsibilities.<sup>21</sup>

### **Personal data incidents**

There was one security data incident reported to the Information Commissioner's Office (ICO) in the year. No data was lost.

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

### **Our Welsh Language Scheme**

We are committed to the principle of treating the English and Welsh languages on a basis of equality when conducting public business in Wales. We have a Welsh Language Scheme that complies with the Welsh Language (Wales) Measure 2011 and explains how we will put this principle into practice. The Welsh Language Commissioner is in the process of developing regulations that will set Welsh language standards for us. 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.

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<sup>21</sup> Register of interests available at: <https://www.gov.uk/government/organisations/youth-justice-board-for-england-and-wales/about/membership>

## Statement of Accounting Officer's responsibilities

The Accounting Officer of the MoJ has designated the Chief Executive of the YJB as the Accounting Officer for the YJB. The responsibilities of an Accounting Officer are set out in 'Managing Public Money'<sup>22</sup> published by HM Treasury.

Under the Crime and Disorder Act 1998, the Secretary of State, with the approval of HM Treasury, has directed us 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 our state of affairs and of our net expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

The Accounting Officer also confirms that:

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



**Colin Allars**

Chief Executive and Accounting Officer

Date: 15 July 2019

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<sup>22</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 have been responsible for managing a budget delegated directly to me by the MoJ, and for managing a budget allocated to the YJB retained in the MoJ, in accordance with the conditions set out in my letter of delegation from the MoJ.

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

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

## **Governance framework**

We are a non-departmental public body, created by the Crime and Disorder Act 1998. Our functions are summarised in the 'who we are and what we do' section on page 8.

## **Framework document**

The overarching framework within which we operate is set out in a framework document, agreed between us and the MoJ, which sets out the following:

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

The current Framework Document has been reviewed and was finalised in June 2019.

## Strategic and business planning

Our Strategic Plan for 2018-21<sup>23</sup> sets out our vision and mission statement for the period that this report is looking at. The plan has been revised and was published in May 2019.<sup>24</sup>

## Our Chair, Board and committees

### Chair and Board

Our Chair and Board members set our overall strategic direction. They ensure that we operate within the limits of our statutory authority and set our corporate objectives.

Our Board 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.

We can have 10–12 members. At the time of the report there were 11 members including the Chair.

Among our Board members there is specific representation for Wales. A list of all our Board members and a brief biography can be found on GOV.UK.<sup>25</sup>

Our Chief Executive and Directors also attend Board meetings.

The Board formally met five times during 2018/19. A schedule of attendance is shown in the following table.

### YJB Board meeting attendance for 2018/19

| Member | 06/06/18 | 12/09/18 | 05/12/18 | 13/02/19 | 20/03/19 |
|--------|----------|----------|----------|----------|----------|
|--------|----------|----------|----------|----------|----------|

#### Youth Justice Board members

|                   |   |   |   |   |   |
|-------------------|---|---|---|---|---|
| Gillian Fairfield | ✓ | ✓ | X | ✓ | ✓ |
| Charlie Taylor    | ✓ | ✓ | ✓ | ✓ | ✓ |
| Neil Rhodes       | ✓ | X | ✓ | ✓ | ✓ |
| Ben Byrne         | ✓ | ✓ | ✓ | ✓ | ✓ |
| Keith Fraser      | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sharon Gray       | ✓ | ✓ | X | X | ✓ |
| Neal Hazel        | ✓ | ✓ | X | ✓ | ✓ |
| Mairead Healy     | ✓ | ✓ | X | ✓ | ✓ |
| Keith Towler      | ✓ | ✓ | X | X | X |
| Brian Tytherleigh | ✓ | ✓ | ✓ | ✓ | ✓ |
| Alan Wood         | ✓ | ✓ | ✓ | ✓ | ✓ |

#### Chief Executive and Chief Operating Officer

|                                |    |   |   |   |   |
|--------------------------------|----|---|---|---|---|
| Colin Allars (Chief Executive) | ✓  | ✓ | ✓ | ✓ | ✓ |
| Stephanie Roberts-Bibby        | NA | ✓ | ✓ | ✓ | ✓ |

<sup>23</sup> <https://www.gov.uk/government/publications/youth-justice-board-for-england-and-wales-strategic-plan-2018-21>

<sup>24</sup> <https://www.gov.uk/government/publications/youth-justice-board-for-england-and-wales-strategic-plan-2019-22>

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

## Committees

The Board is supported by these four committees:

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

The Board meetings and committees are attended by Board members, members of the Senior Leadership Group (SLG) as relevant and, other senior YJB staff as required. Colleagues from Internal Audit and the National Audit Office also attend the Finance, Audit and Risk Assurance Committee. MoJ officials attend the Board, Performance Committee and the Finance, Audit and Risk Assurance Committee.

The Board and its committee membership is contained in the accountability report on pages 25-56.

The committees all met quarterly in 2018/2019, with the exception of the Remuneration Committee which met three times. The work of the Board and its committees is formally prescribed in our corporate governance document set, which includes the committee's terms of reference, YJB standing orders, the code of conduct for YJB Board members, and our scheme of delegation.

The Finance, Audit and Risk Assurance Committee provides specific scrutiny of YJB corporate governance and risks, and advises our Board on the strategic processes for managing risks, control and governance as well as the planned activity, and results of both internal and external audit.

The Performance Committee oversees and scrutinises delivery of our Strategic Plan and Business Plan and provides assurance to that end to the Board. This is largely achieved through its regular review of our quarterly Corporate Performance Report, which is the substantive item on the Committee's agenda.

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

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

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

The panel is jointly chaired by our Board member for Wales and the Welsh Government Director for Local Government and Public Service Department. It is attended by representatives from strategic youth justice partners in Wales including:

- a young person
- Police and Crime commissioners
- Public Health Wales
- Association of Directors of Education in Wales
- Association of Directors of Social Services Cymru
- HMPPS Wales
- Magistrates
- HM Courts and Tribunals Service
- Crown Prosecution Service
- YOT Managers Cymru
- Wales Local Government Association.

The Remuneration and Personnel Committee maintains oversight of the remuneration of our staff, including consideration of the Chief Executive's and any Senior Civil Servant equivalent staff annual appraisal and the appointment of staff reporting directly to the Chief Executive.

## **The Senior Leadership Group (SLG)**

The SLG ensures delivery of the Strategic and Business Plans. It comprises of the Chief Executive and directors of each directorate. In addition, an operational SLG focused on operational delivery is chaired by the Chief Operating Officer.

Our directorates are as follows:

### **Programme Delivery**

- co-ordinate and monitor progress of our activities in support of our priorities
- provide planning, co-ordination, direction and flexible resource deployment of projects of work to support the Board's priorities.

### **Strategy and Planning**

- set clear strategic direction across the organisation and maintaining strategic relationships to support the Boards' aims
- provide support to the Executive and Board
- develop high quality advice and briefing to the Board, ministers and other government departments
- policy and parliamentary horizon scanning and developing policy.

### **Organisational Development**

- develop a clear people strategy for resourcing, reward, retention and skills development
- provide advice and expertise to the Executive and Board on all people matters
- provide oversight of an organisational development plan
- provide management information to enable the organisation and relevant departments to make decisions.

**Innovation & Engagement (England & Wales)**

- direct engagement and intelligence gathering with stakeholders across youth justice partnerships and inspectorates to aid achievements of the Board's aims, identifying risks and opportunities
- enable delivery of our statutory duties in regular whole system monitoring, and the identification and promotion of effective practice
- oversight of performance across the youth justice system and the delivery of standards for children in the youth justice system across England and Wales.

**Oversight & Intelligence**

- provide expert support and advice for all YJB functions on ICT, research, data and analysis
- collate and make data and information accessible
- information security, data protection and information sharing advice.

**Business Support**

- provide financial and risk assurance to the Board, Executive and Auditors.
- ensure internal and external communications are appropriate and meet the needs of the staff/sector
- administration of the Youth Justice Grant
- advice and support across the YJB where objectives require police involvement.

**Account of corporate governance****Parliamentary accountability**

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

- approving our strategic objectives and the policy and resources framework within which we operate
- keeping Parliament informed about our performance
- securing the Grant in Aid to the YJB, and parliamentary approval for these funds
- appointing our Chair and Board members
- laying our annual report and accounts before Parliament.

Our Chair is responsible to the Secretary of State for Justice. Our Chair is also responsible for ensuring that activities support the Minister for Youth Justice and that our affairs are conducted with probity.

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

We provide information to the MoJ and other government departments as requested to assist them in answering Parliamentary Questions. During the year, we contributed information to 18 Parliamentary Questions.

## The role of the Board

Our Board has corporate responsibility for ensuring that we fulfil 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

Our Chair will complete end-of-year reviews on each of the Board members for their performance in 2018/2019 which will involve setting updated objectives for 2019/2020. The annual performance assessment of the Chair is the responsibility of the Director General for the Justice Policy, Strategy and Communications Group on behalf of the Secretary of State, to whom the assessment is reported.

The Board reviewed its effectiveness in June 2019, starting with the completion of a survey addressing the different aspects of its role. At the same meeting, it reviewed and updated its scheme of delegation, standing orders and its committee terms of reference.

The Board Effectiveness Review was not conducted within the 2018/19 financial year, owing to our structural and organisational changes. The next Board Effectiveness Review will be completed in March 2020.

## The provision of information and data to the Board

As mentioned on page 33 above, the Performance Committee scrutinises delivery of our Strategic Plan and Business Plan on behalf of the Board. The committee provides a written report to the Board after each meeting, outlining the key areas of note.

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

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

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 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. Our corporate data is drawn from systems provided to us 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 us 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 2018/2019, we allocated £71.6m for youth justice grants to local authorities for the purpose of YOTs, based on a historical assessment of need. The terms and conditions of the grant allow local flexibility for YOTs to direct financial resources to specific areas of youth justice activities, in alignment with their youth justice strategic plans. The terms and conditions of grants were signed by the Chair of each YOT

management board, the local authority chief financial officer and the YOT manager as proof of acceptance prior to funding being released by us. 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 approach to overseeing the overall effectiveness of youth justice services and YOTs specifically is based on risk-led monitoring and oversight. This focuses on driving improved outcomes in youth justice services and identifying areas of effective practice across the youth justice sector and its partnerships.

A quarterly performance oversight board considers data against national justice indicators (first time entrants, proven reoffending and use of custody). This oversight is also supported by more qualitative considerations of how partnerships operate against the standards for children in the youth justice system, annual youth justice plans and intelligence from other sources including direct contact with services, inspection outcomes and progress against post-inspection improvement plans.

Where we consider performance indicates the need to, we will facilitate direct oversight and improvement support and, importantly, also promote sector-led improvement activity. Where progress proves difficult to sustain, a process is in place which includes escalation to both chief executive and ministerial levels.

Our internal audit service conducts an annual audit of the governance of grants. This is to provide an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2018/19, this involved the team visiting a sample of five YOTs to review their financial and governance arrangements. The final audit report returned a 'moderate' rating with no critical or significant areas of weakness identified.

### Internal audit

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

The Government Internal Audit Agency issue assurance ratings for completed audits. The assurance rating definitions are detailed below.

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

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

### Overall view of internal audit

The Government Internal Audit Agency provides an annual report to the Accounting Officer which gives the annual opinion for the year on our frameworks for risk management, control and governance. A copy of the annual report is also submitted to the first finance, audit and risk assurance committee meeting of the year. The Government Internal Audit Agency's judgement and annual opinion is based on the audit opinions and other relevant information presented at the year's quarterly finance, audit and risk assurance meetings.

The report for 2018/19 indicated an "annual opinion of moderate on the adequacy and effectiveness of the framework of governance, risk management and control".

### Risk assessment

Our effective risk management is based on appropriate levels of communication and the sharing of knowledge from risk experts throughout the organisation. The Risk and Services Management (RSM) Team has also regularly reviewed the strategic risk register and supported SLG members to monitor and actively work towards reducing the risks that they own.

The SLG requires all staff to adhere to the guidance provided on our approach to risk management, which includes identifying and managing risks relevant to their work.

Through regularly reporting to SLG over the last 12 months, the RSM team has continued to effectively co-ordinate the risk processes at a corporate level within the YJB.

### The Risk management framework

Our risk management framework was reviewed by the Board in 2018. This framework sets out the entire risk management system within the organisation. This aligns with the 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 next due for review in Spring 2020.

In accordance with the risk and control framework, the risk register is reviewed at least quarterly by the SLG.



## Risk profile

Our risk focus has shifted since the accountability for the secure estate moved to the Youth Custody Service (YCS). Now in a more strategic position, we, along with the Finance, Audit and Risk Assurance Committee have placed focus on areas of our oversight and risks of being too removed from frontline operations to provide this effectively. Should such risks materialise, they could of course pose detriment to children in the youth justice system and our reputation.

Our principal risks and mitigating actions identified during 2018/19 were as follows.

| Principal risks   | Key mitigating actions and controls   |
|---|---|
| <b>Insufficient influence with UK and Welsh government ministers</b>  |   |
| Welsh & UK Governments do not prioritise youth justice, therefore the YJB is unable to align its objectives to theirs. This could result in failure to improve outcomes for children in the youth justice system and reputational damage to the YJB.          | <ul style="list-style-type: none"> <li>• The YJB has been engaging with the MoJ Sponsor Team and policy advisers to foster a strategic relationship with key partners and are being consulted on submissions.</li> <li>• Ministerial meetings are taking place regularly and an updated letter to the Secretary of State is provided quarterly.</li> <li>• The YJB effectively reviews its business plan commitments and financial performance, prioritising decisions accordingly.</li> </ul>  |
| <b>The YJB does not have appropriate oversight of the youth justice system</b>  |   |
| Operating more strategically, the YJB may be too arms' length from the youth justice sector to monitor activity effectively, resulting in outcomes for children being compromised and an inability for the YJB to provide comprehensive insight to ministers. | <ul style="list-style-type: none"> <li>• A quarterly performance oversight board has been established to promote effective communication. This informs the Performance Committee which in turn reports to the Board on a quarterly basis.</li> <li>• The YJB coordinates the quarterly youth justice system oversight group to maintain a dialogue and keep its knowledge up to date.</li> <li>• The oversight processes have been in place for a year via the performance oversight board mechanism. All stakeholders have been fully briefed on the processes and successful good practice deep-dives have taken place.</li> <li>• Oversight is also informed by regional engagement at Heads of Service meetings and developing practice fora; as necessary regional leads also attend YOT Management Boards, this enables our understanding of local management information.</li> <li>• A youth panel has been established to better understand the views of children and those with lived experience, enabling the YJB to take an up to date and informed approach as to whether youth justice services are suitable and impactful. This work is being further enhanced through the building of an affiliated children's network across England and Wales through the stakeholder engagement strategy.</li> <li>• The Wales Youth Justice Advisory Panel is jointly chaired by Welsh Government and YJB. It brings together strategic partners to oversee the system in Wales and act as a strategic reference group.</li> </ul> |

| Principal risks  | Key mitigating actions and controls  |
|--|--|
| <b>The YJB fails to deliver its priorities</b>   |  |
| <p>The priorities programme fails as a new initiative, meaning outcomes for children are not improved and the Board's influence is undermined.</p>   | <ul style="list-style-type: none"> <li>• A strategy for achieving each priority within the priorities programme has been approved by the Board's strategic lead.</li> <li>• The foreseeable programme risks have been identified and reported to the programme board.</li> <li>• A summary of the programme is reported to the Performance Committee who provide a report to the Board quarterly.</li> <li>• A monthly operational meeting has been established to actively monitor risks and progress.</li> <li>• Strategic direction and programme champions have been appointed by the Board and priority leads have been appointed by the Executive.</li> </ul>                |
| <b>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</b>   |  |
| <p>Failure or weakness in YJB information technology (IT) systems impacts negatively on the youth justice system.</p>  | <ul style="list-style-type: none"> <li>• Additional mitigations have been added to our IT strategy.</li> <li>• The risk of contract failure with YJB's IT providers has reduced significantly in the last year because Northgate Public Services now support the contract. Our current provider has strong presence across central and local government.</li> <li>• AssetPlus Programme Board has improved communications between YOTs and the YJB.</li> </ul>   |
| <b>Failure to deliver organisational change / commitment</b>   |  |
| <p>The YJB's organisational and structural changes impact negatively on its performance and staff. Distribution of staff and resources are not thought through, resulting in a lack of efficiency and poor retention of staff.</p> | <ul style="list-style-type: none"> <li>• In the last 12 months, all YJB staff have been consulted on organisational changes and lessons learned have been undertaken on the restructure. Significant effort has been put into "Listen to Improve" sessions with staff to increase advocacy for the YJB and its priorities.</li> <li>• A full staff skills analysis is underway to ensure that staff are placed in roles that make the best use of their skillset and to identify areas for development to improve efficiency.</li> <li>• All staff have regular one to one performance meetings, team meetings as well as organisational all staff events twice a year.</li> </ul> |

**YJB assurance map**

We measure the effectiveness of our mitigations for risks via an 'assurance map', based on HM Treasury guidance. This map sets out the assessment of the key risks to the systems and processes that we must be assured are sufficiently managed. Control measures that are in place to mitigate our process and system-based risks are evaluated within the assurance map.

The evidence presented in the assurance map was reviewed and updated in April 2019 and quarterly thereafter.

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

Our information assurance policy ensures that the information we hold is:

- handled securely
- appropriately protected
- as accurate as possible
- made available to the right people, at the right time, for the correct reasons.

The policy complies with the Cabinet Office *HMG Security Policy Framework*. The ICT systems we operate on behalf of the youth justice system are appropriately accredited for security and information assurance, in line with CESG guidance (CESG is the UK government's national technical authority for information assurance).

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

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

We answered 57 Freedom of Information requests in the year, of which all were within statutory timescales.

**Health and safety**

Our health and safety function is now led by the Chief Operating Officer. The Risk and Service Management Team has oversight of our Corporate Health and Safety Policy, which enables us to comply with its legal duties and responsibilities under the Health and Safety at Work Act 1974. A YJB Corporate Health and Safety Committee meets bi-annually and chaired by the Chief Operating Officer. This Committee reports to the SLG 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: 15 July 2019

# 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 and/or individually held legacy terms. Staff are classed as public servants and not civil servants, although the contracts are similar.

Until 2018 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. We operate the Civil Service Compensation Scheme.<sup>27</sup>

This report discloses the remuneration of those serving on our Board comprising the Chair, YJB members and Executive Directors, including the Chief Executive and Chief Operating Officer. 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 four years. The appointment of all YJB members, and extension of their appointments, is made by the Secretary of State for Justice. Reappointments are subject to a satisfactory appraisal process. Charlie Taylor was appointed as Chair in 2016/17 and permission was sought, and received from the Commissioner of Public Appointments not to run a competition in this case.

Charlie Taylor's two-year term of appointment commenced with effect from 18 March 2017. His appointment was extended until 16 March 2020 on 20 November 2018.

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

## Executive Directors' terms of appointment

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

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

## Remuneration and Personnel Committee

Our Remuneration and Personnel Committee met three times during 2018/19. 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 Senior Leadership Group (SLG). 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 five members: the YJB Chair, the Chair of the YJB Finance, Audit and Risk Assurance Committee and three other Board members.

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

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

## Remuneration (audited information)

### Board and Executive Management Group, now renamed Senior Leader Group

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

For the year ended 31 March 2019, 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  | 2018/19               |         |                  |  |                        | 2017/18            |         |                  |  |         |
|---|-----------------------|---------|------------------|--|------------------------|--------------------|---------|------------------|--|---------|
|   | Salary                | Bonuses | Benefits in kind | Pension benefits (to nearest £1,000) <sup>29</sup> | Total                  | Salary             | Bonuses | Benefits in kind | Pension benefits (to nearest £1,000) <sup>29</sup> | Total   |
|   | £'000                 | £'000   | £'000            | £'000  | £'000                  | £'000              | £'000   | £'000            | £'000  | £'000   |
| <b>Charlie Taylor</b><br>Chair  | 60-65                 | –       | –                | –  | 60–65                  | 60–65              | –       | –                | –  | 60–65   |
| <b>Colin Allars</b><br>Chief Executive  | 110-115               | –       | –                | 4  | 115–120                | 110–115            | 10–15   | –                | 27   | 150–155 |
| <b>Alan Wood</b><br>YJB Member  | 5-10                  | –       | –                | –  | 5–10                   | 5–10<br>(FYE 5–10) | –       | –                | –  | 5–10    |
| <b>Ann Skamarauskas</b><br>Director of Organisational Development and Change                        | 65-70                 | 0–5     | –                | 2  | 70–75                  | 65–70              | 0–5     | –                | 27   | 95–100  |
| <b>Ben Byrne</b><br>YJB Member  | 5-10                  | –       | 0.1              | –  | 5–10                   | 0–5<br>(FYE 5–10)  | –       | –                | –  | –       |
| <b>Brian Tytherleigh</b><br>YJB Member  | 10-15                 | –       | 2.2              | –  | 10–15                  | 5–10<br>(FYE 5–10) | –       | 1.9              | –  | 5–10    |
| <b>Catherine Worswick<sup>30</sup></b><br>Director of Strategy & Planning (since 01 September 2018) | 15-20<br>(FYE 25–30)  | 0–5     | –                | 10   | 25–30<br>(FYE 35–40)   | –                  | –       | –                | –  | –       |
| <b>Dusty Kennedy</b><br>Director of YJB Cymru (to 21 August 2018)                                   | 20-25<br>(FYE 60–65)  | –       | 0.3              | 10   | 35–40<br>(FYE 70–75)   | 60–65              | 0–5     | 1.6              | 25   | 90–95   |
| <b>Gillian Fairfield</b><br>YJB Member  | 10-15                 | –       | 2                | –  | 10–15                  | 10–15              | –       | 3.6              | –  | 15–20   |
| <b>Jonathan Pickles<sup>31</sup></b><br>Senior Police Adviser (since 01 October 2018)               | 45-50<br>(FYE 95–100) | –       | 7.9              | –  | 55–60<br>(FYE 100–105) | –                  | –       | –                | –  | –       |
| <b>Keith Fraser</b><br>YJB Member   | 5-10                  | –       | 8                | –  | 15–20                  | 0–5<br>(FYE 5–10)  | –       | 1.6              | –  | 0–5     |
| <b>Keith Towler</b><br>YJB Member   | 5-10                  | –       | 0.8              | –  | 10–15                  | 0–5<br>(FYE 5–10)  | –       | 0.6              | –  | 0–5     |
| <b>Lisa Harvey-Messina</b><br>Director of Innovation & Engagement England (since 01 September 2018) | 35-40<br>(FYE 65–70)  | 0–5     | 4.5              | 15   | 55–60<br>(FYE 85–90)   | –                  | –       | –                | –  | –       |
| <b>Lynzi Jarman</b><br>Director of Innovation & Engagement Wales (since 01 September 2018)          | 30-35<br>(FYE 55–60)  | 0–5     | –                | 13   | 45–50<br>(FYE 65–70)   | –                  | –       | –                | –  | –       |

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

<sup>30</sup> Catherine Worswick is employed as a 0.7 Full-time equivalent.

<sup>31</sup> Jonathan Pickles is on secondment to YJB from the West Yorkshire Police. His salary is invoiced to the YJB monthly.

| Name and Title  | 2018/19                |                  |                              |  |                              | 2017/18           |                  |                              |  |                |
|---|------------------------|------------------|------------------------------|--|------------------------------|-------------------|------------------|------------------------------|--|----------------|
|   | Salary<br>£'000        | Bonuses<br>£'000 | Benefits<br>in kind<br>£'000 | Pension<br>benefits<br>(to nearest<br>£1,000) <sup>29</sup><br>£'000 | Total<br>£'000               | Salary<br>£'000   | Bonuses<br>£'000 | Benefits<br>in kind<br>£'000 | Pension<br>benefits<br>(to nearest<br>£1,000) <sup>29</sup><br>£'000 | Total<br>£'000 |
|   |                        |                  |                              |  |                              |                   |                  |                              |  |                |
| <b>Mairead Healy</b><br>YJB Member  | 5-10                   | –                | 1.1                          | –  | 5-10                         | 0-5<br>(FYE 5-10) | –                | 0.3                          | –  | 0-5            |
| <b>Mairi Warrington</b><br>Director of Strategy<br>& Planning (since 01<br>September 2018)    | 30-35<br>(FYE 55-60)   | 0-5              | –                            | 14   | 45-50<br>(FYE 70-75)         | –                 | –                | –                            | –  | –              |
| <b>Martin Skeats</b><br>Director of Programme<br>Delivery                                     | 70-75                  | 0-5              | –                            | 33   | 105-110                      | 70-75             | 0-5              | –                            | 0  | 70-75          |
| <b>Neal Hazel</b> <sup>32</sup><br>YJB Member   | 5-10                   | –                | 0.9                          | –  | 5-10                         | 0-5<br>(FYE 5-10) | –                | 0.2                          | –  | 0-5            |
| <b>Neil Rhodes</b><br>YJB Member  | 5-10                   | –                | 2.9                          | –  | 10-15                        | 5-10              | –                | 2.5                          | –  | 10-15          |
| <b>Paul Clarke</b><br>Director of Oversight &<br>Intelligence (since 01<br>September 2018)    | 40-45<br>(FYE 75-80)   | 0-5              | –                            | 17   | 60-65<br>(FYE 90-95)         | –                 | –                | –                            | –  | –              |
| <b>Sharon Gray</b><br>YJB Member  | 5-10                   | –                | 2.3                          | –  | 10-15                        | 0-5<br>(FYE 5-10) | –                | 0.1                          | –  | 0-5            |
| <b>Stephanie<br/>Roberts-Bibby</b><br>Chief Operating Officer<br>(since 03 September<br>2018) | 65-70 (FYE<br>110-115) | –                | –                            | 41   | 110-115<br>(FYE 150-<br>155) | –                 | –                | –                            | –  | –              |

## Benefits in kind – Board members

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

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

## Salary

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

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

## Bonuses

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

Executive managers who are not graded as equivalent to the SCS can receive a bonus depending on their performance throughout the year. This process follows our performance management and reward

<sup>32</sup> Neal Hazel does not receive Board member fees, these are paid directly to Salford University.

and recognition guidance, with performance assessed on an ongoing basis with reward to recognise work throughout the year.

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

### Benefits in kind – executive management

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

### Pension benefits

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

### Pay multiples (audited information)

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

The banded remuneration of our highest-paid director in the financial year 2018/19, excluding pension benefits, was £110-115k (2017/18: £110-115k). This was 2.8 times (2017/18: 2.9 times) the median remuneration of the workforce, which was £40,290k (2017/18: £38,738k).

In 2018-19, no employees received remuneration in excess of the highest-paid director (2017-18: Nil). Remuneration ranged from £15-20k to £110-115k (2017-18: £15-20k to £110-115k).

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)<sup>33</sup>

| Name and Title  | Accrued pension at pension age as at 31/03/19<br>£'000 | Real increase in pension at pension age<br>£'000 | CETV at 31/03/2019<br>£'000 | CETV at 31/03/2018<br>£'000 | Real increase in CETV<br>£'000 |
|---|--|--|-----------------------------|-----------------------------|--------------------------------|
| <b>Colin Allars</b><br>Chief Executive  | 45-50 plus a lump sum of 145-150                       | 0-2.5 plus a lump sum of 0-2.5                   | 1138                        | 1032                        | 4                              |
| <b>Ann Skamarauskas</b><br>Director of HR   | 10-15  | 0-2.5  | 179                         | 173                         | 1                              |
| <b>Catherine Worswick<sup>34</sup></b><br>Director of Strategy & Planning (since 01 September 2018) | 10-15  | 0-2.5  | 120                         | 99                          | 4                              |
| <b>Dusty Kennedy</b><br>Director of YJB Cymru (to 21 August 2018)                                   | 10-15  | 0-2.5  | 168                         | 151                         | 4                              |
| <b>Lisa Harvey-Messina</b><br>Director of Innovation & Engagement England (since 01 September 2018) | 25-30  | 0-2.5  | 307                         | 269                         | 6                              |

33 2017/18 figures were restated due to additional information provided by SSCL. The equivalent information was not available at the time of writing last year's report.

34 Catherine Worswick is employed as a 0.7 Full-time equivalent.



| Name and Title  | Accrued pension at pension age as at 31/03/19 | Real increase in pension at pension age | CETV at 31/03/2019 | CETV at 31/03/2018 | Real increase in CETV |
|---|---|---|--------------------|--------------------|-----------------------|
|   | £'000   | £'000                                   | £'000              | £'000              | £'000                 |
| <b>Lynzi Jarman</b><br>Director of Innovation & Engagement Wales<br>(since 01 September 2018) | 5-10  | 0-2.5                                   | 53                 | 41                 | 4                     |
| <b>Mairi Warrington</b><br>Director of Strategy & Planning<br>(since 01 September 2018)       | 0-5   | 0-2.5                                   | 29                 | 20                 | 4                     |
| <b>Martin Skeats</b><br>Director of Finance and Business Assurance                            | 35-40   | 0-2.5                                   | 683                | 581                | 30                    |
| <b>Paul Clarke</b><br>Director of Oversight & Intelligence<br>(since 01 September 2018)       | 5-10  | 0-2.5                                   | 149                | 123                | 13                    |
| <b>Stephanie Roberts-Bibby</b><br>Chief Operating officer<br>(since 03 September 2018)        | 25-30 plus<br>a lump sum<br>of 60-65          | 0-2.5 plus<br>a lump sum<br>of 2.5-5    | 442                | 360                | 26                    |

## Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.)

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement.

For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on his pensionable earnings during their



period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCS or alpha – as appropriate. Where the official has benefits in both the PCS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

### **Cash Equivalent Transfer Values**

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

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

### **Real increase in CETV**

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

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

Nil compensation for loss of office payments were made during the year 2018/19 (2017/2018: nil).

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

We had no early departure costs in 2018/19 (2017/18: nil)

## Staff statistics

The chart below summarises YJB staff composition as at 31 March 2019. Read pages 49-52 for more staffing analysis.

### All staff by gender



|        | Headcount | Percent |
|--------|-----------|---------|
| Male   | 39        | 42%     |
| Female | 53        | 58%     |
| Total  | 92        | 100%    |

### All staff by ethnicity



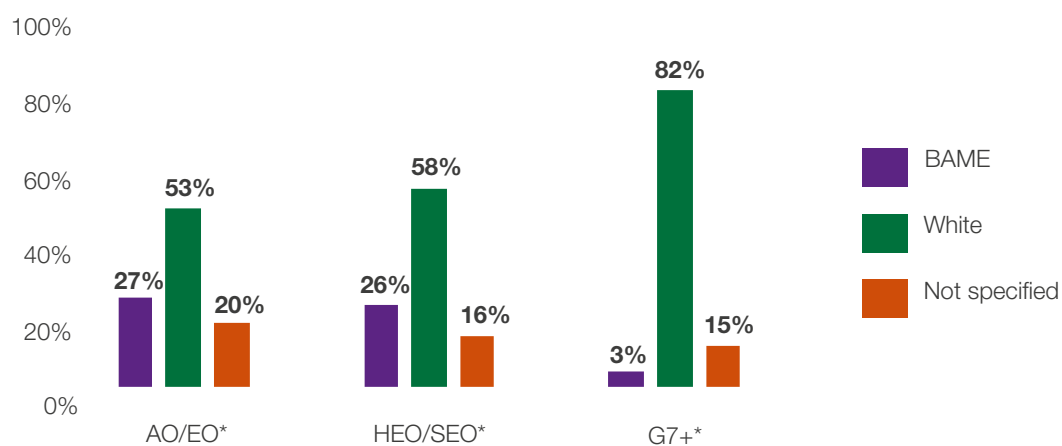
|               | Headcount | Percent |
|---------------|-----------|---------|
| BAME*         | 16        | 17%     |
| White         | 61        | 66%     |
| Not specified | 15        | 16%     |
| Total         | 92        | 100%    |

### All staff by age



|         | Headcount | Percent |
|---------|-----------|---------|
| 25-34   | 13        | 14%     |
| 35-44   | 26        | 28%     |
| 45-54   | 25        | 28%     |
| 55-64   | 23        | 25%     |
| 65+     | 2         | 2%      |
| Unknown | 3         | 3%      |
| Total   | 92        | 100%    |

### Ethnicity by grade



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

## Staff numbers and staff composition (audited information)

### Staff numbers

The average number of full-time equivalent staff employed by us during 1 April 2018 to 31 March 2019 was as follows.

|   | 2019         | 2018       |
|---|--------------|------------|
| Permanent Staff                           | 81           | 113        |
| Temporary and Seconded Staff              | 5.69         | 16         |
| <b>Average Full-time equivalent staff</b> | <b>87.55</b> | <b>181</b> |

At the start of the financial year the number of our full-time equivalent staff was 89 this decreased to 88.22 FTE (92 people) as at 31 March 2019.

Provision for Trade Union (TU) facility time is agreed at 12 days for the year. We had one TU representative as at 31 March 2019. A detailed breakdown of the TU facility time is shown on page 49 of this report. They utilised the full 12 days which equates to 86.4 hours with an estimated cost: £1,805.

### Trade Union Facility Time Publication Requirements

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 1  | 1 FTE                                |

### 1.1 Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 1-50%              | 1                   |

### 1.2 Percentage of pay bill spent on facility time

|   |         |
|---|---------|
| The total cost of facility time                             | £1,805  |
| The total pay bill  | £39,106 |
| The percentage of the total pay bill spent on facility time | 5%      |

### 1.3 Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 100%

## Staff costs

For the year to 31 March 2019

|   | Board<br>Members | Employed<br>Staff | Other<br>(incl. seconded<br>& agency staff costs) | 2019         | 2018         |
|---|------------------|-------------------|---|--------------|--------------|
|   | £000s            | £000s             | £000s   | £'000        | £'000        |
| Wages and salaries                                | 161              | 3,607             | 411   | 4,179        | 5,836        |
| Social security costs                             | 16               | 432               | –   | 448          | 655          |
| Other pension costs                               | –                | 773               | –   | 773          | 1,144        |
| <b>Total gross cost</b>                           | <b>177</b>       | <b>4,812</b>      | <b>411</b>  | <b>5,400</b> | <b>7,637</b> |
| Less recoveries in respect of outward secondments | –                | (54)              | –   | (54)         | (277)        |
| <b>Total net cost</b>                             | <b>177</b>       | <b>4,758</b>      | <b>411</b>  | <b>5,346</b> | <b>7,360</b> |

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

No staff costs were capitalised during 2018/19 (2017/18: 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.

For 2018/19, employers' contributions of £773k were payable to the PCSPS (2017/18: £1,129k) at one of four rates in the range of 20.0% to 24.5% (2017/18: 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 YJB salary bands were revalorised for the YJB 2018 pay award, which was implemented in December 2018 but backdated to and effective from 1 July 2018. 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 £169k (2017/18: £15k) 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 (2018/19: nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2018/19: nil).

## Expenditure on consultancy

We incurred nil expenditure on consultancy in 2018/19 (2017/18: nil).

## Off-payroll engagements

We had no off-payroll engagements in 2018/19 (2017/18: nil).

## Staff and Board composition

Our staff and Board member composition between male and female as at 31 March 2019 was as follows:

|                         | Male      | Female    | Transgender<br>and other |
|-------------------------|-----------|-----------|--------------------------|
| Board members           | 8         | 3         | –                        |
| Senior Leadership Group | 4         | 6         | –                        |
| Employees               | 35        | 47        | –                        |
| <b>Total</b>            | <b>47</b> | <b>56</b> | <b>–</b>                 |

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

Note that the Senior Leadership Group (SLG) includes the staff at Senior Civil Service level shown in the table below

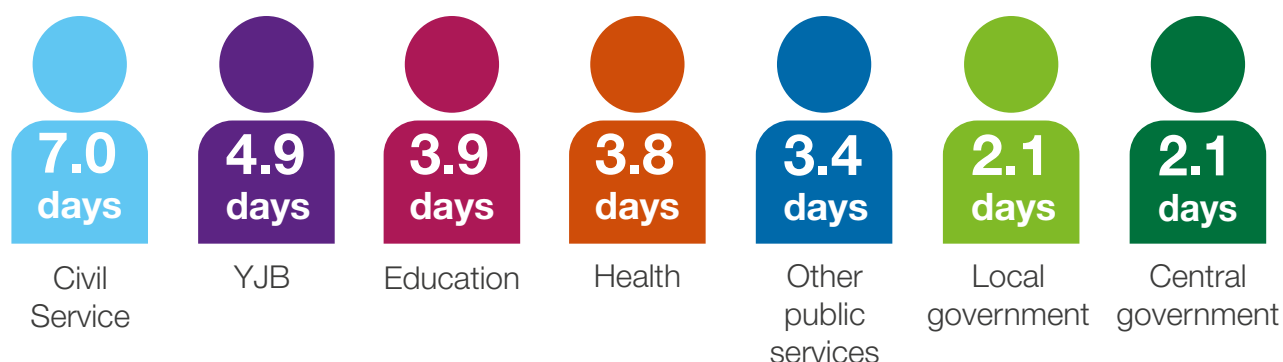
The composition of those staff at Senior Civil Service (SCS) bands at March 2019 between male and female was:

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

### Average sickness/absence

The average number of days taken off by staff due to sickness was 4.9 days per staff member up until 31 March 2019. This is an increase compared to 1.33 days in 2017/18 but is favourable in comparison to the average of 7.0 days for Civil Service staff as a whole in 2018/19.

### Average number of days taken off by staff due to sickness by sector, year ending March 2019



### Equal opportunities

We encourage a diverse workforce and are committed to ensuring that all eligible people have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work. This is recognised in our equality and diversity strategy and action plan.

The strategy states that there must be no discrimination, directly or indirectly, against any eligible person on the grounds of the protected characteristics of:

- age
- disability
- gender reassignment
- marriage and partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation – whether in recruitment, training, promotion or in any other way.

## Equality and Diversity Data

At 31 March 2019 we did not have diversity data recorded on SOP for 15 employees (16% of YJB staff).

We follow the codes of practice issued by the Equality and Human Rights Commission and is committed to promoting equality and diversity in its policies and practices.

## Employee relations

We aim 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 the Civil Service People survey.

We have been through significant changes in the last 18 months - the transfer of the secure estate and commissioning functions with associated staff to the Youth Custody Service (YCS), the appointment of a new Board with a new set of priorities and more recently the restructure in July 2018. The impact of these changes was reflected in the engagement results for the annual people survey in October 2018 which showed a reduction of -11 percentage points (from 64 percent to 53 percent) in our average staff engagement scores.

To improve staff engagement, we have implemented a number of initiatives, including, the lessons learned sessions following the restructure. Directors led 'listen to improve' sessions with staff across grades and locations to get ideas from staff on what could be improved, and to ask for their input into our people strategy. Staff have also been consulted on our future vision. Regular updates and briefings on the priority programme and associated projects are delivered by project leaders to staff. The equality and diversity strategy is being refreshed by a cross organisational working group and finally a working group has been set up to develop a working plan to embed a 'child first, offender second' approach through all that we do. Although we are limited by Treasury guidance and Ministry of Justice (MoJ) approvals on pay there has been a move away from end of year bonuses to more immediate special recognition awards given throughout the year. This is overseen through a quarterly review by the SLG and has shown significantly wider recognition for staff from protected characteristics than the previous end of year bonus.

## Employment of people with disabilities

As at 31 March 2019 two employees had declared a disability. We encourage all staff to record their diversity data, including any disability they may have, on our Shared Services HR system (SOP). We do, however, appreciate that not all staff wish to do so.

When recruiting, we encourage applications from disabled people. We operate a guaranteed interview scheme whereby people with disabilities 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 mandatory unconscious bias training, as well as coaching and mentoring. We have promoted MoJ events and forums for people with protected characteristics via our intranet.

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

We have set up a mental health allies forum to advise and support staff who may suffer from mental health conditions and to signpost managers to help and guidance in support staff.

# Parliamentary accountability and audit report

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

## Losses and special payments

### Losses statement

|                     | 2019     | 2018     |
|---------------------|----------|----------|
|                     | £'000    | £'000    |
| <b>Values</b>       |          |          |
| Constructive losses | –        | –        |
| Debt write-off      | –        | –        |
| <b>Total</b>        | <b>–</b> | <b>–</b> |
| <b>Numbers</b>      |          |          |
| Constructive losses | –        | –        |
| Debt write-off      | –        | –        |
| <b>Total</b>        | <b>–</b> | <b>–</b> |

### Details of losses over £300,000

There were no constructive losses or debt write-offs exceeding £300,000 during the year to 31 March 2019 (2017/18: £nil).

### Special payments

There were no special payments made during the year to 31 March 2019 (2017/18: £nil).

### Remote contingent liabilities

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

As at 31 March 2019 we had no remote contingent liabilities.

Date: 15 July 2019

Signed on behalf of the YJB by



**Colin Allars**

Chief Executive and Accounting Officer

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Youth Justice Board (YJB), for the year ended 31 March 2019 under the Crime and Disorder Act 1998. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of YJB's affairs as at 31 March 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Crime and Disorder Act 1998 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of YJB in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on YJB's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.



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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

## Other Information

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

## Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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 the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

19 July 2019

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

# 3

## Financial statements 2018/19

# Financial statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

### Net operating expenditure

|                                       |       | 2019          | 2018           |
|---------------------------------------|-------|---------------|----------------|
|                                       | Notes | £'000         | £'000          |
| <b>Expenditure</b>                    |       |               |                |
| Staff costs                           | 3     | 5,346         | 7,360          |
| Depreciation                          | 5     | -             | 615            |
| Amortisation                          | 6     | 2,215         | 2,605          |
| Other expenditure                     | 2     | 78,762        | 139,054        |
|                                       |       |               |                |
| Income from activities                | 4     | (226)         | (23,338)       |
|                                       |       |               |                |
| <b>Net operating expenditure</b>      |       | <b>86,097</b> | <b>126,296</b> |
|                                       |       |               |                |
| Interest on PFI liabilities           | 2     | -             | 286            |
|                                       |       |               |                |
| <b>Net expenditure for the period</b> |       | <b>86,097</b> | <b>126,582</b> |

### Non-operating expenditure

|  |                 | 2019          | 2018           |
|--|-----------------|---------------|----------------|
|  | Notes           | £'000         | £'000          |
| Non-Operating Loss on Transfer of Functions            | 1.21, 1.22 & 16 | 5,886         | 56,779         |
| <b>Total Operating &amp; non-operating expenditure</b> |                 | <b>91,983</b> | <b>183,361</b> |

### Other comprehensive net expenditure

|   |       | 2019          | 2018           |
|---|-------|---------------|----------------|
|   | Notes | £'000         | £'000          |
| Net (gain) on revaluation of intangible assets        | 6     | (55)          | (173)          |
| <b>Total other comprehensive expenditure</b>          |       | <b>(55)</b>   | <b>(173)</b>   |
| <b>Total comprehensive expenditure for the period</b> |       | <b>91,928</b> | <b>183,188</b> |

## Statement of financial position as at 31 March 2019

|  |       | 2019           | 2018           |
|--|-------|----------------|----------------|
|  | Notes | £'000          | £'000          |
| <b>Non-current assets</b>                    |       |                |                |
| Property, plant and equipment                | 5     | –              | –              |
| Intangible assets                            | 6     | 7,989          | 9,780          |
| <b>Total non-current assets</b>              |       | <b>7,989</b>   | <b>9,780</b>   |
| <b>Current assets</b>                        |       |                |                |
| Trade and other receivables                  | 7     | 2,248          | 7,872          |
| Cash and cash equivalents                    | 8     | 3,196          | 6,089          |
| <b>Total current assets</b>                  |       | <b>5,444</b>   | <b>13,961</b>  |
| <b>Total assets</b>                          |       | <b>13,433</b>  | <b>23,741</b>  |
| <b>Current liabilities</b>                   |       |                |                |
| Trade and other payables                     | 9     | (4,434)        | (7,356)        |
| PFI liabilities                              | 14    | –              | –              |
| Provisions – short term                      | 10    | (80)           | (318)          |
| <b>Total current liabilities</b>             |       | <b>(4,514)</b> | <b>(7,674)</b> |
| <b>Total assets less current liabilities</b> |       | <b>8,919</b>   | <b>16,067</b>  |
| <b>Non-current liabilities</b>               |       |                |                |
| PFI liabilities                              | 14    | –              | –              |
| <b>Total non-current liabilities</b>         |       | <b>–</b>       | <b>–</b>       |
| <b>Total assets less total liabilities</b>   |       | <b>8,919</b>   | <b>16,067</b>  |
| <b>Taxpayers' equity and other reserves</b>  |       |                |                |
| Revaluation reserve                          | SoCTE | 170            | 233            |
| General reserve                              | SoCTE | 8,749          | 15,834         |
| <b>Total taxpayers' equity</b>               |       | <b>8,919</b>   | <b>16,067</b>  |


**Colin Allars**

Chief Executive and Accounting Officer

Date: 15 July 2019

## Statement of cash flows for the year ended to 31 March 2019

|  |          | 2019            | 2018             |
|--|----------|-----------------|------------------|
|  | Notes    | £'000           | £'000            |
| <b>Cash flows from operating activities</b>                      |          |                 |                  |
| Total operating and non-operating expenditure                    | SoCNE    | (91,983)        | (183,361)        |
| (Increase)/decrease in trade and other receivables               | 7        | (262)           | 804              |
| Increase/(decrease) in trade and other payables                  | 9, 14    | (2,922)         | (32,121)         |
| PFI repayment of liability (not part of SoCNE)                   | 2        | –               | 308              |
| Costs incurred on behalf of HMPPS & Ministry of Justice (MoJ)    | 1.21     | –               | (9,616)          |
| <b>Adjustments for non-cash transactions</b>                     |          |                 |                  |
| Depreciation and amortisation                                    | 5, 6     | 2,215           | 3,220            |
| Impairment of intangible assets and property, plant & equipment  | 2        | 71              | –                |
| Payments made by sponsoring department on behalf of the YJB      | 2        | –               | 19,506           |
| Transfer of assets and liabilities to HMPPS                      | 1.21     | 5,886           | 56,779           |
| Loss on disposal of assets                                       | –        | –               | 24               |
| Net of provisions created and written back in year               | 10       | (214)           | 318              |
| Utilisation of provisions  | 10       | (24)            | –                |
| Services and facilities provided by sponsoring department        | 2        | 1,781           | 1,924            |
| <b>Net cash outflow from operating activities</b>                |          | <b>(85,452)</b> | <b>(142,215)</b> |
| <b>Cash flows from investing activities</b>                      |          |                 |                  |
| Purchase of intangible assets                                    | 6        | (440)           | (965)            |
| <b>Net cash outflow from investing activities</b>                |          | <b>(440)</b>    | <b>(965)</b>     |
| <b>Cash flows from financing activities</b>                      |          |                 |                  |
| Grants from sponsoring departments                               | 12       | 83,000          | 130,835          |
| <b>Net cash inflow from financing activities</b>                 |          | <b>83,000</b>   | <b>130,835</b>   |
| <b>Net (decrease) in cash and cash equivalents in the period</b> |          | <b>(2,892)</b>  | <b>(12,345)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>  |          | <b>6,089</b>    | <b>18,434</b>    |
| <b>Cash and cash equivalents at the end of the period</b>        | <b>8</b> | <b>3,196</b>    | <b>6,089</b>     |

## Statement of changes in taxpayers' equity for the year ended to 31 March 2019

|   |       | Revaluation<br>reserve | General<br>Reserve | Taxpayers'<br>equity |
|---|-------|------------------------|--------------------|----------------------|
|   | Notes | £'000                  | £'000              | £'000                |
| Balance at 1 April 2017   |       | 24,161                 | 23,143             | 47,304               |
| <b>Changes in taxpayers' equity for 2017/18</b>                     |       |                        |                    |                      |
| Grants from sponsoring departments                                  | 12    | –                      | 130,835            | 130,835              |
| Total operating and non-operating expenditure                       | SoCNE | –                      | (183,361)          | (183,361)            |
| <b>Non-cash charges</b>   |       |                        |                    |                      |
| Payments made by sponsoring department on behalf of the YJB         | 2     | –                      | 19,814             | 19,814               |
| Services and facilities provided by sponsoring department           | 2     | –                      | 1,924              | 1,924                |
| <b>Transfer of functions</b>  |       |                        |                    |                      |
| Transfer of revaluation reserve balance to HMPPS                    | 1.21  | (23,808)               | 23,808             | –                    |
| Transfer of costs incurred on behalf of HMPPS and MoJ               | 1.21  | –                      | (9,616)            | (9,616)              |
| <b>Transfer of assets</b>   |       |                        |                    |                      |
| Transfer of intangible assets from MoJ on completion of development | 6     | –                      | 8,994              | 8,994                |
| <b>Transfers between reserves</b>                                   |       |                        |                    |                      |
| Release of reserves to the general reserve                          |       | (293)                  | 293                | –                    |
| Net gain on revaluation of intangible assets                        | 6     | 173                    | –                  | 173                  |
| <b>Balance at 31 March 2018</b>                                     |       | <b>233</b>             | <b>15,834</b>      | <b>16,067</b>        |
| <b>Changes in taxpayers' equity for 2018/19</b>                     |       |                        |                    |                      |
| Grants from sponsoring departments                                  | 12    | –                      | 83,000             | 83,000               |
| Total operating and non-operating expenditure                       | SoCNE | –                      | (91,983)           | (91,983)             |
| <b>Non-cash charges</b>   |       |                        |                    |                      |
| Payments made by sponsoring department on behalf of the YJB         | 2     | –                      | –                  | –                    |
| Services and facilities provided by sponsoring department           | 2     | –                      | 1,781              | 1,781                |
| <b>Transfers between reserves</b>                                   |       |                        |                    |                      |
| Release of reserves to the general reserve                          |       | (118)                  | 118                | –                    |
| Net gain on revaluation of property, plant and equipment            | 5     | –                      | –                  | –                    |
| Net gain on revaluation of intangible assets                        | 6     | 55                     | –                  | 55                   |
| <b>Balance at 31 March 2019</b>                                     |       | <b>170</b>             | <b>8,749</b>       | <b>8,919</b>         |

# Supporting notes to the financial statements

## 1. Statement of accounting policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the *Government Financial Reporting Manual 2018-19* (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 HM Treasury and in accordance with section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998.

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

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

### 1.2 Going concern

The YJB is an executive non-departmental public body (NDPB) whose activities are principally financed by the Ministry of Justice (MoJ). The YJB is created by statute and there is no proposition before Parliament that would suggest the YJB should not be considered a going concern.

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

More information on the accounting policies used for the transfer of accountability is included at Note 1.20 and 1.21 below.

### 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 policies and disclosures

#### a) New and amended standards adopted

Standards coming into effect from 2018/19 include *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*. Neither of these standards has a significant impact on the YJB.

#### b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2018 and not adopted early

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

#### c) Changes in accounting policies

There have been no changes in existing accounting policies in 2018/19.



## 1.5 Property, plant and equipment

### Recognition

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

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

### Capitalisation threshold

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

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

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

### Valuation method

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

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

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

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

### Revaluation

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

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

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

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

## Depreciation

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

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

Estimated useful asset lives are within the following ranges:

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

## Disposal of non-current assets

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

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

### 1.6 Intangible assets

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) unless any more relevant indication of replacement cost is available.

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 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 Oakhill STC which is provided under a PFI contract, were transferred to the MoJ as part of the department's strategy to centralise administrative processes and enhance ministerial oversight. The MoJ received and settled invoices directly with the PFI contractor. The YJB continued to recognise PFI assets and liabilities in its accounts, where applicable. The Oakhill STC contract was transferred to Her Majesty's Prison and Probation Service (HMPPS) from 1 September 2017. The YJB has not entered into any off-balance sheet PFI contracts.

### **1.10 Cash and cash equivalents**

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

### **1.11 Employee benefits**

#### **Employee accruals**

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

#### **Defined benefit pension schemes**

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees. The PCSPS is an unfunded defined benefit scheme although, in accordance with section 9 of the FReM, the YJB accounts for this as a defined contribution scheme. The expected cost of the future pension liabilities is expensed on a systematic and rational basis over the period during which it benefits from employees' services by payment of charges calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

#### **Defined contribution pension schemes**

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

#### **Early departure costs**

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

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

### **1.12 Income**

Income is accounted for on an accruals basis. Following the transfer of responsibility for collection of remand income to HMPPS on 1 April 2018, the YJB has no regular and material income streams.

### **1.13 Expenditure**

#### **Net Expenditure**

Net expenditure is wholly attributable to the YJB's goal of providing leadership in the youth justice system. For this reason, it is not deemed necessary to disclose results by segment. There is no income or expenditure relating to geographical areas outside the United Kingdom.

#### **Grant expenditure**

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

## Administration and programme expenditure

Other Expenditure within the SoCNE is analysed between administration and programme expenditure in Note 3. The classification of expenditure 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 soft charges from the MoJ ceased from 1 September 2017 when accountability for the youth secure estate transferred to HMPPS. The settlement of these notional costs are credited directly to the general fund.

### 1.15 Provisions

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

### 1.16 Grants from sponsoring departments

The YJB is principally funded by grant-in-aid received from the MoJ, which is accounted for when received.

Grant-in-aid is treated as financing. These are credited to the general reserve because they are regarded as contributions from a controlling party. Other grants received to support the statutory purposes of pri or specific initiatives are recognised as income and credited to the SoCNE.

### 1.17 Contingent liabilities

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

### 1.18 Value added tax

Most of the activities of the YJB are outside the scope of VAT, therefore output tax does not apply and input tax on purchases is not recoverable. The secondment of staff to local authorities and other bodies is within the scope of VAT and output tax is charged and paid to HMRC. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Secure estate costs paid on the YJB's behalf by the MoJ (until September 2017) are included in the YJB's financial statements net of VAT.

### 1.19 Financial instruments

As the cash requirements of the YJB are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The financial instruments the YJB does hold relate largely either to contracts to buy non-financial items (in line with the YJB's expected purchase and usage requirements) or to amounts owed to the YJB by other areas of the public sector (local government or other government departments) and the YJB is therefore exposed to little credit, liquidity or market risk.

## 1.20 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

The YJB makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are presently no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Critical judgements in applying the YJB's accounting policies

### Transfer by Absorption – secure estate functions

The 2017/18 accounts included the transfer of accountability for functions to HMPPS as a transfer by absorption. It was also the judgement of the YJB (in conjunction with HMPPS) that working capital balances did not need to transfer on the basis that they pertained to items that were properly recognised as the YJB's income or expenditure, and hence should properly be settled by the YJB. This affected the level of balances in 2017/18 and hence the opening balances for 2018/19.

### Transfer by Absorption – collection of remand income

From 1 April 2018, responsibility for the collection of remand income from local authorities passed to HMPPS. The YJB and HMPPS have in conjunction decided that the Transfer by Absorption requirements of the FReM also apply to this transfer and this has had a material impact on the level of balances held by the YJB.

### Service concession arrangements

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

## 1.21 Transfer of accountability for YJB functions with regards to the youth secure estate

The following accounting policies applied to the transfer of accountability for the youth secure estate functions to HMPPS on 1 September 2017. They relate to the comparative figures for 2017/18 rather than any transactions in 2018/19 but are retained to give context to the 2018/19 accounts.

### Period prior to the transfer

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

### Transfer by absorption

The transfer of accountability fell within the FReM's criteria for a Transfer by Absorption. This required that each participating entity recognised at the date of transfer a net gain or loss on the transfer of net assets. This gain or loss appeared on the face of the SoCNE but was non-operating and did not score against budgetary control totals.

### Transfer of fixed assets

Where fixed assets have transferred, this was based on the assets' net book value at the date of transfer. No specific revaluation exercises were undertaken. The net value of assets transferred was recorded as a non-operating loss in the YJB's SoCNE. Where relevant, balances from the revaluation reserve also formed part of the net gain or loss.



### Agency arrangement with HMPPS

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

This was carried out on an agency basis. All relevant income and expenditure balances were written out of these financial statements (via accounting entries impacting the General Reserve) and reflected in the HMPPS and MoJ financial statements for 2017/18.

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

### Working capital

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

### Taxation

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

## 1.22 Transfer of accountability for YJB functions – remand income

From 1 April 2018, accountability and operational responsibility for the collection of remand income passed to HMPPS. In support of this, all balances held on the YJB's SoFP at 31 March 2018 were have been transferred to HMPPS via a non-operating loss on the SoCNE.

These balances comprised debt owed to the YJB and cash received by the YJB that had not been matched to debt within the Accounts Receivable system at the point of transfer. As a result of this transfer, YJB holds no further remand debt on its balance sheet.

At 31 March 2019 the YJB continues to hold cash paid by third parties relating to remand income but these are funds received in error when local authorities or others have continued to pay YJB despite requests to pay HMPPS. Payments received up to 31 July 2018 are being transferred internally to HMPPS. All remand payments received by YJB after 31 July 2018 will be refunded directly to the third party.

Further information on the transfer of remand income is included at Note 16.

## 2. Other expenditure

### 2.1 Admin and programme expenditure

|  | Notes    | 2019          | 2018           |
|--|----------|---------------|----------------|
|  |          | £'000         | £'000          |
| <b>Admin expenditure</b>   |          |               |                |
| Audit fee – external <sup>35</sup>                                       |          | 70            | 70             |
| Audit fee – internal   |          | 32            | 41             |
| Board meetings   |          | 2             | 2              |
| Communications   |          | 6             | 31             |
| IT costs   |          | 358           | 607            |
| Legal costs  |          | 66            | 93             |
| Other administration   |          | 230           | 814            |
| Personnel costs  |          | 3             | 5              |
| Travel and subsistence   |          | 80            | 157            |
| <b>Total Admin expenditure</b>   |          | <b>847</b>    | <b>1,820</b>   |
| <b>Programme expenditure</b>   |          |               |                |
| Youth Offending Team Grant   |          | 69,379        | 69,305         |
| Junior Attendance Centres Grant  |          | 2,218         | 2,218          |
| Other programme expenditure  |          | 8             | 524            |
| Research   |          | 62            | 15             |
| Secure children's homes  |          | –             | 10,772         |
| Secure escorts   |          | –             | 3,385          |
| Secure training centres  |          | –             | 15,002         |
| Under-18 young offender institutions                                     |          | –             | 29,076         |
| Youth justice information and communications technology (ICT) programmes |          | 4,610         | 4,695          |
| Net of provisions created and written back in year                       |          | (214)         | 318            |
| <b>Total Programme expenditure</b>                                       |          | <b>76,063</b> | <b>135,310</b> |
| <b>Other cost</b>  |          |               |                |
| Impairment of intangible asset   |          | 71            | –              |
| Corporate services provided by the department on a non-cash basis        | 2.2, 2.3 | 1,781         | 1,924          |
| <b>Total Other expenditure</b>   |          | <b>78,762</b> | <b>139,054</b> |

35 External audit fees do not include any non-audit work undertaken by the NAO. There were no fees paid to NAO for non-audit work in 2018/19 or 2017/18.



## 2.2 Payment made by Sponsoring Department on behalf of the YJB

|   | 2019     | 2018          |
|---|----------|---------------|
|   | £'000    | £'000         |
| <b>Payments recognised in the SoCNE</b>                               |          |               |
| Interest on PFI Liabilities <sup>36</sup>                             | –        | 286           |
| Secure escorts  | –        | 3,385         |
| Secure training centres   | –        | 14,493        |
| Under-18 young offender institutions                                  | –        | 1,342         |
| <b>Total payments recognised in the SoCNE</b>                         | <b>–</b> | <b>19,506</b> |
| <b>Payments recognised in the SoFP</b>                                |          |               |
| Capital element of payments in respect of PFI contracts <sup>35</sup> | –        | 308           |
| Total payments recognised in the SoFP                                 | –        | 308           |
| <b>Total Payments</b>   | <b>–</b> | <b>19,814</b> |

## 2.3 Services and facilities provided by sponsoring department

|  | 2019         | 2018         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Commercial contract management   | 36           | 55           |
| Communications   | 2            | 5            |
| Estates  | 1,185        | 1,089        |
| Information and Communication Technology                               | 455          | 628          |
| Other services   | 103          | 147          |
| <b>Total services and facilities provided by sponsoring department</b> | <b>1,781</b> | <b>1,924</b> |

<sup>36</sup> Relates to Oakhill STC.

### 3. Staff costs

|  | Board<br>Members | Employed Staff | Other<br>(incl. seconded<br>& agency staff<br>costs) | 2019         | 2018         |
|--|------------------|----------------|--|--------------|--------------|
|  | £000s            | £000s          | £000s  | £'000        | £'000        |
| Wages and salaries                                   | 161              | 3,607          | 411  | 4,179        | 5,836        |
| Social security costs                                | 16               | 432            | –  | 448          | 655          |
| Other pension costs                                  | –                | 773            | –  | 773          | 1,144        |
| <b>Total gross cost</b>                              | <b>177</b>       | <b>4,812</b>   | <b>411</b>   | <b>5,400</b> | <b>7,637</b> |
| Less recoveries in respect<br>of outward secondments | –                | (54)           | –  | (54)         | (277)        |
| <b>Total net cost</b>                                | <b>177</b>       | <b>4,758</b>   | <b>411</b>   | <b>5,346</b> | <b>7,360</b> |

### 4. Income from activities

|                                     | 2019       | 2018          |
|-------------------------------------|------------|---------------|
|                                     | £'000      | £'000         |
| Remand income                       | –          | 23,096        |
| Other Income                        | 226        | 242           |
| <b>Total Income from activities</b> | <b>226</b> | <b>23,338</b> |

### 5. Property, plant and equipment

|  | Land     | Buildings | Plant &<br>Machinery | Assets Under<br>Construction | Total    |
|--|----------|-----------|----------------------|------------------------------|----------|
|  | £'000s   | £000s     | £000s                | £000s                        | £'000    |
| Cost/valuation at 1 April 2018         | –        | –         | –                    | –                            | –        |
| Additions                              | –        | –         | –                    | –                            | –        |
| Transfers                              | –        | –         | –                    | –                            | –        |
| Disposals                              | –        | –         | –                    | –                            | –        |
| Reclassification                       | –        | –         | –                    | –                            | –        |
| Revaluation                            | –        | –         | –                    | –                            | –        |
| <b>Cost/valuation at 31 March 2019</b> | <b>–</b> | <b>–</b>  | <b>–</b>             | <b>–</b>                     | <b>–</b> |
| <b>Depreciation at 1 April 2018</b>    | <b>–</b> | <b>–</b>  | <b>–</b>             | <b>–</b>                     | <b>–</b> |
| Charge for the year                    | –        | –         | –                    | –                            | –        |
| Transfers                              | –        | –         | –                    | –                            | –        |
| Disposals                              | –        | –         | –                    | –                            | –        |
| Revaluation                            | –        | –         | –                    | –                            | –        |

|                               | Land   | Buildings | Plant & Machinery | Assets Under Construction | Total |
|-------------------------------|--------|-----------|-------------------|---------------------------|-------|
|                               | £'000s | £000s     | £000s             | £000s                     | £'000 |
| Depreciation at 31 March 2019 | –      | –         | –                 | –                         | –     |

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| <b>Net book value at 31 March 2019</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> |
|--|----------|----------|----------|----------|----------|

**Asset Financing**

|              |          |          |          |          |          |
|--------------|----------|----------|----------|----------|----------|
| Owned        | –        | –        | –        | –        | –        |
| <b>Total</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> |

|  | Land     | Buildings | Plant & Machinery | Assets Under Construction | Total    |
|--|----------|-----------|-------------------|---------------------------|----------|
|  | £'000s   | £000s     | £000s             | £000s                     | £'000    |
| Cost/valuation at 1 April 2017         | 9,581    | 56,339    | 40                | 3,626                     | 69,586   |
| Additions                              | –        | –         | –                 | –                         | –        |
| Transfers                              | (9,581)  | (56,338)  | (26)              | (3,615)                   | (69,560) |
| Disposals                              | –        | (1)       | (14)              | (11)                      | (26)     |
| Revaluation                            | –        | –         | –                 | –                         | –        |
| <b>Cost/valuation at 31 March 2018</b> | <b>–</b> | <b>–</b>  | <b>–</b>          | <b>–</b>                  | <b>–</b> |

|                                      |          |          |          |          |          |
|--------------------------------------|----------|----------|----------|----------|----------|
| Depreciation at 1 April 2017         | –        | (2)      | (2)      | –        | (4)      |
| Charge for the year                  | –        | (610)    | (5)      | –        | (615)    |
| Transfers                            | –        | 610      | 7        | –        | 617      |
| Disposals                            | –        | 2        | –        | –        | 2        |
| Revaluation                          | –        | –        | –        | –        | –        |
| <b>Depreciation at 31 March 2018</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> |

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| <b>Net book value at 31 March 2018</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> |
|--|----------|----------|----------|----------|----------|

**Asset financing**

|       |   |   |   |   |   |
|-------|---|---|---|---|---|
| Owned | – | – | – | – | – |
|-------|---|---|---|---|---|

## 6. Intangible assets

|  | Internally generated software | Total          |
|--|-------------------------------|----------------|
|  | £'000                         | £'000          |
| Cost/valuation at 1 April 2018         | 16,507                        | 16,507         |
| Additions                              | 440                           | 440            |
| Disposals                              | (6,279)                       | (6,279)        |
| Impairments                            | (71)                          | (71)           |
| Reclassifications                      | –                             | –              |
| Revaluations                           | 75                            | 75             |
| <b>Cost/valuation at 31 March 2019</b> | <b>10,672</b>                 | <b>10,672</b>  |
| Amortisation at 1 April 2018           | (6,727)                       | (6,727)        |
| Charge for the year                    | (2,215)                       | (2,215)        |
| Disposals                              | 6,279                         | 6,279          |
| Revaluations                           | (20)                          | (20)           |
| <b>Amortisation at 31 March 2019</b>   | <b>(2,683)</b>                | <b>(2,683)</b> |
| <b>Net book value at 31 March 2019</b> | <b>7,989</b>                  | <b>7,989</b>   |
| <b>Asset financing</b>                 |                               |                |
| Owned                                  | 7,989                         | 7,989          |
| <b>Net book value at 31 March 2019</b> | <b>7,989</b>                  | <b>7,989</b>   |

|  | Internally generated software | Total          |
|--|-------------------------------|----------------|
|  | £'000                         | £'000          |
| Cost/valuation at 1 April 2017         | 6,243                         | 6,243          |
| Additions                              | 965                           | 965            |
| Transfers                              | 8,994                         | 8,994          |
| Revaluations                           | 305                           | 305            |
| <b>Cost/valuation at 31 March 2018</b> | <b>16,507</b>                 | <b>16,507</b>  |
| Amortisation at 1 April 2017           | (3,990)                       | (3,990)        |
| Charge for the year                    | (2,605)                       | (2,605)        |
| Disposals                              | –                             | –              |
| Revaluations                           | (132)                         | (132)          |
| <b>Amortisation at 31 March 2018</b>   | <b>(6,727)</b>                | <b>(6,727)</b> |
| <b>Net book value at 31 March 2018</b> | <b>9,780</b>                  | <b>9,780</b>   |
| <b>Asset financing</b>                 |                               |                |
| Owned                                  | 9,780                         | 9,780          |
| <b>Net book value at 31 March 2018</b> | <b>9,780</b>                  | <b>9,780</b>   |

Intangible assets include the following materially significant items:

|                                     | Net Book Value<br>£000s | Remaining Useful<br>Economic Life (years) |
|-------------------------------------|-------------------------|---|
| <b>Asset</b>                        |                         |   |
| Youth Justice Application Framework | 4,788                   | 5   |
| Business Application Strategy       | 1,636                   | 5   |

## 7. Trade and other receivables

|  | 2019         | 2018         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Amounts falling due within one year</b> |              |              |
| Other receivables & accrued income         | 2,240        | 7,865        |
| Prepayments                                | 8            | 7            |
| <b>Balance at 31 March 2019</b>            | <b>2,248</b> | <b>7,872</b> |

## 8. Cash and cash equivalents

|   | 2019         | 2018         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Balance at 1 April                              | 6,089        | 18,434       |
| Net change in cash and cash equivalent balances | (2,893)      | (12,345)     |
| <b>Balance at 31 March 2019</b>                 | <b>3,196</b> | <b>6,089</b> |

|   |              |              |
|---|--------------|--------------|
| The following balances at 31 March 2018 were held at: |              |              |
| Government banking service and cash-in-hand           | 3,196        | 6,089        |
| Commercial banks and cash-in-hand                     | –            | –            |
| <b>Balance at 31 March 2019</b>                       | <b>3,196</b> | <b>6,089</b> |

## 9. Trade and other payables

|  | 2019         | 2018         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Amounts falling due within one year</b> |              |              |
| Accruals and deferred income               | 480          | 1,038        |
| Payable to HMPPS                           | 2,798        | 1,520        |
| Payable to the MoJ                         | 505          | 3,768        |
| Trade payables                             | 651          | 1,030        |
| <b>Balance at 31 March 2019</b>            | <b>4,434</b> | <b>7,356</b> |

## 10. Provisions

|  | 2019      | 2018       |
|--|-----------|------------|
|  | £'000     | £'000      |
| Balance at 1 April                               | 318       | –          |
| Provisions utilised in year                      | (24)      | –          |
| Provisions created in year                       | 80        | 318        |
| Provisions written back in year                  | (294)     | –          |
| <b>Balance at 31 March 2019</b>                  | <b>80</b> | <b>318</b> |
| <b>Of which</b>                                  |           |            |
| Amounts to be settled within one year            | –         | 318        |
| Amounts to be settled within one to five years   | –         | –          |
| Amounts to be settled after more than five years | –         | –          |
| <b>Balance at 31 March 2019</b>                  | <b>80</b> | <b>318</b> |

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

## 11. Contingent liabilities disclosed under IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*

There are no contingent liabilities. (2017/18: Nil).

## 12. Grants from Sponsoring Departments

|                           | 2019          | 2018           |
|---------------------------|---------------|----------------|
|                           | £'000         | £'000          |
| Grant-in-aid from the MoJ | 83,000        | 130,835        |
| <b>Total</b>              | <b>83,000</b> | <b>130,835</b> |

## 13. Commitments

The YJB currently has no disclosable commitments. All previous disclosable financial commitments transferred to HMPPS at 1 September 2017.

### 13.1 Operating leases

The YJB has no disclosable operating lease commitments.

### 13.2 Other financial commitments

The YJB has no disclosable other financial commitments.

### 13.3 Other commitments

There were no outstanding capital commitments at 31 March 2019.

## 14. Commitments under PFI contracts

### 14.1 On-balance sheet

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

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

The original fair capital value was established by external independent surveyors, and a corresponding notional debt to the contractor established based on a mortgage over the contract term. This debt, and the imputed interest on it, was repaid from part of the total amount paid to the contractors each year up until the transfer of the liability to HMPPS.

The balance of the amount paid was treated as a service element, i.e. the cost of operating the centre each year, and this and the imputed interest were taken separately to the SoCNE – these costs up to 31 August 2017 remain included in the 2017/18 comparative figures in these financial statements.

There are no charges to the SoCNE in 2018/19. The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions in the prior year (in effect to the 31 August 2017) was £7.708m. Of this total, the service element was £7.422m and the interest charges £0.286m. The YJB has no further commitments to make lease payments under this contract.

### 14.2 Off-balance sheet

The YJB has no off-balance sheet PFI contracts.

## 15. Related party transactions

The YJB is an executive non-departmental public body that, during the 2018/19 financial year, was principally sponsored by the MoJ. The MoJ provides services and facilities to the YJB. These are recharged notionally by the MoJ and are included in Note 2.3.

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 2018/19, the YJB undertook material transactions of the following values with related parties:

|                                     | 2019  | 2018   |
|-------------------------------------|-------|--------|
|                                     | £'000 | £'000  |
| <b>MoJ</b>                          |       |        |
| Expenditure with the MoJ            | 811   | 3,829  |
| Income from the MoJ                 | –     | 66     |
| Balance owed to the MoJ at 31 March | 505   | 3,768  |
| Balance owed by the MoJ at 31 March | –     | 66     |
| <b>HMPPS</b>                        |       |        |
| Expenditure with HMPPS              | 2,798 | 27,866 |
| Income from HMPPS                   | –     | –      |
| Balance owed to HMPPS at 31 March   | 2,798 | 1,520  |
| Balance owed by HMPPS at 31 March   | –     | –      |

Colin Allars serves as Chief Executive and Stephanie Roberts-Bibby is the Chief Operating Officer of the YJB, both are on loan from Her Majesty's Prison and Probation Service. Colin Allars acts as the Accounting Officer for the YJB.

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

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

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

## 16. Transfer of remand income to HMPPS

On 1 April 2018, responsibility for collecting remand income from local authorities transferred from the YJB to the Youth Custody Service within HMPPS. Transfers of functions are accounted for on an absorption basis in accordance with the FReM.

The net assets relating to the transferred functions have been written out of the YJB accounts via a non-operating loss on transfer in the SoCNE.

This is a presentational accounting adjustment and has no impact on the level of resources available to the YJB to carry out its operations.

The balances written out of the YJB accounts comprise.

|   | 2019         |
|---|--------------|
|   | £'000        |
| Trade Receivable remand debt at 31 March 2018 transferred to HMPPS          | 4,127        |
| Unapplied and unreceipted cash pertaining to remand income at 31 March 2018 | (426)        |
| Receivable accruals related to March 2018 remand income                     | 2,185        |
| <b>Total</b>  | <b>5,886</b> |

## 17. Events after the reporting period

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

There are no disclosable events after the reporting period.









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