



Youth Justice Board
Bwrdd Cyfiawnder Ieuencid

The Youth Justice Board for England and Wales

ANNUAL REPORT AND ACCOUNTS 2015/16



Youth Justice Board
Bwrdd Cyfiawnder Ieuencid

The Youth Justice Board for England and Wales

ANNUAL REPORT AND ACCOUNTS 2015/16

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

Ordered by the House of Commons to be printed on 21 July 2016

© Youth Justice Board for England and Wales copyright 2016

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

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

Any enquiries related to this publication should be sent to us at:

Youth Justice Board for England and Wales
102 Petty France
London
SW1H 9AJ
Tel: 020 3334 5300
Email: enquiries@yjb.gsi.gov.uk

This publication is available at <https://www.gov.uk/government/publications>

Print ISBN 9781474135856
Web ISBN 9781474135863

ID 05071613 07/16

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

CONTENTS

Section 1	Performance Report 2015/16	04
	Overview	05
	• Foreword	05
	• Who we are and what we do	07
	Performance analysis	09
	Our work in 2015/16	12
<hr/>		
Section 2	Accountability Report	18
	Corporate Governance Report	19
	Remuneration and Staff Report	35
	Parliamentary Accountability and Audit Report	45
	The Certificate and Report of the Comptroller and Auditor General to the House of Commons	46
<hr/>		
Section 3	Financial statements	48
	Notes to the accounts	53

SECTION

1

PERFORMANCE REPORT 2015/16

- **Overview**
 - **Performance analysis**
 - **Our work in 2015/16**
-

OVERVIEW

Foreword

The principal purpose of the youth justice system, of which the YJB is a key component, is to prevent offending. We are therefore rightly proud to report that this financial year there has been a continued reduction in the number of young people entering the youth justice system for the first time, together with a reduction in offending and the number of offences by young people. The number of first-time entrants has now reduced by 83% since its peak in 2006 and the number of reoffences committed by young people has reduced by 70% since its peak in 2007. Numbers in custody fell this year to a record low.

Partnership working continues to be core to the success we have achieved in the youth justice system, both at a local and national level. The reasons why young people offend are complex and therefore society's response is necessarily complex also, requiring work with young people and their families, courts, police, health, education, victims, and third sector organisations to name just a few. We have once again played a critical role this year in sustaining these relationships at a national level and encouraging effective partnerships, with the local authorities' youth offending teams (YOTs) an important component, at a local level.

This year the YJB started the roll-out of the AssetPlus assessment and planning interventions framework to YOTs, with the intention of completing this in 2016/17. This is a key tool in enabling effective information sharing and continuity for children and young people across both custody and community settings. AssetPlus will assist YOTs in completing high quality and consistent assessments of the young people they are working with and taking steps to reduce offending. We have been hugely encouraged by the very positive reception that the framework is receiving from practitioners.

In response to feedback from the sector, and requests to further equip practitioners in the challenging work they undertake, this year we launched the Youth Justice Resource Hub. Developed with the sector's input, this will help practitioners to have a solid understanding of what is likely to deliver most results in their work with young people and facilitate collaboration and innovation across youth justice.

In Wales, we have been working closely with the Welsh Government and three YOTs to test a new approach which addresses childhood trauma, which is a common underlying issue for many young people who are involved in offending behaviour. This approach has been informed by international experience and current indications are that this can be an effective approach for dealing with the most difficult-to-engage young people.

For work with young people to be effective we need to hear and understand their needs, and this year we have increased our effort to make sure that the voice of the young person underpins all the work of the YJB. We have consulted young people as part of our business planning process and the YJB enabled young people to give their views to inform the government's youth justice review.

The successes that have been achieved this year are all the more notable in that they come in the face of substantial financial challenges that are being felt across the whole public sector; challenges which are not only felt in continued reductions to the YJB budget but also by partner organisations whose contributions are so critical to addressing offending by young people.

The YJB has to play its part in meeting the Government's austerity measures. We started this financial year with a lower budget than expected, and then faced a £12m in-year budget cut. The end result was that the YJB's budget was reduced by £28m (11%) compared to the previous year; continuing the trend of year-on-year reduction.

Our organisation was deeply affected this year when in January 2016, the BBC Panorama programme highlighted practices at Medway STC in respect to children in their care which were totally unacceptable. As soon as the YJB was made aware of the findings of the Panorama programme we carried out an immediate review into why neither we, nor others, had identified the totally unacceptable behaviour by staff at Medway STC. In addition to the immediate actions taken, we strengthened our approach to monitoring to apply lessons from this incident. We have reviewed our approach across the secure estate to help us get a better understanding of practice in all establishments which hold young people remanded or sentenced by the courts. It has been a sobering time for the organisation and we are not complacent about the huge challenges that remain.

Both the YJB and the youth justice sector have been heavily engaged this year with Charlie Taylor's review of the youth justice system. We have been hugely encouraged by the focus on youth justice, and the successes of recent years mean it is the right time to consider reform. While we can be proud of what we have achieved, there remains much still to be done, including addressing the disproportionate number of young people from Black and Minority Ethnic communities at all stages of the youth justice system; developing a new secure estate suitable for the smaller, more challenging group of young people sent to custody; and continuing to reduce reoffending by young people. As we enter a year which is likely to see significant change in the youth justice sector, the YJB will continue to take a leadership role, drawing on Charlie Taylor's review and the Government's response to it, working with our partners to support the continued reduction in offending.



Lord McNally
Chair



Lin Hinnigan
Chief Executive

Who we are and what we do

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

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

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

The youth justice system in England and Wales is made up of a network of organisations that work together to administer justice and support children and young people. This network consists of:

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

The statutory functions of the YJB include:

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

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

Our key mission for 2015-2018 is:

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

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

Risk management

Risk management is embedded into the way we plan and operate. More detailed information about the framework, and the principal risks managed during 2015/16, can be found in the governance statement on pages 22-34.

The Board's Finance, Audit and Risk Assurance Committee noted in its report to the Chief Executive and the full Board that, overall, risk to the YJB has increased during the course of the year. Factors leading to this increase are summarised on page 31, under 'Risk profile'.

Youth justice review

In September 2015, Charlie Taylor was asked by the Secretary of State to lead a review of the youth justice system. The review is examining evidence on what works to prevent youth crime and rehabilitate young offenders, and how this is applied in practice; how the youth justice system can most effectively interact with wider services for children and young people; and whether the current delivery models and governance arrangements remain fit for purpose and achieve value for money.

The interim findings were published in February 2016. The report included many of the reforms the YJB has advocated, including the creation of small, locally delivered custodial establishments, which focus on education. The YJB will continue to work with Charlie Taylor as he completes his task.

The final report is due to be published in July 2016.

Future activities

The YJB's Strategic Plan is produced every three years and its Business Plan annually; both are approved by the Secretary of State. Further information on these plans can be found in the governance statement on pages 22-34.

Key relationships

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

PERFORMANCE ANALYSIS

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

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

First-time entrants

There has been a continuing reduction in the number of first-time entrants to the youth justice system.^{1,2,3} In the year ending December 2015, there were around 18,900 first-time entrants, a fall of 11% when compared with the year ending December 2014. The number of first-time entrants has fallen by 83% since its peak level in the year ending December 2006; and by 82% since the year ending December 2005.

The rate of first-time entrants per 100,000 population⁴ has fallen by 11% from 408 to 365 over the last 12 months. First-time entrants are getting older, with their average age increasing from 14.5 to 15.2 years between the years ending December 2005 and December 2015.

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

Work by youth offending teams (YOTs) and other partners - including targeted youth crime prevention schemes and diversion of young people away from the youth justice system through measures such as restorative justice

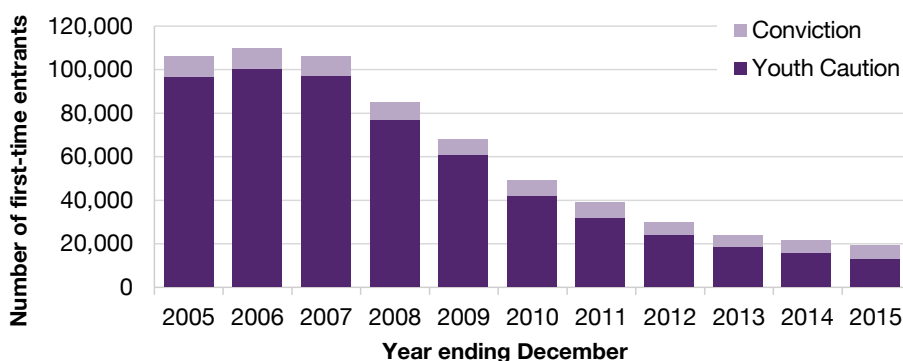
disposals and triage schemes - is likely to have contributed to this fall in the number of first-time entrants.

Use of custody

The YJB believes that a custodial sentence will sometimes be the only appropriate response for some serious crimes and that custody should be used as the last resort. We believe that addressing young people's needs earlier can reduce offending, requires less investment and can produce better outcomes for the young people concerned.

In March 2016, the number of young people under the age of 18 in custody was 882,⁵ down by 12% when compared with the number in March 2015 and by 72% since the peak custody figure of 3,200 in October 2002.

Figure 1: Number of first-time entrants aged 10 to 17 years, year ending December 2005 to December 2015



- 1 A first-time entrant is a young person who has received their first reprimand, warning, caution or conviction for an offence processed by a police force in England or Wales or by the British Transport Police. Other sanctions given by the police are not counted.
- 2 Under the provisions of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, reprimands and final warnings have been repealed and replaced by a new out-of-court disposals framework, which offers youth cautions and youth conditional cautions as formal disposals. This change took effect on 8 April 2013. Guidance on out-of-court disposals is available at: www.gov.uk/government/publications/use-out-of-court-disposals
- 3 See *Criminal Justice Statistics* for the year to December 2015, available online at: <https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2015>. This is the most recent data for the 2015/16 period. Please also see the *Youth Justice Statistics 2014/15*, available at: <https://www.gov.uk/government/statistics/youth-justice-annual-statistics-2014-to-2015>
- 4 Population has been based on mid-year population estimates for each age group supplied by the Office for National Statistics. The previous year's estimate has been used for calculating the rate in the subsequent year. For example, the 2003 mid-year estimate has been used for calculating the rate for 2004
- 5 See *Monthly Data and Analysis Custody Report* at: www.gov.uk/government/publications/youth-custody-data. These figures are provisional. The 2015/16 figures will be finalised in the 2015/16 *Youth Justice Statistics*.

The fall in the number of young people entering the youth justice system will have contributed to this. In addition, the YJB believes that the following areas of work have resulted in more young people being diverted from custody:

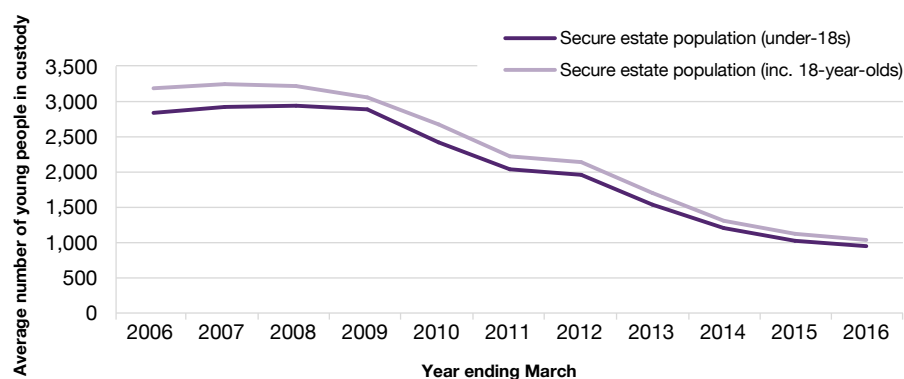
- focused efforts to raise awareness of different custody rates between local authority areas
- targeted work with YOTs with high levels of custody
- support for the implementation of legislation aimed at reducing the use of secure remand.

The number of custodial disposals per thousand 10 to 17-year-olds (population) was 0.4 in the year ending March 2016⁶ This represents a 16% decrease compared with the year ending March 2015, and a decrease of 71% compared with the peak in the year ending March 2007, when the rate was 1.3.

Reoffending

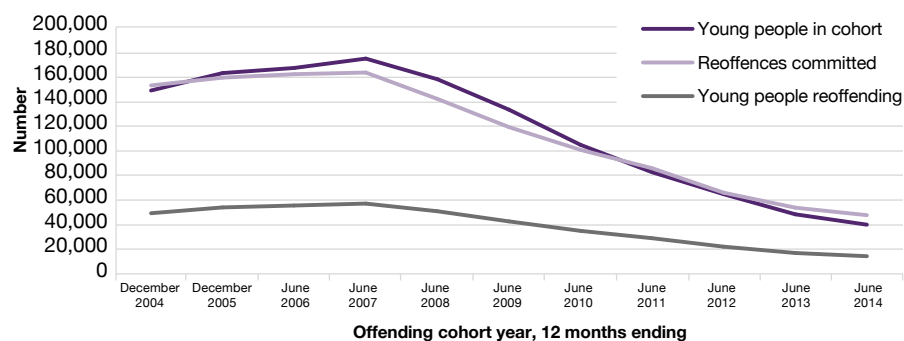
The number of young people in the cohort,⁷ young people reoffending and reoffences committed have gone down every year since the peak in the 12 months ending June 2007. Since the peak, the number in the cohort has decreased by 77%, which is in line with a substantial decrease in the number of first-time entrants to the criminal justice system. The number of young people reoffending has fallen by 73% since the peak and the number of reoffences by 70%.

Figure 2: Average number of young people in custody in the secure estate, year ending March 2005 to March 2016*



* The 2015/16 data is provisional and will be finalised on publication of the *Youth Justice Statistics 2015/16*.

Figure 3: Number of young people in the cohort, young people reoffending and reoffences, 2004 to 12 months ending June 2014



⁶ Data for 2015/16 is provisional and will be finalised in the 2015/16 *Youth Justice Statistics*.

⁷ The latest cohort is defined as young people who were released from custody, received a non-custodial conviction at court, or received a caution in the period July 2013 to June 2014.

Despite the significant successes in reducing offending and reoffending, for the smaller number of young people who have offended, the proportion who go on to reoffend has risen over the past decade. Around 41,000 young people were cautioned, convicted or released from custody between July 2013 and June 2014. Of these, around 15,500 reoffended within one year, giving a proven reoffending rate of 37.8%. This represents an increase in the reoffending rate of 1.2 percentage points compared with the previous 12 months (from 36.6%) and a rise of 4.7 percentage points since the 12 months ending June 2007 (from 33.1%). In the 12 months ending June 2014, the average number of reoffences per young person who reoffended was 3.14 (an 11% increase from the 12 months ending June 2007).

This increase in the proportion of young people who reoffend may be explained, at least in part, by the fact that the cohort of young people in the justice system has changed considerably since the 12 months ending June 2007. While there are now fewer young people offending, these young people have committed more previous offences and may have more complex needs. In the 12 months ending June 2007, the average number of previous offences per young person in the cohort was 1.60; this rose to 2.53 in the 12 months ending June 2014.

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

The YJB is working to support local partnerships to address these issues through its reoffending programme.

OUR WORK IN 2015/16

The YJB's *Strategic Plan (2015-18)* sets out our vision, mission and plan for 2015-18. The *Business Plan (2015/16)* identified priority areas of work for the year, which we considered would make a real impact on the youth justice system. This section summarises our progress and achievements against the plan and the three mission strands contained within it, together with other key information about work we have undertaken during the year.

Developing and championing a child-centred and distinct youth justice system

Reducing Reoffending Programme

Reducing reoffending remains a priority for the YJB. The Reducing Reoffending Programme aims to support performance improvement in this area and to increase the sector's understanding. This year we have provided targeted support to 73 youth offending teams (YOTs) to help them analyse offenders' behaviour so they can take action to reduce reoffending. Many other YOTs who were not formally targeted have used tools and materials produced by the project.

To support YOTs we have:

- improved and extended the reoffending toolkit. The toolkit is now compatible with AssetPlus, our new assessment and planning interventions framework. Our live tracking tool has enabled YOTs to address issues based on current rather than historical information. We have also introduced a case-level disproportionality tool to support YOTs in addressing this important area
- published our *Reducing Reoffending: Furthering our Understanding* report. This summarises learning from local and national data, and practice and research, as well as the project as a whole
- completed an analysis of prolific reoffending in London, contributing to our growing understanding of the complex nature of the cohort.

We are closely examining reoffending data to establish how the frequency and seriousness of offending has changed, and we continue to develop and share effective practice in addressing reoffending behaviour with others in the sector.

Secure estate developments

YOI Reform Programme

The programme to reform public young offender institutions (YOIs) was developed under the Ministry of Justice's Transforming Youth Custody Programme, which has subsequently closed. It aimed to improve provision for young people within YOIs, providing a dedicated, specialist service that keeps them safe, provides them with education and reduces their risk of reoffending.

The YOI Reform Programme was impacted by instructions from the Secretary of State for Justice to cease activity on certain programmes in order to meet in-year budget pressures. Consequently, the programme was not able to progress delivery priorities as planned. In April 2016, the Secretary of State approved funding for a recovery package developed by the National Offender Management Service (NOMS) to reduce levels of violence in YOIs. This package replaces the YOI Reform Programme, with NOMS having responsibility for its delivery, including for some elements that were within the scope of the YOI Reform Programme. The YJB will continue to monitor the provision within YOIs to assure itself about safety and suitability for young people and, where applicable, will provide advice to NOMS on the delivery of their recovery package.

MMPR Implementation Programme

This was the fourth year of the Minimising and Managing Physical Restraint (MMPR) Implementation Programme. The programme aims to ensure that operational staff in YOIs and secure training centres (STCs) are better equipped to effectively and safely manage young people's behaviour in a way that minimises the need to use physical restraint.

MMPR has now been rolled out to six secure establishments, including all three STCs. During the year, we also delivered training on MMPR to the YJB's secure escort contractor, covering journeys to and from STCs and secure children's homes (SCHs); the provider started using MMPR in May 2016.

The YJB has committed to continually improve the MMPR programme. During 2015/16, we:

- provided additional support and oversight to STCs about the correct use of MMPR, following the BBC Panorama programme on Medway STC broadcast in January 2016 (see section on page 16). This included frequent site visits by the MMPR national team, who were able to provide expert advice to staff and senior managers both before, during and following incidents

- continued to support the MMPR national team, independent medical advisor, and the serious injury and warning signs medical panel, to review incidents in an effort to make sure that MMPR is as safe as possible for young people and staff
- led the standardisation of individual handling plans for young people in public sector YOIs to help provide key medical and behaviour management information to custody staff
- worked in partnership with NOMS to implement a governance arrangement for MMPR in public sector YOIs, ensuring a multi-disciplinary approach to reviewing incidents, identifying learning, and taking action, to deliver the best possible outcomes to support the needs and behaviour of young people.

Medway Secure Training Centre

As explained on page 16, this year the performance of Medway STC became a concern, and we took immediate action to address this. Medway STC's performance also highlighted areas where improvement to the YJB's monitoring is required. As a result, changes to monitoring were implemented in 2015/16, with further changes being planned for 2016/17.

Resettlement Programme

This programme aims to improve the resettlement of young people leaving custody. Key achievements of the programme in 2015/16 are outlined below.

Resettlement consortia

In 2015/16, we continued to support the four resettlement consortia we had established (in South and West Yorkshire, South London, North East London and the East Midlands). The consortia bring together partners from across custody and the community to deliver enhanced resettlement services to young people leaving custody. The aim is to reduce reoffending and improve the life chances of young people leaving custody by ensuring that they have access to suitable accommodation, education, training or employment opportunities, and healthcare. In addition, interventions including family work, mentoring, one-to-one life coaching and life skills are available.

We have worked in partnership with the four resettlement consortia project managers to capture, share and advise on effective practice and lessons learnt on a national scale.

In March 2015, HM Inspectorate of Probation published a report on their thematic inspection of resettlement services. One issue that was identified in the report was workforce development. Using YJB funding, the consortia have also commissioned training to support the workforce. This included:

- 70 practitioners (from both custody and community) in one consortia receiving training on holding Detention and Training Order review meetings in order to improve resettlement planning
- restorative justice training being delivered to custody officers in Feltham and Cookham Wood YOIs to support effective behaviour management
- aggression replacement training (ART) being delivered to custody officers in all four YOIs in England. ART is an evidence-based approach for working with challenging and aggressive young people, covering social skills, anger control and moral reasoning.

In 2016/17, the YJB funding for these consortia comes to an end and the YJB will support them moving to business as usual.

Turn Around to Work

The Turn Around to Work (TAtW) programme aims to give young people leaving custody the opportunity to improve their employability. We have made new partnerships with voluntary sector providers who can offer enhanced support to young people before they engage in a work placement. In addition, we have created a larger network with a broader range of opportunities for young people. This has led to TAtW partners working directly in the secure estate or with YOTs or resettlement consortia. For example, the Premiership Rugby's HITZ programme now works in Oakhill STC and the St Giles Trust works with the South London Resettlement Consortia.

Through offering young people work placements, we have been able to evidence the positive impact work experience can have on the lives of troubled young people.

Engaging with TAtW has also led to changed recruitment processes in some partner organisations, with the result that more young people with criminal records will have a better chance of gaining and sustaining employment in the future.

Wales Resettlement panels

In Wales, the YJB has established multi-agency resettlement and reintegration panels in the majority of YOTs. The panels support YOTs to achieve better resettlement outcomes by reviewing and resolving resettlement issues.

The YJB has worked closely with the Welsh Government to develop policy, guidance and regulations for the introduction of resettlement and reintegration partnership boards. The regulations will put the boards on a statutory footing and ensure that 'After Justice' work (preventative work carried out by local authorities, health and education services, and the voluntary sector, following a young person leaving the youth justice system) is at the forefront of planning arrangements for children and young people.

Enhanced Case Management

In partnership with the Welsh Government, YJB Cymru has continued to test an approach to trauma-informed practice in three Welsh YOTs.

The Enhanced Case Management approach acknowledges the prevalence of trauma in the lives of young people who have persistent offending histories. It is grounded in a thorough understanding of child development and the impact of trauma from adverse childhood experiences. The approach draws on clinical input from a psychologist, which is currently commissioned from the NHS and provided by the Forensic Adolescent Consultation and Treatment Service. Through examination of case histories by the psychologist, individual intervention plans are developed which take into account the young person's experiences and needs. In their work with each young person, practitioners focus on building trust and developing a positive relationship. Practitioners are supported to adjust practice so that it is more responsive to trauma.

Early indications from the independent evaluation of the Enhanced Case Management approach being conducted by Cordis Bright and from the YOTs involved are positive. They suggest that the approach is effective in intervening in the lives of the most difficult-to-engage young people in the youth justice system.

The Enhanced Case Management approach is in keeping with trauma-informed practice internationally and has been recognised by partners such as Public Health Wales and the British Psychological Society as being at the forefront of community-based practice.

Developing a centre of excellence approach

Develop a revised model to promote and share good practice and evidence (Centre of Excellence)

The aim of developing a 'Centre of Excellence' approach is to improve services and outcomes for young people by promoting and sharing good practice and evidence across the youth justice sector, and ensuring the YJB is a trusted and authoritative source of advice and evidence. While the Centre of Excellence is broader than just our effective practice function, identifying, understanding and sharing effective practice is at the core of our approach.

We have:

- launched the Youth Justice Resource Hub. This is a 'one-stop shop' for practitioners for effective practice and professional development materials. It also includes upgraded versions of the existing Effective Practice Library and the Youth Justice Interactive Learning Space (YJILS). Practitioners and other stakeholders have been involved in testing the hub, which was launched in June 2016
- developed a Knowledge Hub for Wales. To ensure the needs of youth justice services in Wales are appropriately supported, working with academic experts at the Welsh Centre for Crime and Social Justice, we have built the Knowledge Hub to disseminate materials specific to Wales
- launched and implemented the Workforce Development Strategy. The strategy, launched in Summer 2015, supports the professional development of the youth justice sector workforce. Interpreting and applying evidence is one of the skill areas targeted for improvement. Bringing together the suite of online training courses for youth justice (the Youth Justice Interactive Learning Space) with our effective practice materials within the Youth Justice Resource Hub is one way we are helping practitioners to do this. We are also working with Unitas (which delivers the Effective Practice Certificate course, which has now had over 1,000 registrations from youth justice practitioners) to further develop the links between that course and our effective practice work.

In developing our effective practice model, we have revised the submissions and classification process for effective practice examples, both to encourage and clarify the strength of the evidence underpinning examples. We are working to promote the effective practice agenda in both the community and custody, and building links with universities to encourage more academic/sector collaboration to build the evidence base. A research map on the Youth Justice Resource Hub shows ongoing academic research in youth justice, enabling practitioners to identify potential partners for joint working.

To further develop our relationship with the academic sector in Wales, YJB Cymru has entered into a Memorandum of Understanding with the Wales Centre for Crime and Social Justice (a consortium of five universities) to support practice development and drive innovation.

To build on these developments, in 2016/17 we will be developing the other strands of the Centre of Excellence model, looking more broadly at how we generate, use, and communicate data and knowledge.

Drive performance improvement

Roll-out of AssetPlus

We are delivering a new assessment and planning interventions framework for YOTs and secure establishments in England and Wales, called AssetPlus. It replaces the 'Asset' framework, which is now 15 years old, and addresses its known deficiencies as well as taking account of the latest research and policy developments in youth justice. The AssetPlus framework makes a significant improvement to the quality of assessments and intervention plans, which, among other benefits, should result in reduced offending and reoffending by young people.

We began AssetPlus deployment to YOTs in September 2015. We have planned for the majority of YOTs to be using AssetPlus by July 2016. The indicative timescale for deployment to secure establishments and the YJB Placement Service is being confirmed.

In post-implementation reviews, practitioners have commented that AssetPlus:

- provides a more thorough, detailed and better assessment than Asset
- has helped to identify links between offending behaviour and life events
- offers more scope for exploring issues around child sexual exploitation
- has also allowed speech, language and communication needs to be identified to a far greater extent
- has allowed assessment of risk, safety and well-being to be determined in a more accurate way
- has prompted additional training for case managers through using tools such as the emotional development and mental health screening tool.

Whilst YOTs are beginning to report the positive aspects of the new framework, it is still relatively early days in operational use and the project is continuing to support YOTs through some challenging technical complexities. Nevertheless, we are confident that the quality and service we offer young people will improve as AssetPlus becomes more embedded in practice over time.

Medway Secure Training Centre

The BBC Panorama programme on Medway STC, broadcast in January 2016, revealed that staff there were mistreating children. This triggered an immediate review by the YJB into why neither we, nor others, had identified the totally unacceptable behaviour by staff at Medway STC. As a matter of urgency, we enhanced our existing monitoring arrangements. We have now developed a more wide-ranging,

robust and diverse system of monitoring for all STCs. This includes body-worn cameras now being used at all three STCs, which will deliver the greater scrutiny that is essential to protect children in custody.

We already actively advise ministers of our concerns about the secure estate and will continue to do so. We welcome the short-term targeted input the new youth custody improvement board, set up by the government, can provide to help make improvements for children in custody. We also welcome the addition of STC governing bodies to support our work in STCs.

The YJB feels very strongly that the custodial system for children and young people should be provided by highly skilled and specialist staff, operating in smaller units across the regions. For that reason, we have supported the direction outlined in the interim report on the future of youth justice services by Charlie Taylor, published in February 2016.

As an interim measure, the Secretary of State has asked the National Offender Management Service (NOMS) to run Medway STC, and the YJB is providing guidance to NOMS on working with children in the STC sector.

In the context of promised longer-term reform, we recognise that the Secretary of State had limited options. We have been assured this is an interim solution at Medway STC that will be a separate and distinct service to the one NOMS provides in under-18 YOIs, and will operate independently from NOMS' core business running adult prisons.

Youth Justice Application Systems Strategy

The aim of the Youth Justice Application Systems Strategy is to replace two ICT business applications in order to better meet the needs of the youth justice system:

- eAsset - the YJB case management and sentence planning system for the secure estate and the YJB Placement Service
- YJMIS (the Youth Justice Management Information System)

We have completed Phase 1 of the strategy by putting in place much of the underlying technology and data models, and delivering projects to:

- support the transfer of AssetPlus data from case management systems to enable us to produce YOT data summary reports to monitor performance
- provide technology to aid the collection of data from Welsh YOTs to support their reporting on Welsh devolved indicators.

In Phase 2, we will deliver the remaining functionality required to fully implement AssetPlus and complete the replacement of YJMIS and eAsset.

In December 2015, the Secretary of State decided that the programme should be paused to reduce 2015/16 expenditure. By this time, much of the system to replace YJMIS had been developed and a large number of the business processes to replace eAsset were documented. The pause has delayed the planned implementation. However, the project is again underway in 2016/17, with a view to implement the systems during the year.

Use of internet-based video solutions in Parc YOI

In Wales, we piloted the use of internet-based video solutions in Parc YOI to enhance existing arrangements for contact and visits. The pilot has established that internet-based video solutions can be implemented safely and securely to improve links between young people in custody, their families and resettlement agencies. This has helped overcome geographical barriers to frequent contact and has proved popular with young people and practitioners alike. As a result, we have negotiated an extension of the pilot with Parc YOI, enabling the continuation of dedicated staff time for the administration of internet-based video solutions.

Financial review

The YJB incurred net expenditure of £228.3m in 2015/16, a reduction of £30.5m (11.8%) compared to 2014/15.

£136.9m (54.7% of total expenditure) was spent on the provision of secure accommodation, compared to £142.2m (49.7%) in 2014/15.

Grants of £76m (30.4% of total expenditure) were paid to YOTs across England and Wales, compared to £91.9m (32.1%) in 2014/15.

The YJB was required by the Secretary of State to make in-year budget reductions of £12m. This was in addition to a £1.5m shortfall in the YJB's 2015/16 budget as a result of a lower than anticipated allocation, which remained after a range of measures were taken to tackle a larger shortfall.

Following careful consideration of the responses to our consultation on these in-year budget reductions, the YJB reluctantly decided to reduce the Youth Justice Grant paid to YOTs by £9m. There were also a number of other budget reductions achieved through contractual efficiencies and measures employed by the YJB to reduce its internal costs to make up the £13.5m required.

More detailed information about expenditure during the year can be found in the Accounts section of the report on pages 48-71.



Lin Hinnigan

Chief Executive and Accounting Officer

Date: 8 July 2016

SECTION

2

ACCOUNTABILITY REPORT

- **Corporate Governance Report**
 - **Remuneration and Staff Report**
 - **Parliamentary Accountability and Audit Report**
 - **The Certificate and Report of the Comptroller and Auditor General to the House of Commons**
-

CORPORATE GOVERNANCE REPORT

Board Report

Board members and senior management

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

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

* New Board members appointed in October 2015

** Tenure as a Board member came to an end in October 2015.

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

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

The Chair of the YJB Board is responsible for appointing the Chief Executive, in consultation with the Ministry of Justice (MoJ).

The Finance, Audit and Risk Assurance Committee reviews the YJB's internal control arrangements, the operation of the internal and external audit service, and the management of risks. This work is explained in detail in the Governance Statement on pages 22-34.

Executive Management Group

At 31 March 2016, the YJB's Executive Management Group (EMG) consisted of the following personnel:

Lin Hinnigan

Chief Executive

Louise Falshaw

Director of Partnerships and Performance

Dusty Kennedy

Director of YJB Cymru

Kate Morris

Director of Operations

Martin Skeats

Head of Finance and Business Assurance

Kevin Venosi

Director of Commissioning and Change

A list of all EMG members who were in post during the year is shown in the Remuneration Report on page 37.

The Chief Executive, as Accounting Officer, ensures that all public funds made available to the YJB are used for the purposes intended by Parliament, that adequate internal controls are maintained, and that proper accounts are prepared. Further details of the responsibilities of the Accounting Officer are given in the statement on pages 20-21.

Company directorships and other significant interests

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

Personal data incidents

There were no personal data related incidents that required reporting to the Information Commissioner's Office in the financial year 2015/16. There was, however, one data loss reported to the Information Commissioner's Office in May 2016. Up to 39 records for the secure escort of young people were lost by a contractor for which the YJB is joint data controller with the MoJ. All young people affected have been informed.

Better Payment Practice Code

Our standard terms are to make payments in respect of goods/services within 30 days of receipt of a valid invoice. The target under the Better Payment Practice Code is to pay 95% of invoices within the agreed terms. In 2015/16, 92% of invoices were paid in accordance with that policy (compared to 97% in 2014/15).

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 (see page 60). This does not include any fees for non-audit work as no such work was undertaken.

The YJB Welsh Language Scheme

The YJB is committed to the principle of treating the English and Welsh languages on a basis of equality when conducting public business in Wales. The YJB has a Welsh Language Scheme that complies with the Welsh Language (Wales) Measure 2011 and explains how the YJB will put this principle into practice. The Welsh Language Commissioner is in the process of developing regulations that will set Welsh language standards for the YJB. We support the setting of proportionate standards and are working with the office of the Commissioner to understand the nature of the standards that are likely to be set and the timescale for implementation.

Statement of Accounting Officer's responsibilities

The Accounting Officer of the Ministry of Justice (MoJ) has designated the Chief Executive of the YJB as the Accounting Officer for the YJB. The responsibilities of an Accounting Officer are set out in *Managing Public Money*,⁸ published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, responsibility for keeping proper records and responsibility for safeguarding the YJB's assets.

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

⁸ See: www.gov.uk/government/publications/managing-public-money

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

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

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

The Accounting Officer also confirms that:

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



Lin Hinnigan
Chief Executive and Accounting
Officer
Date: 8 July 2015

Governance statement

Introduction by Lin Hinnigan, Chief Executive of the YJB

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*.⁹ 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.

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

Governance framework

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

Framework Document

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

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

In accordance with the Framework Document, the MoJ aims to inform the YJB of its financial allocation by the end of the previous calendar year. This was not achieved in 2015/16, as the YJB was not informed of its allocation until after its finance committee and Board had scrutinised and approved a budget. The allocation, when confirmed, was lower than expected and then twice subject to further in-year reductions by the MoJ.

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

Strategic and business planning

As mentioned on page 12, the YJB *Strategic Plan 2015-18* sets out the YJB's vision and mission statement. The YJB's Strategic Plan is published on gov.uk and can be found at the following link https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469954/YJB_Strategic_Plan_2015-18.pdf.

The YJB Chair, Board and committees

Chair and Board

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

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

The YJB can have 10–12 Board members. It currently has 11: the Chair, Lord McNally, and 10 others from backgrounds including education, health, the police, the voluntary and community sectors, and the private sector. The Board also includes specific representation for Wales. A list of Board members and a link to their biographies can be found within the Board Report on page 19.

The Board formally met four times during 2015/16. A schedule of attendance is shown in the following table.

⁹ See: www.gov.uk/government/publications/managing-public-money

YJB Board meeting attendance 2015/16

Member	06/05/2015	05/08/2015	11/11/2015	24/02/2016
David Banks	✓	✓	✓	✓
Rob Butler	✓	✓	✓	✓
Christine Davies	x	✓	✓	✓
Gillian Fairfield	✓	✓	✓	x
Carol Homden	na*	na*	✓	✓
Lord McNally	✓	✓	✓	✓
Seamus Oates	✓	✓	✓	✓
Bob Reitemeier	x	✓	na	na
Neil Rhodes	✓	✓	✓	✓
Angela Sarkis	✓	✓	na	na
Amanda Sater	✓	✓	✓	✓
Tony Sewell	na*	na*	✓	✓
John Wrangham	✓	✓	✓	✓

na = Tenure as a Board member had ended
na* = Tenure a Board member had not begun

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

- Chair's items, covering current issues of importance
- Chief Executive's report of YJB executive activity over the quarter and emerging issues
- minutes of YJB committee meetings
- a report from the Performance Committee on progress with meeting the *YJB Strategic Plan 2015/18* and *Business Plan 2015/16* and the performance of the YJB and the wider youth justice system.

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

Committees

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

The committees are attended by Board members, members of the EMG and other senior YJB staff. Colleagues from Internal Audit and the National Audit Office also attend the Finance, Audit and Risk Assurance Committee. MoJ officials attend the Board, Performance Committee and the Finance, Audit and Risk Assurance Committee.

The Wales Youth Justice Advisory Panel acts as a stakeholder reference group for the Welsh Government and YJB Cymru. It is jointly chaired by the YJB Board Member for Wales and the Welsh Government Director for Local Government and Public Service Department. It is attended

by representatives from across the sector in Wales including: health, education and social services; NOMS Cymru, magistrates, HM Courts and Tribunals Service, the Crown Prosecution Service, the Association of Chief Police Officers, local authority chief executives, YOT Managers Cymru, the voluntary sector, the Welsh Local Government Association and the Welsh Centre for Crime and Social Justice.

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

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

The Finance, Audit and Risk Assurance Committee provides specific scrutiny of YJB corporate governance and risks, and advises the YJB Board on the strategic processes for managing risks, control and governance. Standing agenda items for the committee in 2015/16 included:

- a review of the YJB’s Strategic Risk and Issue Register
- a report on expenditure
- progress with internal audit plans, reports and recommendations
- a report from the National Audit Office on external audit activity

- an update on the handling of Parliamentary Questions, requests under the Freedom of Information Act and complaints
- minutes of the joint MoJ/YJB Business Assurance Management meetings
- EMG Register of Interests.

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

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

The Performance Committee oversees and scrutinises delivery of the YJB’s *Strategic Plan* and *Business Plan* and provides assurance to that end to the Board. This is largely achieved through its regular review of the YJB’s quarterly Corporate Performance Report, which is the substantive item on the Committee’s agenda. The Committee Chair, Gillian Fairfield, presents a report to the subsequent Board meeting, outlining the key areas of discussion and concern, as well as examples of positive performance. A schedule of Board member attendance at the committee is shown below.

Finance, Audit and Risk Assurance Committee Board member attendance

Member	29/04/2015	27/05/2015	01/07/2015	28/10/2015	27/01/2016*
David Banks**	✓	✓	✓	✓	✓
Lord McNally	✓	x	✓	✓	✓
Gillian Fairfield***	✓	✓	x	✓	x
Amanda Sater	✓	✓	✓	✓	✓
Seamus Oates	✓	x	✓	✓	✓
Neil Rhodes	✓	x	✓	✓	✓

* Rob Butler exercised his right as a YJB Board member and attended the committee meeting on 27/01/2016.

** Chair of the committee.

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

Performance Committee Board member attendance

Member	15/04/2015	15/07/2015	21/10/2015	03/02/2016
Gillian Fairfield*	x	✓	✓	✓
Lord McNally	✓	✓	✓	✓
Rob Butler	x	✓	✓	x
David Banks**	✓	✓	✓	✓
John Wrangham	✓	✓	✓	✓
Seamus Oates	x	✓	✓	x

* Chair of the committee.

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

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

The Remuneration and Personnel Committee maintained oversight of the remuneration of YJB staff, including consideration of the Chief Executive's annual appraisal and the appointment of any staff reporting directly to the Chief Executive. The committee met three times during 2015/16, and a schedule of Board member attendance is shown below.

Wales Youth Justice Advisory Panel Board member attendance

Member	24/04/2015	22/07/2015	22/10/2015	21/01/2016
John Wrangham*	✓	✓	✓	✓

* Joint chair of the panel.

Remuneration and Personnel Committee Board member attendance

Member	06/05/2015	05/08/2015	24/02/2016
Christine Davies*	x	✓	✓
Lord McNally	✓	✓	✓
Angela Sarkis	✓	✓	na
Neil Rhodes	✓	✓	✓
David Banks	na*	✓	✓

*Chair of the committee.

na = Tenure as a Board member had ended.

na* = Tenure as a committee member had not begun.

The Executive Management Group

The YJB Executive Management Group (EMG) ensures delivery of the *Strategic Plan (2015-18)* and *Business Plan (2015/16)*, reviews and monitors budgets, and identifies and manages risk. During 2015/16, the EMG met formally on a weekly basis to plan, deliver and oversee the work of the YJB. Throughout 2015/16, the EMG was comprised of the Chief Executive and directors of each directorate.

The roles of the YJB directorates are as follows:

- **Partnerships and Performance**
Strategy, policy, communications and stakeholder management, information, analysis and research, the effective practice framework, our partnerships with the MoJ and other government departments, Board support and the Chief Executive's office.
- **Operations**
YOT support and monitoring, youth justice grants, community programmes, placements, secure contract management, safeguarding and police liaison.
- **Commissioning and Change**
Change programmes (currently primarily the YOI Reform Programme and the Resettlement Programme) and the YJB's secure estate commissioning activity.
- **Finance and Business Assurance**
Finance, ICT, assurance, risk, governance, facilities management, shared services migration.
- **YJB Cymru**
Strategic leadership and oversight of performance in the youth justice community in Wales. More information on the YJB's work in Wales is given in the 'Youth Justice in Wales' section below.

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

Youth justice in Wales

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

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

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

Highlights of the YJB Board and committee reports

The standing agenda items for YJB Board meetings have been listed on page 23. In addition, a number of bespoke items are considered at each YJB Board meeting. In 2015/16, such items included:

- the Finance, Audit and Risk Assurance Committee's annual report to the Board
- the YJB's approach to addressing the over-representation of Black and Minority Ethnic young people in the youth justice system
- the Board review of effectiveness and governance
- a workshop on the future estates strategy
- performance management in the secure estate
- handling of serious incidents in the community/secure estate
- the annual safeguarding report
- YJB work on child sexual exploitation
- the review of STC monitoring
- the future vision for the youth justice system.

The standing agenda items of the Finance, Audit and Risk Assurance Committee have been listed above on page 24. The committee considered a number of other issues throughout the course of the year, including:

- financial reporting (YJB expenditure and in-year forecast)
- health and safety report
- information assurance
- capital budgets
- The Way We Work (TW3) updates
- data retention
- the risk framework
- anti-fraud policy
- shared services
- the YJB's core work programme 2016/17
- internal audit recommendations
- review of the committee's effectiveness.

Account of corporate governance

Parliamentary accountability

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

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

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

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

In January 2016, the YJB Chief Executive and Chair gave evidence to the Justice Select Committee's Young Adult Offending Inquiry on lessons from the youth justice system for young adults; in November 2015, the Head of Placements and Safeguarding reported to the same inquiry. Also in November 2015, the Head of YJB Cymru and the YJB Chair met with the Children, Young People and Education Committee in the Welsh Assembly to provide an overview of youth justice in Wales and the importance of protecting children and young people from offending.

The YJB Chair and Chief Executive met regularly with the minister responsible for youth justice, and the Chief Executive met regularly with the MoJ Director with responsibility for youth justice policy. The YJB Chief Executive and Head of Finance and Business Assurance also met with the MoJ sponsor unit for quarterly business assurance meetings to discuss performance, budget management and risk.

The YJB is required to provide information to the MoJ and other government departments as requested to assist them in answering Parliamentary Questions. During the year, the YJB contributed information to 75 Parliamentary Questions.

The YJB is continuing to work to meet one outstanding recommendation from the Public Accounts Committee report, *The Youth Justice System in England and Wales: Reducing Offending by Young People*. The recommendation states that, "The Board should be much more active in building its knowledge of commonly used interventions, understanding their effectiveness, and disseminating this information to youth offending teams across England and Wales, including by providing example course material and content." As outlined in the Our work in 2015/16 section (pages 12-17), the YJB has made good progress in developing its 'Centre for Excellence' approach and the Youth Justice Resource Hub, which promotes and shares good practice and evidence with the youth justice sector.

The role of the Board

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

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

Board effectiveness

The Chair of the YJB has an established performance appraisal system for Board members. Board members agree their objectives with the Chair at the beginning of the financial year. End-of-year appraisals are signed off by the Chair and respective Board member. All appraisals have been completed for 2015/16. The Chair also provides the Secretary of State for Justice with an assessment of performance when Board members are being considered for reappointment. The annual performance assessment of the Chair is the responsibility of the Director General of the Criminal Justice Group on behalf of the Secretary of State, to whom the assessment is reported.

At its meeting in May 2015, the Board conducted an internal review of its effectiveness. Among other things,

the Board considered its effectiveness in setting strategic direction; its relationship with the executive; its use of available time and skills; the information it receives; and, its training and development needs. As a consequence, the Board took action to improve the use of its time and skills and to look further at some of the information that it receives.

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

The YJB Triennial Review – control and governance

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

Since 2013, the YJB has successfully implemented 39 out of the 40 recommendations. The outstanding recommendation relates to the assessment of junior assessment centres. The final review of junior assessment centres commenced in April 2016 and will be submitted to ministers when complete.

The provision of information and data to the Board

As mentioned on page 24 above, the Performance Committee scrutinises delivery of the YJB's Strategic Plan and Business Plan on behalf of the Board. The Committee provides a written report to the Board after each meeting, outlining the key areas of note.

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

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

Youth justice system information in the Corporate Performance Report is drawn from the Police National Computer, case management data submitted by YOTs through the Youth Justice Management Information System, and data supplied daily to the YJB from secure establishments. These are well-established databases which are subject to regular quality assurance and which also contribute to national statistics. We are in the process of updating and upgrading the data we collect from the youth justice sector through the introduction of a new data collection and reporting system, which will replace the Youth Justice Management Information System. YJB corporate data is drawn from the internal HR database and finance systems.

We are also currently reviewing the wider purposes and methods of data collection across the organisation.

Ministerial Directions

There were no Ministerial Directions sought or issued during 2015/16.

The YJB was advised in December 2015 that the Secretary of State had decided that the YJB should defer some 2015/16 YJB expenditure and that the department expected to see these spending reductions applied in future forecasts.

Payment of grants to youth offending teams and performance oversight

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

In 2015/16, the YJB allocated £76m for youth justice grants to YOTs, based on a historical assessment of need. This was impacted by the Secretary of State's requirement to make in-year budget reductions, as mentioned on page 17. The terms and conditions of the YOT grant allow local flexibility for YOTs to direct financial resources to specific areas of youth justice activities, in alignment with their youth justice strategic plans. The terms and conditions of grant were signed by the chair of each YOT management board, the local authority chief financial officer and the

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

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

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

The YJB's internal audit service conducts an annual audit of the governance of grants, to provide YJB management with an opinion on the adequacy, effectiveness and reliability of the controls operating over the use of grant monies. In 2015/16, this involved the team visiting six YOTs to review their financial and governance arrangements. The final audit report returned a 'moderate' rating, the second highest of four possible ratings, with no critical or significant areas of weakness identified.

Internal audit

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

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

- governance of grants
- junior attendance centres
- the Youth Justice Application Systems Strategy
- governance of YOI reform
- Assurance Framework (phase 1)
- organisational structure.

Final audit reports have been issued for all these audits. The audits of the Youth Justice Application Systems Strategy, governance of YOJ reform and the organisational structure resulted in an overall opinion of 'substantial' (the highest possible rating), meaning that the controls in place were adequate and effective. The audit of the Assurance Framework (phase 1) and governance of grants returned a 'moderate' opinion (the second highest rating of the four), with no critical weaknesses identified. The audit of junior attendance centres returned a 'limited' opinion (the third highest rating of the four), meaning there are significant weaknesses in the framework of governance, risk management and control.

The MoJ's internal audit and assurance function carried out an extensive programme of contract management audits. As part of this, all 76 contracts on the MoJ's 'Gold List' (annual spend of >£10million) were subject to Tier 1 assessments. These were desk-top reviews designed to assess the state of compliance of contract management documentation with the MoJ's mandated policies and procedures, and the NAO's best practice framework for contract management. If the overall opinion was negative, this could trigger a full systems audit, including substantive testing of payments. The audits included the contracts for the secure training centres at Medway, Oakhill and Rainsbrook, all of which reported a 'moderate' assurance rating, with recommendations for some improvements required to contract management documentation to enhance the state of compliance with departmental contract management policies and procedures.

Following allegations made in the BBC Panorama programme about Medway STC, described on page 16, internal audit began Tier 2 contract management audits at Medway, Rainsbrook and Oakhill STCs, reporting to the Permanent Secretary. The Medway report identified significant weaknesses not identified in the Tier 1 audit in the operation of controls over this contract and has been rated 'unsatisfactory'. The MoJ and the YJB have taken a number of immediate steps to address the weaknesses identified, and the YJB is conducting a fundamental review of secure estate monitoring. Fieldwork at Rainsbrook and Oakhill has now concluded and draft reports have been prepared.

Overall view of internal audit

The MoJ's Head of Internal Audit provides an annual report on their internal audit activity, informed by work conducted during the year, together with individual meetings with senior managers. The report includes the internal auditor's independent opinion on the overall adequacy and effectiveness of the organisation's frameworks of governance, risk management and control. The report for 2015/16 concluded that a 'moderate' level of assurance can be given, an equivalent rating to that for 2014/15.

Risk assessment

Capacity to handle risk

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

The EMG encourages staff to:

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

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

As mentioned on page 8, the Board's Finance, Audit and Risk Assurance Committee has noted that the overall risk to the YJB has increased during the course of the year, and, for some risks, the YJB has limited remaining leverage to address them.

The risk and control framework

The YJB's Risk Management Framework informs the YJB's risk management system, aligning with HM Treasury's *Orange Book, Management of Risk – Principles and Concepts* (2004) and with the MoJ's *Risk Management Policy* (April 2010). The framework was revised and updated at the beginning of 2016, with the changes agreed by both the Finance, Audit and Risk Assurance Committee and the full Board. Revisions were made to the process and frequency for reviewing the YJB's Corporate Risk Register, risk appetite and the Risk Management Framework by the EMG, the Finance, Audit and Risk Assurance Committee and the Board. The changes to the risk and control framework are summarised below:

- Day-to-day responsibility for identifying and managing risks lies with managers and programme and project leads within the YJB's directorates. The CEO reviews all risks with her directors through monthly one-to-one meetings. The EMG reviews all such risks on a quarterly and annual basis, through a formal examination and update of the YJB's Corporate Risk Register.
- Each quarter, the Finance, Audit and Risk Assurance Committee review the risks on the Corporate Risk Register.
- The Board reviews the YJB's risk appetite annually. At its meeting in February 2016, the Board revised the YJB's risk appetite to take into account a range of external and internal factors which may impact on the YJB's ability to deliver its strategic objectives.
- A formal review of the YJB's Risk Management Framework is carried out by the EMG, Finance, Audit and Risk Assurance Committee and the Board every two years.

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

In the main, 2014/15 risks had aspects absorbed or continued on the new 2015/16 register. One risk from 2014/15, that "the YOI Reform changes cannot be implemented or sustained due to limited operator capacity and capability" was realised during 2015/16, and was managed as an issue. This issue was closed on 22 March 2016 and transferred to the MoJ.

Risk profile

The Board's Finance, Audit and Risk Assurance Committee noted in its report to the Chief Executive and the full Board that, overall, risk to the YJB has increased during the course of the year. It noted that factors leading to this increase include the following:

- Both safety and performance in young offender institutions (YOIs) operated by the National Offender Management Service are of increasing concern, and the YJB has limited remaining leverage to address them.
- As a consequence of the Medway Secure Training Centre issues discussed in detail on page 16, weaknesses in the overall scrutiny of the centre have been highlighted which must be addressed, and the YJB's reputation and ability to operate effectively have, to some extent, been undermined.
- The level of resources available to the YJB has reduced and the MoJ imposed in-year budget reductions.

- The Youth Justice Review (see page 8) is creating uncertainty and a pause in strategic developments.
- Controls and intervention by the MoJ reduce the YJB's ability to operate effectively.

The principal risks and mitigating actions identified during 2015/16 were as follows.

1. Inadequate funding to enable the YJB to deliver its strategic objectives

The YJB's fiscal resource budget was reduced by £28m (11%) from the previous year. As well as reductions at the start of the financial year, further reductions were imposed throughout the course of the year. This affected our ability to achieve its objectives and deliver key projects.

In mitigation, the MoJ was involved early in the development of our Business Plan and budget allocation process. We consulted with stakeholders on how to achieve in-year reductions and the Board was actively engaged in setting strategic objectives and the re-prioritisation of our work.

2. Arrangements for youth justice services locally fail to deliver key outcomes

The risk was derived from:

- year-on-year reductions in the YOT Grant, which could have prevented YOTs from delivering an effective and/or comprehensive service
- limited information on the quality of YOT provision restricting opportunities to intervene early to prevent the decline of vulnerable YOTs.

The mitigating actions we took included:

- strengthening grant conditions to demonstrate the value of the grant in improving processes and performance
- implementing a localised approach and close working relationships with local authorities to help ensure improved awareness of YOT performance and early sight of emerging potential issues
- risk-led deployment of resources to ensure appropriate prioritisation of issues and activity.

3. Children and young people in the secure estate are not safe as a result of the YJB's action or inaction

The risk was heightened because the reduction in custodial numbers has left the secure estate with proportionately more young people with challenging behaviour.

This risk crystallised to some extent, as discussed in relation to Medway STC above. In addition to the actions outlined above regarding Medway STC, mitigating actions are set out below.

- The YJB's placement approach considers children's individual needs and is subject to a robust and thorough checking process. Detailed information about children's needs and risks is collected at the point of entry to custody and is used to produce information reports which inform the commissioning process.
- Our Placement Service has been undertaking a programme of stakeholder engagement to improve understanding of how it operates and to work more collaboratively with YOTs and the secure estate when making decisions.
- A single, consistent safeguarding specification has been developed for application across all three custodial sectors.
- A ring-fenced safeguarding capital budget was in place, although this is one of the areas on which the Secretary of State deferred expenditure for 2015/16.

- Minimising and Managing Physical Restraint (MMPR) has been rolled out to six secure establishments, including all three STCs, with the aim of giving staff better tools to manage behaviour and reduce the use of restraint. We have also delivered training on MMPR to the YJB's secure escort contractor, covering journeys to and from STCs and secure children's homes (SCHs); the provider started using MMPR in May 2016.
- Training on working with young people in custody has been rolled out to staff in YOIs.
- The Decommissioning Board considers all decommissioning decisions in light of the impact they may have on the safety of children in custody, and the YJB Safeguarding and Placements Team is consulted on any decommissioning proposals.
- Performance management levers exist in contracts and service-level agreements - varying according to the sector.
- Service assurance modules have been developed to support YJB staff in undertaking focused monitoring activities against key areas of safeguarding risk, such as violence, bullying and self-harm.
- There is regular dialogue between the Director of Operations and the Deputy Director for Youth Custody in the National Offender Management Service (NOMS), and between the YJB Chief Executive and the Director General of NOMS, during which issues related to safety in the secure estate are regularly discussed.

- We commission HM Inspectorate of Prisons to undertake annual inspections of all YOIs, where part of the inspection focuses on safety.
- A programme of work is ongoing to improve the rate of receipt and quality of information used to make placement decisions.
- There is a clear safeguarding governance structure in place and regular reporting to EMG, the Finance, Audit and Risk Assurance Committee and the Board on this topic, which is supported by a cross-YJB working group which meets monthly to ensure that actions are taken to respond to findings following serious incidents.
- We make clear to the MoJ/ministers the impact of budgetary settlement.
- The implementation of AssetPlus will improve our understanding of children's needs and risk factors.
- An enhanced monitoring plan is in place for Rainsbrook STC as the contract transfers to the new provider.

4. Information transfer fails

The risk is that systems in operation within the YJB or across the youth justice system fail to operate as anticipated. In addition, organisations or individuals within the youth justice system do not operate systems as expected of them, which could lead to incorrect decisions being made when placing young people in custody. In mitigation:

- ICT governance arrangements oversee and align all ICT changes to minimise this risk occurring
- we track the performance of YOTs' transfer of information and engage with poorly performing YOTs
- a quality assurance system is used by our Placement Service, with monthly joint review meetings between placement and business area teams to identify and address any issues
- National Standards provide high-level overview of minimum requirements.

YJB assurance map

The YJB has an 'assurance map' which is based on HM Treasury guidance. It identifies system and process-based risks within the YJB, and evaluates the controls in place to manage them.

Using the map, we identified two areas where further assurance is required:

1. in relation to the effective practice framework
2. in improving the performance of the youth justice system.

Management action is underway in both areas to develop the assurance.

The assurance map was subject to internal audit in 2015/16 to ensure that the scope of assurances being sought was appropriate and recommendations made as a result of that audit have been implemented.

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

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

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

The YJB received 36 freedom of information requests in the year all of which were answered within the statutory 20-working day deadline – with two cases extended to consider the “public interest test”.

Health and safety

The YJB's health and safety function is managed by the Facilities Management team. The team has oversight of the *YJB Corporate Health and Safety Policy*, which enables the YJB to comply with its legal duties and responsibilities under the Health and Safety at Work Act 1974. A Corporate Health and Safety Committee, chaired by the Head of Finance and Business Assurance, met quarterly during 2015/16, reporting to the EMG, and an annual report was submitted to the Finance, Audit and Risk Assurance Committee.



Lin Hinnigan

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

Date: 8 July 2016

REMUNERATION AND STAFF REPORT

Remuneration policy

Our staff, whether on permanent or temporary contracts, are subject to levels of remuneration and terms and conditions of service (including superannuation) which are a combination of the new Civil Service employment offer plus legacy terms from the Home Office. Staff are classed as public servants and not civil servants, although the contracts are similar.

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

Board members' terms of appointment

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

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

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

Executive management terms of appointment

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

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

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

Remuneration and Personnel Committee

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

Remuneration (audited information)

Board members

Board members' remuneration (including the Chair's) is determined by the Secretary of State for Justice. Board members' fees are £250 per day. Lord McNally (Chair) is paid a salary. No pension benefits are paid to Board members.

For the year ended 31 March 2016, Board members received remuneration as follows.

Board member	2015/16			2014/15			Start date	Unexpired term from 31/03/16
	Remuneration £'000	Benefits in kind £'000	Total £'000	Remuneration £'000	Benefits in kind £'000	Total £'000		
Lord McNally	40-45	1.0	40-45	40-45	4.1	45-50	17/03/2014	1 year
Amanda Sater	5-10	–	5-10	5-10	–	5-10	01/07/2013	3 months
Angela Sarkis ¹	0-5	0.1	0-5	5-10	0.8	10-15	09/04/2009	expired
Bob Reitemeier ¹	0-5	0.4	0-5	5-10	2.2	10-15	01/06/2006	expired
Carol Homden	0-5	–	0-5	–	–	–	01/10/2015	6 months
Christine Davies	5-10	1.2	10-15	5-10	2.5	10-15	03/10/2012	6 months
David Banks	10-15	2.7	10-15	10-15	2.9	10-15	03/10/2012	6 months
Gillian Fairfield ²	5-10	2.2	5-10	5-10	3.9	5-10	03/10/2012	6 months
John Wrangham	10-15	2.1	10-15	10-15	3.8	15-20	09/04/2009	3 months
Neil Rhodes ³	5-10	2.4	5-10	0-5	3.2	5-10	01/07/2013	3 months
Robert Butler	5-10	–	5-10	5-10	1.1	10-15	01/07/2013	3 months
Seamus Oates ⁴	5-10	–	5-10	5-10	0.2	5-10	01/07/2013	3 months
Tony Sewell	0-5	–	0-5	–	–	–	19/10/2015	6 months

¹ Tenure as a Board member came to an end in October 2015.

² Gillian Fairfield does not receive Board member fees. These are paid directly to Pennine Acute Hospitals NHS Trusts.

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

⁴ Seamus Oates does not receive Board member fees. These are paid directly to The Bridge AP Academy.

Benefits in kind – Board members

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

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

Executive management

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

Name and title	2015/16					2014/15				
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100) £'000	Pension benefits (to nearest £1,000) ¹ £'000	Total £'000	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100) £'000	Pension benefits (to nearest £1,000) £'000	Total £'000
Lin Hinnigan Chief Executive	125-130	–	–	49	175-180	125-130	–	–	46	170-175
Dusty Kennedy Director of YJB Cymru	60-65	–	–	24	85-90	65-70	–	–	23	85-90
Kate Morris ² Director of Operations (maternity leave 10/11/14 – 13/07/15)	70-75	–	–	34	105-110	85-90	–	–	6 ⁵	95-100
Kevin Venosi Director of Commissioning and Change Programmes	85-90	0-5	–	37	120-125	85-90	0-5	–	19	105-110
Lucy Dawes Director of Operations (until 31/03/15)	–	–	–	–	–	90-95	5-10	–	13	110-115
Luke Taylor ³ Acting Director of Partnerships and Performance (from 20/10/14 – 15/07/15)	20-25	–	–	8	30-35	30-35	–	–	6	35-40
Louise Falshaw ⁴ Director of Partnerships and Performance (started 13/07/15)	40-45	–	–	27	70-75	–	–	–	–	–
Martin Skeats Head of Finance and Business Assurance	70-75	–	–	37	105-110	90-95	–	–	19	110-115
Ray Hill Deputy Chief Executive – Secure Accommodation (until 30/04/14)	–	–	–	–	–	5-10	–	–	71	75-80

1 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.

2 Kate Morris's full year salary equivalent was £85-£90k.

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

4 Louise Falshaw's full year salary equivalent was £65-£70k.

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

Salary

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

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

Bonuses

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

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

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

Benefits in kind – executive management

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

Pension benefits

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

Pay multiples (audited information)

The banded remuneration of the highest-paid director at the YJB in the financial year 2015/16, excluding pension benefits, was £125k (2014/15: £125k). This was 3.4 times (2014/15: 3.3 times) the median remuneration of the workforce, which was £37k (2014/15: £38k).

No employee received remuneration in excess of the highest-paid director (2014/15: Nil). Remuneration ranged from £19k to £125k (2014/15: £15k to £125k).

Total remuneration for this calculation includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include pension benefits, employer pension contributions and the cash equivalent transfer value of pensions.

Pension entitlements (audited information)

Name and title	Accrued pension at pension age as at 31/03/16 £'000	Real increase in pension at pension age £'000	Related lump sum at pension age as at 31/03/16 £'000	Real increase in related lump sum at pension age £'000	CETV at 31/03/16 ¹ £'000	CETV at 31/03/15 £'000	Real increase in CETV £'000
Lin Hinnigan Chief Executive	5-10	2.5-5	–	–	155	96	40
Dusty Kennedy Director of YJB Cymru	10-15	0-2.5	–	–	118	94	8
Kate Morris Director of Operations (maternity leave 10/11/14 -13/07/15)	15-20	0-2.5	45-50	0-2.5	199	165 ²	10
Kevin Venosi Director of Commissioning and Change Programmes	35-40	0-2.5	110-115	5-7.5	695	609	29
Lucy Dawes Director of Operations (until 31/03/15)	–	–	–	–	–	947	–
Luke Taylor Acting Director of Partnerships and Performance (from 20/10/14 -15/07/15)	10-15	0-2.5	35-40	0-2.5	160	149	2
Louise Falshaw Director of Partnerships and Performance (started 13/07/15)	10-15	0-2.5	40-45	0-2.5	245	213	13
Martin Skeats Head of Finance and Business Assurance	30-35	0-2.5	–	–	525	452	29
Ray Hill Deputy Chief Executive – Secure Accommodation (until 30/04/14)	–	–	–	–	–	441	–

1 The factors used to calculate the CETV were reviewed by the scheme actuary in 2015, so the tables of factors used to calculate the CETV in 2015 are not the same as those used to calculate the CETV in 2016.

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

Civil Service pensions

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

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

the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha.

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated 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 3% and 12.5% up to 30 September 2015, and between 8% and 14.75% from 1 October 2015 (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 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

Further details about the Civil Service pension arrangements can be found at 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

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

Reporting of Civil Service and other compensation schemes – exit packages

There were no redundancy or other departure costs (2014/15: Nil).

Staff numbers and staff composition (audited information)

Staff numbers

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

	2016	2015
Permanent staff	179	179
Temporary and seconded staff	35	30
Total	214	209

Staff costs

	Board members	Permanent staff	Other (including agency) staff	2016 total	2015 total
	£'000	£'000	costs £'000	£'000	£'000
Wages and salaries	133	8,691	7	8,831	8,933
Social security costs	10	755	–	765	801
Other pension costs	–	1,749	–	1,749	1,604
Total	143	11,195	7	11,345	11,338

No staff costs were capitalised during 2015/16 (2014/15: Nil).

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

For 2015/16, employers' contributions of £1,669k were payable to the PCSPS (2014/15: £1,604k) at one of four rates in the range of 20.0% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for the year beginning 1 April 2015 and will remain unchanged until 1 April 2019. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account (a stakeholder pension with an employer contribution). Employers' contributions of £19k (2014/15: £3k) 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 (2014/15: Nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to Nil (2014/15: Nil).

Expenditure on consultancy

The YJB had no consultancy expenditure (2014/15: £6k).

Off-payroll engagements

The YJB had no off-payroll engagements (2014/15: Nil).

Staff composition

The staff composition between male and female as at 31 March 2016 was as follows.

	Male	Female
Board members	6	5
Senior Civil Service or equivalent	–	3
Executive Management Group (includes 3 Senior Civil Service equivalent above)	3	3
Employees	88	134

Senior Civil Service (SCS) equivalent staff by band	Male	Female
SCS Payband 1	–	2
SCS Payband 2	–	–
SCS Payband 3	–	1
Total	–	3

Staff absence

The average number of days taken off by staff due to sickness was 2.2 per staff member in the financial year ending 31 March 2016. This compares with an average of 3.8 days in 2014/15 and an average of 7.5 days for Civil Service staff as a whole in 2014/15.

Equal opportunities

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

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

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

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

Employee relations

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

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

Internal communications are regularly reviewed and evaluated to see how they can be improved. This has led to initiatives such as more shared learning sessions in the monthly senior management briefings. These are led by the Chief Executive, and the information is then cascaded to all staff via their senior manager at their own team meetings. A fortnightly electronic bulletin is also distributed to all staff, and staff can access a range of material on the YJB intranet.

Employment of disabled people

At 31 March 2016, there were 4 (2014/15: 2) registered disabled people employed by the YJB. When recruiting, the YJB specifically encourages applications from disabled people. We also operate a 'guaranteed interview' scheme whereby disabled people who meet the criteria for a post are automatically interviewed. This is clearly stated on the application forms. In accordance with the principles set out in our recruitment, selection and induction policy and procedures, we acknowledge our duty under the Equality Act 2010 to make reasonable adjustments to the working environment or conditions of appointment that would enable a disabled person to compete for, and carry out, a job on an equal basis. Civil Service Learning is available to all staff, which includes e-learning options such as disability awareness, mental health awareness and unconscious bias training, as well as coaching and mentoring. The YJB has promoted MoJ events via the YJB intranet. For anyone who becomes disabled during their employment, this would be looked at on a case-by-case basis. HR Casework Service and Occupational Health are accessible and can assist managers where necessary.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

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

Losses and special payments

Losses Statement

	2016		2015	
	£'000	Number	£'000	Number
Constructive losses	–	0	813	1
Debt write-off	–	0	67	13
Total	–	0	880	14

Details of losses over £300,000

There were no constructive losses or debt write-off in 2015/16.

Special payments

There were no special payments made in 2015/16 (2014/15: Nil).

Remote contingent liabilities

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

The YJB has no remote contingent liabilities.



Lin Hinnigan

Chief Executive and Accounting Officer

Date: 8 July 2016

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Youth Justice Board for the year ended 31 March 2016 under the Crime and Disorder Act 1998. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Youth Justice Board's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Crime and Disorder Act 1998 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

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

Date: 12 July 2016

SECTION

3

**FINANCIAL
STATEMENTS
2015/16**

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Expenditure			
Staff costs	3	11,345	11,338
Depreciation	5	2,170	2,513
Amortisation	6	191	148
Other expenditure	2.1	235,885	271,147
Income from activities	4	(22,070)	(27,261)
Net operating expenditure		227,521	257,885
Interest on PFI liabilities		761	874
Net expenditure for the year		228,282	258,759

Other comprehensive net expenditure

	Notes	2016 £'000	2015 £'000
Items which will not be reclassified to net operating expenditure:			
Net (gain) on revaluation of property, plant and equipment	5	(3,866)	(4,148)
Total comprehensive expenditure for the year		224,416	254,611

All results arise from continuing activities.

The notes on pages 53 to 71 form part of these accounts.

Statement of Financial Position as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	5	66,143	64,447
Intangible assets	6	3,316	2,887
Total non-current assets		69,459	67,334
Current assets			
Trade and other receivables	7	6,956	5,072
Cash and cash equivalents	8	4,191	20,944
Total current assets		11,147	26,016
Total assets		80,606	93,350
Current liabilities			
Trade and other payables	9	(10,956)	(13,074)
PFI liabilities	12	(701)	(665)
Total current liabilities		(11,657)	(13,739)
Total assets less current liabilities		68,949	79,611
Non-current liabilities			
PFI liabilities	12	(12,472)	(13,173)
Total non-current liabilities		(12,472)	(13,173)
Total assets less total liabilities		56,477	66,438
Taxpayers' equity and other reserves			
Revaluation reserve		23,228	19,832
General reserve		33,249	46,606
Total taxpayers' equity		56,477	66,438

The notes on pages 53 to 71 form part of these accounts.



Lin Hinnigan
Chief Executive and Accounting Officer
Date: 8 July 2016

Statement of Cash Flows for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Net expenditure for the year	SoCNE	(228,282)	(258,759)
(Increase)/decrease in trade and other receivables	7	(1,884)	2,801
Increase/(decrease) in trade and other payables and PFI liabilities	9, 12.1	(2,783)	(4,450)
Movement in liabilities not passing through the Statement of Comprehensive Expenditure		665	1,220
Adjustments for non-cash transactions			
Depreciation and amortisation	5,6	2,361	2,661
Impairment of intangible assets and property, plant and equipment	2.1, 1.4(d)	–	10,354
Payments made by sponsoring department on behalf of the YJB	2.2	59,402	51,411
Services and facilities provided by sponsoring department	2.3	4,184	5,885
Net cash outflow from operating activities		(166,337)	(188,877)
Cash flows from investing activities			
Purchase of intangible assets	6	(620)	(1,425)
Net cash outflow from investing activities		(620)	(1,425)
Cash flows from financing activities			
Grants from sponsoring departments	10	150,204	190,374
Capital element of payments in respect of on-balance sheet PFI contracts		–	(190)
Net cash inflow from financing activities		150,204	190,184
Net (decrease) in cash and cash equivalents in the period		(16,753)	(118)
Cash and cash equivalents at the beginning of the period		20,944	21,062
Cash and cash equivalents at the end of the period	8	4,191	20,944

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

The notes on pages 53 to 71 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Notes	Revaluation reserve £'000	General reserve £'000	Taxpayers' equity £'000
Balance at 1 April 2014		17,646	55,853	73,499
Changes in taxpayers' equity for 2014/15				
Grants from sponsoring departments	10	–	190,374	190,374
Non-cash charges				
Payments made by sponsoring department on behalf of the YJB	2.2	–	52,441	52,441
Services and facilities provided by sponsoring department	2.3	–	5,885	5,885
Net expenditure for the year	SoCNE	–	(258,759)	(258,759)
Transfers between reserves				
Net gain on revaluation of property, plant and equipment	5	4,148	–	4,148
Release of reserves to the general reserve		(474)	474	–
Transfer of Hassockfield Secure Training Centre land revaluation to the general fund		(414)	414	–
Transfer of Hassockfield Secure Training Centre building impairment to the general fund		(1,074)	1,074	–
Transfer of Hassockfield Secure Training Centre to Ministry of Justice		–	(1,150)	(1,150)
Balance at 31 March 2015		19,832	46,606	66,438
Changes in taxpayers' equity for 2015/16				
Grants from sponsoring departments	10	–	150,204	150,204
Non-cash charges				
Payments made by sponsoring department on behalf of the YJB	2.2	–	60,067	60,067
Services and facilities provided by sponsoring department	2.3	–	4,184	4,184
Net expenditure for the year	SoCNE	–	(228,282)	(228,282)
Transfers between reserves				
Release of reserves to the general reserve		(470)	470	–
Net gain on revaluation of property, plant and equipment	5	3,866	–	3,866
Balance at 31 March 2016		23,228	33,249	56,477

The notes on pages 53 to 71 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

1.1 Basis of preparation

These accounts have been prepared in accordance with the *Government Financial Reporting Manual 2015-16* (FReM) issued by Her Majesty's (HM) Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. They are in a form as directed by the Secretary of State with the approval of Treasury and in accordance with section 41 of, and Schedule 2 to, the Crime and Disorder Act 1998.

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

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

1.2 Going concern

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

Grant-in-aid for 2016/17, covering the amounts required to meet the YJB's liabilities falling due that year, has already been included in the MoJ estimates for that year, and has been approved by Parliament. The YJB is created by statute and there is no proposition before Parliament that would suggest the YJB should not be considered a going concern.

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

1.3 Accounting convention

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

1.4 Changes in accounting policy and disclosures

a) New and amended standards adopted

IFRS 13 'Fair Value Measurement' is effective for accounting periods beginning on or after 1 April 2015, and is applied prospectively in these accounts.

The adoption of IFRS 13 did not have a material impact on the YJB's financial statements.

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

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

The above standards are not expected to have a material impact on the YJB's financial statements.

c) Changes in accounting policies

There have been no changes to accounting policies for the period ending 31 March 2016.

d) Changes in presentation and reclassifications

Details of staff costs and numbers are now disclosed in the 'staff numbers and staff composition' section. Losses and special payments are now disclosed in the Parliamentary Accountability and Audit Report.

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.

Valuation method

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

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

Secure training centres are classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with UKVS 1.15 and UKGN 2 for specialised operational assets.

Revaluation

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

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

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

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

Depreciation

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

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

Estimated useful asset lives are within the following ranges:

Buildings core	40-50 years
Buildings, machine and electrical equipment	25 years

Disposal of non-current assets

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

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

1.6 Intangibles

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

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

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

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

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

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

Capitalisation threshold

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

1.7 Impairment

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

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

1.8 Leases

A distinction is made between finance leases and operating leases.

Finance leases

Leases of assets where the YJB retains substantially all the risks and rewards of ownership are classified as finance leases.

Operating leases

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

1.9 Service concession arrangements

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

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

The YJB recognises the infrastructure asset at fair value (or the present value of the future minimum infrastructure payments, if lower) as 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.

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

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

1.10 Cash and cash equivalents

Cash and cash equivalents recorded in the SoFP and Statement of Cash Flows (SoCF) 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 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.

1.12 Income

Remand income

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

1.13 Expenditure

Net expenditure

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

Grant expenditure

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

Administration and programme expenditure

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

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

Programme expenditure reflects costs directly related to frontline service delivery.

1.14 Notional costs

Notional costs in note 2 take two forms: firstly, 'soft charges' for services paid by the MoJ on behalf of the YJB, and secondly, non-cash recharges representing the YJB's usage of MoJ corporate services (refer to Notes 2.2 and 2.3). The settlement of these notional costs are credited directly to the general fund.

1.15 Grants from sponsoring departments

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

1.16 Contingent liabilities

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

1.17 Value added tax

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

1.18 Financial instruments

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

1.19 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

Valuation of non-current assets

Land and buildings comprise STCs that are shown at depreciated replacement cost, based on professional valuations. The value of land and buildings fluctuates with market conditions of the construction industry. Location factors and the Building Cost Information Service (BCIS) forecast tender price indices have a direct and significant impact on the depreciated replacement cost of buildings valuations.

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

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

Service concession arrangements

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

2. Other expenditure

2.1 Admin and programme expenditure

	Notes	2016 £'000	2015 £'000
Admin expenditure			
Audit fee – external ¹		48	48
Audit fee – internal		38	43
Board meetings		16	18
Communications		53	110
Consultancy		–	6
IT costs		1,009	843
Legal costs		59	174
Other administration ²		548	45
Personnel costs		59	58
Travel and subsistence		384	514
Total admin expenditure		2,214	1,859
Programme expenditure			
Grants to youth offending teams		76,036	91,893
Intensive Fostering		29	1,431
Other grants for intervention programmes		938	2,654
Other programme expenditure		4,482	2,362
Research		59	76
Secure children's homes		26,987	26,494
Secure escorts		5,013	6,247
Secure training centres		38,616	47,296
Under-18 young offender institutions		71,271	68,398
Youth justice information and communications technology (ICT) programmes		6,056	6,198
Total programme expenditure		229,487	253,049
Other costs			
Impairment of property, plant and equipment	5	–	9,541
Impairment of intangible assets	6, 1.4(d)	–	813
Services and facilities provided by sponsoring department	2.3	4,184	5,885
Total other expenditure		235,885	271,147

¹ External audit fees do not include any non-audit work undertaken by the NAO. Total fees paid to the NAO for non-audit work were £0. (2014/15: £0).

² In 2015/16, the Ministry of Justice (MoJ) began re-charging the YJB for finance-related transitional arrangement costs to moving the YJB to MoJ's shared services model (refer to note 2.3).

2.2 Payments made by sponsoring department on behalf of the YJB

	2016	2015
	£'000	£'000
Payments recognised in the SoCNE		
Interest on PFI liabilities ¹	761	635
Secure escorts	4,413	3,794
Secure training centres	37,729	41,840
Under-18 young offender institutions	16,499	5,142
Total payments recognised in the SoCNE	59,402	51,411
Payments recognised in the SoFP		
Capital element of payments in respect of PFI contracts ¹	665	1,030
Total payments recognised in the SoFP	665	1,030
Total payments	60,067	52,441

¹ Relates to Oakhill Secure Training Centre (2014/15 relates to Hassockfield STC, Rainsbrook STC, and Oakhill STC post transfer of administrative function from YJB to the MoJ.)

2.3 Services and facilities provided by sponsoring department

	2016	2015
	£'000	£'000
Commercial contract management	312	732
Communications	20	89
Estates	1,897	1,837
Finance ¹	552	1,138
Information and communication technology	1,362	2,014
Information operations	41	52
Shared services	–	23
Total services and facilities provided by sponsoring department	4,184	5,885

¹ The Ministry of Justice (MoJ) provides finance-related services to the YJB as a transitional arrangement prior to moving to the MoJ shared services model. In 2015/16, the MoJ began re-charging this cost to the YJB (refer to note 2.1).

3. Staff costs

	2016 £'000	2015 £'000
Wages and salaries	8,831	8,933
Social security costs	765	801
Other pension costs	1,749	1,604
Total staff costs	11,345	11,338

For further details of staff costs and numbers, refer to the Remuneration and Staff Report, pages 35-44.

4. Income from activities

	2016 £'000	2015 £'000
Remand income		
Under-18 young offender institutions	10,063	10,228
Secure children's homes	4,725	3,509
Secure training centres	7,102	10,443
Total remand income	21,890	24,180
Other income ¹	180	3,081
Total income from activities	22,070	27,261

¹ 2014/15: Includes gain relating to restatement of PFI liability.

5. Property, plant and equipment

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

Land and buildings at the three secure training centre (STC) sites are revalued to depreciated replacement costs to a modern equivalent basis. The professional valuation was performed at 31 March 2016 by the Valuation Office Agency, which is independent of the YJB, in accordance with UKVS 1.15 and UKGN 2 for specialised operational assets. Depreciated replacement cost valuation includes VAT.

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

There is no IT, office equipment or leasehold improvement property, plant and equipment held.

5. Property, plant and equipment continued

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

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

During 2014/15, the PFI contract for Rainsbrook STC concluded and this property has reverted back to the YJB.

6. Intangible assets

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

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

7. Trade and other receivables

Amounts falling due within one year	2016 £'000	2015 £'000
Other receivables	6,940	4,510
Prepayments and accrued income	16	562
Total	6,956	5,072

8. Cash and cash equivalents

	2016 £'000	2015 £'000
Balance at 1 April	20,944	21,062
Net change in cash and cash equivalent balances	(16,753)	(118)
Balance at 31 March	4,191	20,944

The following balances at 31 March were held at:

Government banking service and cash-in-hand	4,196	20,959
Commercial banks and cash-in-hand	(5)	(15)
Balance at 31 March	4,191	20,944

9. Trade and other payables

Amounts falling due within one year	2016 £'000	2015 £'000
Accruals and deferred income	3,594	3,187
Payable to National Offender Management Service	3,984	6,749
Payable to the Ministry of Justice	2,453	1,317
Trade payables	925	1,821
Total	10,956	13,074

10. Grants from sponsoring departments

	2016 £'000	2015 £'000
Grant-in-aid from the Ministry of Justice	149,978	190,064
Grants from the Home Office	–	17
Grants from the Welsh Government	226	293
Total	150,204	190,374

11. Commitments

11.1 Operating leases

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

Obligations under operating leases	Under-18 young offender institutions ¹ £'000	Secure children's homes ² £'000	2016 £'000	2015 £'000
Not later than one year	55,658	24,530	80,188	83,732
Later than one year and not later than five years	–	24,530	24,530	–
Later than five years	–	–	–	–
Total	55,658	49,060	104,718	83,732

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

² Contracts between the YJB and nine secure children's home providers expire on 31 March 2018.

11.2 Other financial commitments

The YJB has entered into non-cancellable contracts, which are not a lease or PFI contracts, for the management and operation of Medway and Rainsbrook Secure Training Centres, secure escort services, and education services. During the 2015/16 year, new contracts were awarded for the management of Medway and Rainsbrook. During the 2014/15 year, contracts were established for education services delivered at Cookham Wood Young Offender Institution (YOI), Feltham YOI, Werrington YOI and Wetherby YOI. The total payments for which the YJB is committed are as follows.

	2016	2015
	£'000	£'000
Not later than one year	30,866	36,125
Later than one year and not later than five years	58,180	22,856
Later than five years	1,039	–
Total	90,085	58,981

11.3 Other commitments

There were no capital commitments or other commitments at the reporting date. Commitments related to on balance sheet PFI contracts are disclosed in Note 12.

12. Commitments under PFI contracts

12.1 On-balance sheet

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

Obligations under on-balance sheet PFI contracts recognised in SoFP

Oakhill	2016	2015
	£'000	£'000
Imputed minimum lease payment due		
Not later than one year	1,426	1,427
Later than one year and not later than five years	5,702	5,703
Later than five years	11,762	13,186
Total	18,890	20,316
Less interest element	(5,717)	(6,478)
PFI liability recognised in SoFP	13,173	13,838
Of which:		
Current PFI liability	701	665
Non-current PFI liability	12,472	13,173
Total	13,173	13,838

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

The total amount charged to the SoCNE in respect of on-balance sheet PFI transactions was £16.505m (2014/15: £23.259m). Of this total, the service element was £15,744m (2014/15: £22.385m) and the interest charges £0.761m (2014/15: £0.874m).

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

Total minimum lease payments including service and imputed interest element for on-balance sheet PFI contracts		
	2016	2015
	£'000	£'000
Service charge due within one year	17,179	17,179
Service charge due later than one year and not later than five years	68,716	68,528
Service charge due later than five years	141,727	158,471
Total	227,622	244,178

Remaining terms for on-balance sheet PFI contracts

	Length of term	Contract end date
Oakhill	25 years	June 2029

12.2 Off-balance sheet

The YJB has no off-balance sheet PFI contracts.

13. Contingent liabilities disclosed under IAS 37

There are no contingent liabilities (2014/15: Nil).

14. Related party transactions

The YJB is an executive non-departmental public body that, during the 2015/16 financial year, was principally sponsored by the MoJ. The MoJ provides services and facilities to, and makes some payments on behalf of, the YJB. These are recharged notionally by the MoJ and are included in Note 2.1.

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

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

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

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

15. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue (8 July 2016) by the Accounting Officer. This is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

Medway Secure Training Centre

The Secretary of State for Justice announced on 12 May 2016 that NOMS will take on the operation of Medway Secure Training Centre (STC), which looks after young people aged 12 to 17. The Ministry of Justice has an existing contract with G4S to manage Medway STC. NOMS will take over from G4S by the end of July 2016.

Change of Chief Executive

In June 2016, Lin Hinnigan announced her decision to step down from her role as Chief Executive of the YJB. Colin Allars, Director of the National Probation Service, will take up the role of Chief Executive of the YJB from 13 July 2016 (taking on Accounting Officer responsibilities from 19 July 2016).

This publication can be downloaded from
<https://www.gov.uk/government/publications>

Youth Justice Board for England and Wales
102 Petty France
London
SW1H 9AJ
Tel: 020 3334 5300
Email: enquiries@yjb.gsi.gov.uk
Web: www.gov.uk/yjb

ISBN 978-1-4741-3585-6



9 781474 135856