

Title: Developing the Secure Estate for Children and Young People – Plans until 2015	Impact Assessment (IA)
	IA No: MOJ142
	Date: March 2012
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Other
Lead department or agency: Youth Justice Board for England and Wales Other departments or agencies: Ministry of Justice (Youth Justice Policy Unit)	Contact for enquiries: secureestatestrategy@yjb.gov.uk

Summary: intervention and options

What is the problem under consideration? Why is government intervention necessary?

The reduction in the population of young people in custody over the last 24 months in particular has led to too much money being spent on an estate with significant levels of excess capacity. At the same time, reoffending for those young people released from the secure estate remains unacceptably high. Government intervention is required to ensure that the estate operates as cost-effectively as possible and continues to enable the successful rehabilitation of young people in custody.

Following a public consultation period, the government has published its plans for the under-18 secure estate which outlines a number of commitments to address the above issues.

What are the policy objectives and the intended effects?

The proposals aim to ensure that young people in the secure estate can access services that enable them to lead successful, fulfilled and crime-free lives on their return back to their communities. This is best achieved in a distinct, specialist secure estate, where services are specifically designed to meet every child and young person's individual needs, in an environment that maintains their safety and maximises their potential.

The proposals have two main intended effects: to ensure the estate can operate efficiently, by reducing excess capacity, and to improve rehabilitation and reduce reoffending of those young people who come into contact with the secure estate.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in evidence base)

The policy options that have been considered in this Impact Assessment are:

- Option 0: do nothing (base case)
- Option 1: deliver the proposals outlined in the development plan.

This will be achieved by:

- a) responding to decreased demand by decommissioning excess capacity
- b) reviewing commissioned services to better meet the needs of young people
- c) commissioning services more effectively by better involving co-commissioning partners
- d) working effectively with providers to support and improve rehabilitation and reduce reoffending by young people leaving custody.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 3/2015

What is the basis for this review? Not applicable. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?

Yes

Sign-off :

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



Date: March 2012

Summary: analysis and evidence

Base Case

Description

The Base Case assumes the current configuration and services delivered in the under-18 secure estate will remain the same over the course of the spending review period until 2015.

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

In 2010/11, the YJB spent £261.285m on commissioning secure places. This represents a decrease of 14.5% from £305.6m in 2009/10. If we continued commissioning the same services in 2012, these costs would increase to £270.1m.

Other key non-monetised costs by 'main affected groups'

Changes to commissioned services are required to reflect the recent fall in demand and associated changes to the needs of young people currently placed in the secure estate. There is a risk that this would not reduce reoffending rates.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Should the under-18 custodial population rise against current predictions, the Base Case mitigates against the risk of needing to spot purchase secure bed places at short notice and at higher bed-price cost. Current indications suggest that the costs of spot-purchasing bed spaces could be up to 12% higher than current, contracted bed prices.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks

Discount rate (%)

The recent fall in demand for custody has been most pronounced in the 10 to 15 age group. It is assumed this reduction will be maintained. Should these numbers rise unexpectedly, this may lead to insufficient space in the system and the need to commission more spaces at short notice and at higher cost than if no decommissioning occurs.

More generally, we also make a key assumption that there is no unexpected increase in demand for secure places that impacts unduly on commissioning costs.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO? Yes/No	Measure qualifies as IN/OUT
Costs:	Benefits:	Net:		

Enforcement, implementation and wider impacts

What is the geographic coverage of the policy/option?			England and Wales		
From what date will the policy be implemented?			01/04/2012		
Which organisation(s) will enforce the policy?			YJB/MoJ		
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:
Does the proposal have an impact on competition?			Yes		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			Costs:		Benefits:
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific impact tests: checklist

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Duties Impact Test guidance	Yes	
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes	
Small firms Small Firms Impact Test guidance	No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes	
Human rights Human Rights Impact Test guidance	Yes	
Justice system Justice Impact Test guidance	Yes	
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	Yes	

¹ Public bodies, including Whitehall departments, are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Description

Implement the proposals outlined in the development plan. This will consist of:

- reconfiguring the secure estate for children and young people by responding to decreased demand
- commissioning services more effectively in order to improve rehabilitation and reduce reoffending by children and young people leaving custody.

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate:
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)	
Low	Optional		Optional	Optional	
High	Optional		Optional	Optional	
Best Estimate					
Description and scale of key monetised costs by 'main affected groups'					
1a) Decommissioning excess capacity Secure children's home providers could incur costs as a result of the YJB's re-contracting of secure children's home beds. Running costs for these homes could increase should these beds remain unoccupied. From the 2011/12 baseline budget, this will result in savings of £3.8m in 2012/13 on the secure children's home contracts. The table on page 12 shows the yearly budgets over the period of the contracts, until March 2014.					
Other key non-monetised costs by 'main affected groups'					
1b) Reviewing commissioned services to better meet the needs of young people Following the review of need, there may be additional costs when commissioning services to meet these needs.					
1c) More effective commissioning processes The introduction of more effective commissioning processes will not incur additional costs. An analysis of need is anticipated to incur some staff resources and administrative costs.					
1d) Working more effectively with secure providers This policy option may incur additional costs – in particular when evaluating interventions or developing new mechanisms for the effective dissemination of practice.					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)	
Low	Optional		Optional	Optional	
High	Optional		Optional	Optional	
Best Estimate					
Description and scale of key monetised benefits by 'main affected groups'					
1a) Reconfiguring the secure estate By better aligning provision to demand, cost efficiencies can be made. This ensures a better use of public resources.					

Other key non-monetised benefits by 'main affected groups'

1b) Reviewing commissioned services to better meet the needs of young people

A review of existing services will enable the YJB to ensure commissioned services better meet the needs of young people. In doing so, we are seeking to reduce the risk of reoffending which will lead to cost savings.

1c) More effective commissioning processes

By introducing more effective commissioning processes – and involving the co-commissioner – we are seeking to ensure resources are allocated more efficiently and are targeted at meeting the needs of children and young people in custody.

1d) Working effectively with secure providers

Supporting providers to deliver interventions that are based on the best available evidence of effectiveness aims to ensure that children and young people receive the interventions required to reduce the risk of reoffending on release.

Key assumptions/sensitivities/risks

Discount rate (%)

The recent fall in demand for custody has been most pronounced in the 10 to 15 age group. It is assumed this reduction will be maintained. Should these numbers rise unexpectedly, this may lead to insufficient space in the system and the need to commission more spaces at short notice and at higher cost than if no decommissioning occurs.

More generally, we also make a key assumption that there is no unexpected increase in demand for secure places that impacts unduly on commissioning costs.

Evidence from research suggests that risks of reoffending can be effectively reduced by, among other things, ensuring services are aimed at meeting the needs of young people. We are therefore assuming that the options presented will better enable providers to deliver services that are able to meet the needs of children and young people in the secure estate.

Direct impact on business (Equivalent Annual) £m):

In scope of OIOO?

Measure qualifies as

Costs:

Benefits:

Net:

Yes/No

IN/OUT

Enforcement, implementation and wider impacts

What is the geographic coverage of the policy/option?		Options			
From what date will the policy be implemented?		01/04/2012			
Which organisation(s) will enforce the policy?					
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?		Yes/No			
Does implementation go beyond minimum EU requirements?		Yes/No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded:		Non-traded:	
Does the proposal have an impact on competition?		Yes/No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs:		Benefits:	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific impact tests: checklist

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties² <u>Statutory Equality Duties Impact Test guidance</u>	No	
Economic impacts		
Competition <u>Competition Assessment Impact Test guidance</u>	No	
Small firms <u>Small Firms Impact Test guidance</u>	No	
Environmental impacts		
Greenhouse gas assessment <u>Greenhouse Gas Assessment Impact Test guidance</u>	No	
Wider environmental issues <u>Wider Environmental Issues Impact Test guidance</u>	No	
Social impacts		
Health and well-being <u>Health and Well-being Impact Test guidance</u>	No	
Human rights <u>Human Rights Impact Test guidance</u>	No	
Justice system <u>Justice Impact Test guidance</u>	No	
Rural proofing <u>Rural Proofing Impact Test guidance</u>	No	
Sustainable development <u>Sustainable Development Impact Test guidance</u>	No	

² Public bodies, including Whitehall departments, are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence base (for summary sheets)

Notes

References

No.	Legislation or publication
1	Ministry of Justice (2010) <i>Breaking the Cycle – Effective Punishment, Rehabilitation and Sentencing of Offending</i> . London: MoJ.
2	Youth Justice Board (2011) <i>Keppel Unit Process Evaluation</i> . London: YJB.
3	Office of the Children's Commissioner for England (2011) <i>'I think I must have been born bad': Emotional wellbeing and mental health of children and young people in the youth justice system</i> . London: Office of the Children's Commissioner.
4	Prison Reform Trust (2010) <i>Punishing Disadvantage – a profile of children in custody</i> .
5	Youth Justice Board (2005) <i>Strategy for the Secure Estate for Children and Young People 2005/06 to 2007/08</i> . London: YJB.
6	National Audit Office (2011) <i>The Youth Justice System in England and Wales – Reducing offending by young people</i> . London: HM Government.

Evidence base (for summary sheets)

Introduction

1. The government is committed to developing plans for the under-18 secure estate in the 'Breaking the Cycle' Green Paper published in November 2010.³
2. The development of plans for the under-18 secure estate is driven by three distinct influences:
 - reconfiguration of the secure estate following the reduction in the number of young people being sentenced or remanded in custody
 - the need to continue improving outcomes for young people, thus reducing reoffending, and
 - the need to meet spending review commitments.
3. The proposals outlined in this document reflect the views of stakeholders gathered as part of the three-month consultation period. The focus of this document is on the proposals that have been made following the consultation process.
4. The proposals seek to address the problem of excess capacity in the secure estate following significant reductions in demand. They also seek to address the problem of high reoffending rates of young people leaving custody. Therefore our options have considered how to reconfigure the estate to remove spare capacity while aiming to ensure the future structure of the estate will enable us to improve reoffending outcomes.
5. It is important that the current and future development of the secure estate works to a set of clear and coherent principles that acknowledge the need for a distinct approach to children and young people in custody. The purpose of outlining a clear set of principles is to:
 - provide a framework for the commissioning and delivery of services in custody which is reflected at each stage of the commissioning process
 - shape the future direction and development of the secure estate.
6. The YJB commits to embedding these principles into its commissioning processes. The proposals made in the strategy are reflective of these principles and include proposals to:
 - 1) **reconfigure the secure estate for children and young people** by:
 - i) responding to decreased demand
 - (a) decommissioning excess capacity
 - (b) reviewing commissioned services to better meet the needs of young people.
 - 2) **improve rehabilitation and reduce reoffending** by:
 - i) commissioning services more effectively by better involving co-commissioning partners
 - ii) working effectively with providers to improve rehabilitation and reduce reoffending by young people leaving custody.
7. The delivery of the above will enable the YJB to meet its spending review commitments, with the secure estate making more efficient use of resources. It should also contribute to more positive outcomes for children and young people placed into and leaving custodial establishments.
8. Where possible we have identified and monetised costs and benefits from the proposals. However, for many of the proposals we are not able to present monetised costs and benefits as these will be dependent upon the specific details of the projects (such as, for example, the sites chosen for increasing intensive support units). Business cases for the individual proposals will be developed to assess the costs and benefits, value for money, and affordability.
9. The YJB does not directly deliver services to young people in the secure estate. In many cases, services delivered to children and young people in custody are commissioned by other agencies.

³ Ministry of Justice (2010) *Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders*. London: HM Government.

However, the development plan provides an opportunity for the government to set out its expectations of providers.

Organisations in the scope of the proposals

10. The proposals set out in this Impact Assessment will have effect in England and Wales only.

11. The main groups affected by these proposals are:

- existing secure estate providers – NOMS, private providers and local authorities
- third sector providers involved in delivery of custodial and resettlement services
- organisations representing the interests of children in the criminal justice system
- education providers delivering educational and training courses in custody
- local authorities – especially youth offending teams and children’s services
- NHS (PCTs)
- Child and Adolescent Mental Health Services
- housing providers.

Cost and benefits

12. The proposals contained in the development plan for the secure estate do not present operational detail. Associated costs and benefits are sensitive to the final design details of the policy proposals. Each individual work strand committed to in the development plan will have its own business case, including an assessment of the anticipated costs and benefits.

Structure of the Impact Assessment

13. The next section sets out the base case: the assumptions the YJB has made about future trends if none of the changes set out in its strategy are implemented, and if there is no change in policy and practice. The Impact Assessment then proceeds to assess the impact of the proposed options. The two options in the Impact Assessment (reconfiguring the estate and improving rehabilitation) are compared back to the base case, not against each other.

Base case – option 0: do nothing

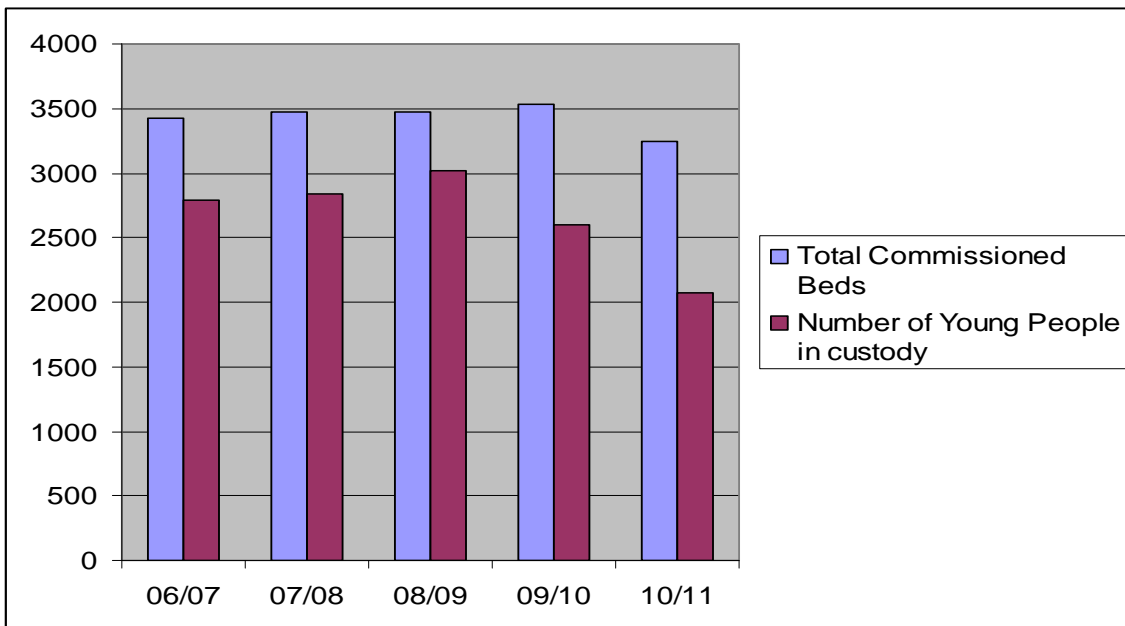
14. The base case assumes no change to the nature and make-up of the secure estate. The YJB would continue to commission the same amount of bed spaces – 2,508 in January 2012 – from three different sectors. The base case assumes that demand for places in the secure estate will continue to fall over the spending review period without making any adjustments to the configuration of the estate.

15. The base case also assumes no change to current reoffending rates for children and young people in the youth justice system, which are 33.3% of children in the youth justice system and 69.7% (of the 2009/10 cohort) of children and young people placed into custody, within one year of release from custody or date of non-custodial sentence for the original offence. These figures were taken from *Reoffending publication: Proven reoffending statistics – quarterly bulletin April 2009 to March 2010* published by the Ministry of Justice.

16. In recent years, the population of young people in the secure estate has reduced and is significantly below the safe operating level. In November 2011, a total of 2,200 young people were placed in custody. This left a total of 308 beds unoccupied, causing the estate to be more costly than it is required to be. This figure takes into account 18 year-olds who are serving the end of their sentence in the under-18 custodial estate. However, a proportion of these 308 beds is required headroom to ensure the system works effectively and safely.

17. The chart below shows these trends in population and capacity until 2010/11. Please note that the custodial population fell to 2,200 in November 2011⁴ and the number of beds commissioned fell to 2,508.

Chart 1: Number of beds commissioned and number of young people placed in custody (2006/07–2010/11)



18. In order to inform its future commissioning decisions, the YJB and MoJ have developed a forecasting process where future demand is modelled and reviewed regularly. The information obtained as part of this process is restricted and for internal use only.
19. Importantly, the YJB does not decommission in advance of predicted population decreases, and it is important to obtain a significant degree of assurance that any planned reductions in commissioned beds are sustainable over the medium to long term. Consequently, there will always be a time lag in decommissioning activity following decreases in demand.
20. A number of policy changes which are aimed at reducing demand are included in the forecasting model, including:
- new remand framework – there will be a stricter framework for remanding young people in custody. In addition, local authorities will have a financial incentive to reduce unnecessary remand episodes as they will assume greater financial responsibility for secure remands
 - sentencing changes – more discretion around the use of multiple Referral Orders and stronger Youth Rehabilitation Orders as an alternative to custody
 - the Youth Custody Pathfinder schemes which will operate in a small number of pilot areas and will set consortia of local authorities targets for reducing their use of custody in return for upfront investment.
21. In 2010/11, the YJB spent £261.285m on commissioning secure places. This represents a decrease of 14.5% from £305.6m in 2009/10.⁵ If we continued commissioning the same services in 2012, these costs would increase to £270.1m (following inflationary uplift).
22. Therefore, if the base option was chosen, there would be inefficient use of resources as excess capacity would increase due to a declining population. The government would incur higher costs due to the inflationary uplift for the commissioning of custodial places. The base case would mitigate

⁴ These figures are a monthly snapshot of the custodial population, taken on the last Friday of the month or first Friday of the following month, depending on which is nearer to the actual month end. These figures have been drawn from administrative IT systems, which, as with any large scale recording system, are subject to possible errors with data entry and processing and can be subject to change over time.

⁵ Source: YJB (2011) *The Youth Justice Board for England and Wales – Annual Report and Accounts (2010/11)*. Figures include costs for escorts.

against the risk of needing to spot purchase places at short notice and higher bed price cost if there was an increase in demand as there would already be sufficient capacity in the estate. However, as noted above, our main assumption is that demand for custody will continue to reduce.

Improving rehabilitation and reducing reoffending

23. The significant falls in demand for custody has impacted on the current nature and make up of the estate in three main ways:
- fewer young people are in the secure estate
 - secure establishments are more geographically dispersed
 - the profile of young people placed into custody is changing, and young people's offending histories are becoming more prolific.
24. The base case assumes that the commissioned services would remain the same. This means that the services delivered to young people are not reflective of the changing needs of children and young people as a result of the recent decline in demand.
25. Research⁶ shows that interventions are more effective when their intensity is matched to an assessment of the likelihood of the person reoffending. This assessment is individual to each young person. However, the YJB's Key Elements of Effective Practice⁷ outline effective practice in a number of areas which are associated with young people's risk of reoffending. These are:
- accommodation
 - assessment, planning interventions and supervision
 - education, training and employment
 - engaging young people who offend
 - mental health
 - offending behaviour programmes
 - parenting
 - restorative justice
 - substance misuse
 - young people who sexually abuse.
26. Under the base case there would be no change to the way the services are commissioned and provided in the secure estate to reflect the changing needs the under-18 custodial population. There is therefore a risk that we would not make improvements in terms of reduced reoffending.

Preferred option

27. This section provides a description of the anticipated impact of the policy option 1. Over the course of the spending review period, it is anticipated that all commitments will be met. More detailed business cases will be produced as part of the individual projects to deliver against the commitments.

Option 1 – deliver the proposals outlined in the development plan

28. The plans described below should be viewed in their entirety, and are anticipated to deliver benefits if implemented together. These plans form part of the government's ongoing efforts to reform youth justice and specifically to introduce changes to the system to tackle youth crime and reoffending. In the secure estate this means looking at the configuration of the current estate following the decline in numbers, as well as making improvements to services commissioned and provided in secure

⁶ McGuire, J. (1995) *What works: Reducing Re-offending*. Chichester: Wiley and Sons.

⁷ See <http://www.justice.gov.uk/about/yjb/effective-practice.htm>.

establishments. It is the combination of these initiatives that seeks to deliver reductions in reoffending for children and young people leaving custody.

Option 1a: Reconfiguring the secure estate for children and young people: respond to decreased demand by decommissioning excess capacity

29. In response to the sustained decrease in demand for custodial places, we will continue to align provision with demand by decommissioning excess capacity. The YJB has already completed the contract extension process of secure children's home provision,⁸ and will be re-contracting secure training centres (STC) and secure children's homes contracts over the period of the spending review.
30. We are reducing the number of secure children's home beds commissioned from 183 to 166 on 1 April 2012. This will ensure the estate can operate efficiently by ensuring savings from reducing excess capacity.
31. The contract extension in the secure children's home sector reflects the fall in demand for places for 10–14 year-olds. From 2006/07 to 2010/11, there has been a decrease of 51% in demand for custody in the younger age cohort (10–14 year-olds). In addition, YJB figures show that in the 36 months from November 2008 to October 2011, the average secure children's home occupancy was 166.
32. From the 2011/12 baseline budget, this will result in savings of £3.8m in 2012/13 on the secure children's home contracts. The table below shows the annual budgets over the period of the contracts until March 2014. The table assumes that:
 - overall number of contracted beds and those contracted from individual homes do not change from 2012/13 to 2013/14; and
 - homes are given an inflationary uplift each year, except where bed prices are already specified for the period of the contract duration.

Year	YJB annual budget (secure children's homes)
2011/12	£38,998,000
2012/13	£35,155,000
2013/14	£36,012,000

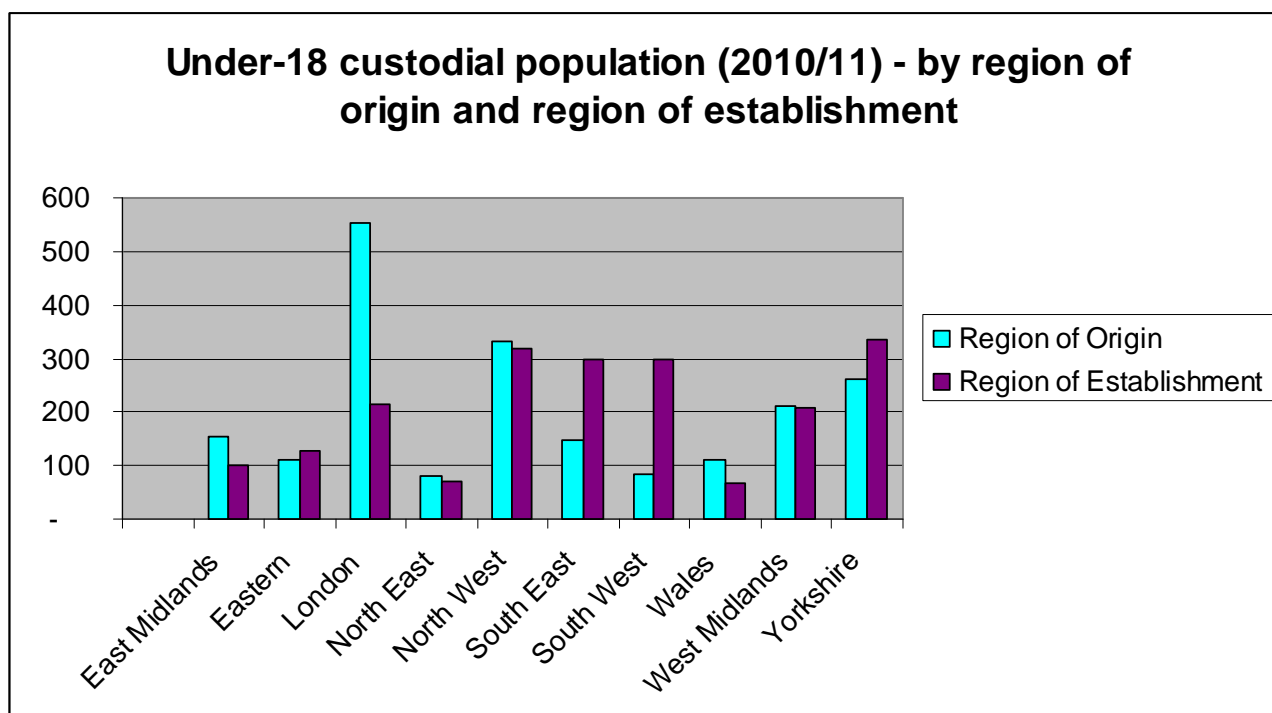
33. The savings therefore are made up from a reduction in the price of a bed in a secure children's home and a reduction in the number of beds commissioned. There are several variables that can affect the annual cost, including the uplifts agreed annually with each individual home, the total beds contracted, and the number of beds contracted at each home. The annual cost of contracted secure children's home beds from 2011/12 to 2012/13 is currently calculated to fall from £38.155m to £36.012m – a predicted saving of £2.1m over the contract period.

Option 1b: Reconfigure the secure estate for children and young people: review commissioned services to better meet the needs of young people's units

34. The decline in demand for secure beds presents an opportunity to review services currently commissioned to ensure that services commissioned match the assessed need. This includes ensuring an appropriate geographical supply of secure establishments, as well as ensuring that services delivered in custody effectively address the needs of children and young people.

⁸ The majority of secure children's homes' three-year contracts with the YJB end on 31st March 2012. Our proposal to reduce the number of contracted beds was signalled during a consultation period last summer. The secure children's homes' contract extensions must begin on 1st April 2012, so this announcement has had to come ahead of the final published Secure Estate Strategy.

35. Over the course of the spending review period we will seek to develop and commission additional enhanced units within under-18 young offender institutions (YOIs). These units will provide services to a small number of children and young people whose needs cannot be effectively met in mainstream under-18 YOI provision and who are also not suitable to be placed in STCs and secure children's homes due to risk factors and other developmental needs. These units are not alternatives to STCs and secure children's homes, but provide a separate service to a small cohort of young people whose needs cannot be effectively met in the wider under-18 YOI estate.
36. We anticipate that the expansion of enhanced units will not only benefit those children and young people placed there, but will have broader benefits for young people in the under-18 YOI estate. The evaluation of the Keppel Unit suggests that dedicated staff recruitment and specialised workforce development in particular resulted in the completion of early and more comprehensive assessments of need, as well as the preparation of effective individual sentence planning processes.⁹ As a result, resources were targeted more efficiently on the basis of need and risk. Emerging findings from the Willow Unit at Hindley YOI furthermore suggest that there were significant reductions in high-risk behaviours such as aggression and self-harm.
37. We anticipate that the introduction of enhanced provision in the under-18 YOI estate will drive up practice standards across the under-18 YOI estate. This assumption is based on early learning from the introduction of the Keppel Unit at Wetherby YOI in 2009.
38. The table below shows the under-18 custodial population by region of origin and region of establishment. The table shows that demand for secure spaces outstrips capacity in the East Midlands and London in particular.



Source: Ministry of Justice (2012) *Youth Justice Statistics 2010/11*. London: HM Government.

39. Over the period of the spending review, the YJB will seek to develop additional capacity in geographical areas of high demand. This will help minimise the impact a declining estate has on a small number of children and young people who are placed at great distance from their home communities and families/carers.
40. To this end, the YJB and NOMS have agreed to increase provision at Cookham Wood YOI in Rochester (Kent). A new accommodation block and a separate education block will be built, increasing the maximum capacity from 131 to 208. Current plans are to gain planning permission in 2012 and to have completed the extension in 2013.

⁹ Youth Justice Board (2011) *Keppel Unit – Process Evaluation*.

41. We do not intend to increase overall under-18 YOI capacity, and will continue to review current capacity in this sector prior to these beds becoming available.

Option 1c: *Improve rehabilitation and reduce reoffending: commission services more effectively by better involving co-commissioning partners*

42. The YJB will continue to assess risk and need across the secure estate regularly. Over the course of the spending review period, and in partnership with co-commissioners, the YJB will undertake a fresh analysis of need, drawing together multiple sources of evidence to fully understand the holistic needs of children and young people placed in custody, including specifically facilitating local and national partners to review health needs, including:

- mental health
- substance misuse
- attachment disorders
- speech and language needs
- learning disabilities.

43. We recognise that to achieve equality of outcome different approaches are required for girls. Girls in custody have characteristics and needs that are different from their male peers, including higher numbers who have experienced violence or abuse, as well as displaying higher levels of depression and mental health problems.

44. Current services delivered to girls in the secure estate may therefore require adjustment to more effectively address the underlying causes of their offending.

45. The YJB recognises that current services provided to girls require a more specific focus on meeting the needs of this cohort. The YJB therefore plans to review services currently provided to girls in custody with a view to making the necessary adjustments in its commissioning arrangements.

46. We will do more to align national and local priorities and believe this is best achieved by developing effective commissioning structures which incorporate the views of local and national commissioners in health (including substance misuse) and education in particular.

47. Where appropriate, we will allow providers greater freedom to innovate and develop services that are better shaped around the particular needs of children and young people. Specifically, this will include exploring how a payment-by-results approach, competition and market testing, could increase local accountability.

Option 1d: *Improve rehabilitation and reduce reoffending: work effectively with providers to improve rehabilitation and reduce reoffending by young people leaving custody*

48. In partnership with its providers, the YJB will do more to identify and disseminate effective practice in the secure estate, with the aim of ensuring that children and young people placed in custody have access to well-designed interventions which effectively address their offending behaviour – including where gang affiliation has been identified.

Cost of proposals

Option 1a: *Reconfiguring the secure estate: respond to decreased demand by decommissioning excess capacity*

49. The decommissioning of secure children's home places will not incur any additional costs to the YJB as it involves no longer paying for unoccupied bed spaces and there are no costs of decommissioning units.

50. Secure children's home providers could incur some additional costs as their cost per bed could increase if they have fewer occupied beds. Some of these costs will be mitigated if some of the empty beds can now be used for young people on secure welfare placements. The need for secure welfare beds fluctuates so we are not able to specify the extent of those potential costs. However, in the recent re-competition exercise with local authorities, the YJB took an approach that ensured all

51. There could be costs if, following the reduction of secure children's home places, there was an increase in demand that resulted in the need to spot purchase places in secure children's homes. The cost of spot purchasing is on average 12% higher than purchasing beds through standard contracts. The exact costs (if any) cannot be predicted, as it would depend on length of placement and location.

Option 1b: *Reconfigure the secure estate for children and young people: review commissioned services to better meet the needs of young people's units*

52. The costs for developing enhanced units can vary and is dependent on the specific proposals, models adopted, and the location of the establishment. The commissioning of these units may incur upfront capital costs, as well as enhanced operating costs.

53. The Keppel Unit, a large 48-bed unit located at Wetherby YOI which opened in 2009, required approximately £13m of investment in capital and development costs. The annual running costs were £68,000 per bed compared to £57,000 across the rest of the under-18 YOI estate.

54. When capital funding for new enhanced units has not been available, the YJB has worked in partnership with NOMS to identify opportunities to develop such units within existing establishments. Recent examples include the Willow Unit at Hindley YOI and the Heron Unit at Feltham YOI, where existing accommodation was utilised with enhanced services then being commissioned.

Option 1c: *Improve rehabilitation and reduce reoffending: commission services more effectively by better involving co-commissioning partners*

55. An analysis of need will incur some staff resources and administrative costs. The introduction of new ways of commissioning following an assessment of need could incur additional costs if a new need is identified. It is not possible to quantify such costs until the assessment of need has been undertaken.

Option 1d: *Improve rehabilitation and reduce reoffending: work effectively with providers to improve rehabilitation and reduce reoffending by young people leaving custody*

56. The identification and dissemination of effective practice may incur additional costs – in particular when evaluating existing interventions, or developing mechanisms for the effective dissemination of practice approaches. In addition, the development of appropriate skills may incur costs. The exact detail cannot be known at this moment in time, and will depend on the interventions and services being evaluated.

Benefits of proposals

Option 1a: *Reconfiguring the secure estate: respond to decreased demand by decommissioning excess capacity*

57. By better aligning provision to existing demand, the YJB is in a position to deliver a more cost-effective and efficient secure estate. The contract extension in the secure children's home sector in particular provides an opportunity to realise financial savings for the YJB.

58. From the 2011/12 baseline budget, this project will deliver savings of £3.8m in 2012/13 for the YJB. The savings are made by reducing both the bed price as well as the number of beds commissioned. From 1 April 2012, the total number of secure children's home beds contracted by the YJB will fall from 183 to 166 (17 bed reduction).

59. Where any of the 17 beds are taken out of service by the local authority, there may also be savings to the local authority if they no longer need to staff or service the beds.

60. Similarly, the STC re-contracting will deliver additional savings as the government will no longer be required to pay for the capital element, as these costs will have been met over the previous contract period.

61. Any future reductions in demand resulting in further decommissioning will lead to additional savings in terms of the costs of the secure estate.

Option 1b: *Reconfigure the secure estate for children and young people: review commissioned services to better meet the needs of young people's units*

62. A potential benefit of increasing the number of enhanced units across the estate is that the estate may be better configured to meet the needs of young people when in custody. This will enable the effective targeting of resources to meet the needs and risks presented by children and young people across the secure estate. This, in turn, is anticipated to translate into improved outcomes and a reduction in reoffending for young people upon release from custody.

63. The recently published 'Keppel Unit Process Evaluation' (2011) states that care plans on the unit were more likely to incorporate offending behaviour work, victim empathy work, and specific work with Child and Adolescent Mental Health Services (CAHMS) than care plans reviewed in mainstream YOIs. The evaluation furthermore suggested that the unique environment at the Keppel Unit was more likely to contribute to a positive reduction in risk factors than had the young people been placed elsewhere.

Option 1c: *Improve rehabilitation and reduce reoffending: commission services more effectively by better involving co-commissioning partners*

64. Introducing new ways of commissioning and working with our providers will seek to minimise duplication of service provision and allocate resources more closely to meet the needs of children and young people. Introducing ways of incentivising providers to continuously improve the quality and quantity of services provided should also lead to a greater focus on the specific needs of young people, which in turn should impact positively on current levels of reoffending.

Option 1d: *Improve rehabilitation and reduce reoffending: work effectively with providers to improve rehabilitation and reduce reoffending by young people leaving custody*

65. Supporting providers to deliver interventions that are based on the best available evidence of effectiveness will aim to ensure that children and young people receive the interventions required to make a difference to their offending behaviour. It should, furthermore, allow service providers to better target resources and achieve results.

66. Better targeting interventions to reflect the needs of young people in custody should enable us to at least sustain current rates of reoffending.

Main assumptions and risks associated with the benefit impact

67. There is uncertainty over future levels of demand for under-18 secure accommodation meaning that savings outlined here could be at risk should there be a significant and unexpected increase in demand.

68. In addition, the following assumptions are relevant to the options put forward:

- the extent to which meeting the needs of young people impacts on future reoffending
- the development of enhanced units can continue to happen within existing provision and by reviewing commissioning arrangements.

Net impact of proposals

69. Implementation of the above package of proposals is aimed at ensuring the government is not only able to achieve savings from decommissioning of excess capacity, but also delivers improved outcomes for young people through better tailoring the services received while in custody (by, for instance, ensuring greater use of enhanced units and better resettlement provision) and upon resettlement back into their home communities.

70. The secure children's home contract extension project is predicted to deliver a financial saving of £2.1m to the YJB between 2012/13 and 2013/14. However, there could be some costs to local authorities arising from having unoccupied beds.

Specific Impact Tests

Statutory equality duties

71. There is a separate Equality Impact Assessment published alongside the strategy.

Competition assessment and small firms impact test

72. The contraction of the secure estate as a result of fewer young people in custody may have an impact on small firms and service providers as fewer opportunities for providers to provide services emerge.

73. However, there will also be opportunities for providers to deliver new services.

74. The government ensures that a best practice approach is taken when commissioning and procuring services. This will ensure that issues of state aid and anti-competitiveness are mitigated when developing the under-18 secure estate in future.

Carbon assessment

75. The development of the YJB's proposals may incur higher carbon emissions – in particular if new capital developments are agreed. It is not possible to assess the impact of this, as these are dependent on capital proposals as well as service models which are still subject to development.

76. Any impact (depending on the ability to take forward proposals) would be mitigated by ensuring new-builds are carbon neutral and sustainable.

Other environment

77. There will be an impact on the environment should the YJB be in a position to develop new builds. Any impact (depending on the ability to take forward proposals) would be mitigated by ensuring new-builds are carbon neutral and sustainable.

Health Impact Assessment

78. The commitments contained in the strategy will not have a significant impact on the population of England and Wales, nor any major sub-group of the population. However, improving rehabilitation outcomes and reducing reoffending has a positive impact on underlying risk factors that drive offending, which would impact on wider determinants of health among young people in custody.

79. Policy proposals include joined-up efforts across government (particularly with the Department of Health) to address the problems that underlie reoffending, such as drug addiction (including alcohol dependencies), mental health issues, as well as learning difficulties.

80. Specific health benefits include better commissioned services to meet the needs of all young people – including physical and mental health needs. This enables young people to adopt healthier lifestyles away from a life of crime.

Human rights

81. Proposals contained in the strategy will be developed to take into account the requirements of the Human Rights Act 1998 as well as the UN Convention on the Rights of the Child.

Justice Impact Test

82. See main body of this Impact Assessment

Rural proofing

83. We do not anticipate the commitments to have a rural impact.

Sustainable development

84. We do not anticipate the commitments contained in the strategy to have an impact on the following principles of sustainable development:

- living within environmental limits
- achieving a sustainable economy

- promoting good governance; and
- using sound science responsibly.

85. The policy proposals should, however, have a positive impact on ensuring a strong, healthy and just society. This would be achieved through the reduction in reoffending by children and young people leaving custody and the reduction of victims as a result.

Privacy Impact Assessment (an MoJ-specific impact test)

86. The commitments contained within the strategy do not entail the processing or dissemination of personal data.

Equalities Impact Assessment

87. There is a separate Equalities Impact Assessment published alongside this strategy.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)]

The basis of the review will be a mix of statutory requirements (where, for example, changes to the configuration of the secure state for children and young people require statutory provision), policy review and political commitments, reflecting the broad range of commitments contained in the plan.

Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

The Review will have a range of objectives, depending upon the particular policy options being scrutinised. These will include:

- establishing whether new policy initiatives are operating as anticipated
- examining the impact of policies on reoffending rates and other, softer measures pertaining to the well-being of children leaving custody
- establishing whether value for money has been achieved.

Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

The review will adopt a multi-faceted approach, depending upon the particular policy under review, the main approaches that will be deployed are:

- continued use of existing YJB monitoring data
- impact evaluations of new service provisions
- stakeholder consultations either as a stand alone approach or to complement the other approaches.

Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]

We will use several sources of baseline data covering reoffending rates for children leaving custody. In addition, we will use existing baseline data regarding current costs of the secure estate to measure impacts on savings.

Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

We will use a range of success criteria, reflecting the different aims underlying the commitments. The main ones will be:

- reduction in reoffending of young people leaving custody
- achievement of better value for money
- meeting spending review targets.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]

Much of the monitoring data required is available from existing statistical series on a historical basis and there are plans to continue such data collection over the period covered by the review. These data include:

- in-house management information about the secure estate
- the YJB monitoring reports
- the YJB commissioned review of the relative effective of the secure estate (due 2013)

- sentencing statistics
- placement statistics

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

N/A