

Youth Justice Agency

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2011

**Laid before the Northern Ireland Assembly
under section 11(3) (c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Justice**

on

1 July 2011

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Mission Statement and Values

The Youth Justice Agency has a mission statement and a set of values.

Mission Statement

“Our aim is to reduce youth crime and to build confidence in the youth justice system”

Values

In seeking to achieve our mission statement we will adhere to the following values in all that we do:

Children

Children’s rights will be protected, they will be treated with fairness, justice and respect and their contribution to society will be recognised.

Victims

The needs of victims of youth crime will be respected and addressed through restorative practice and victim satisfaction.

Our Staff

Staff are our most important asset and we are fully committed to supporting them in all aspects of their work.

Public Safety

We will work in partnership with others to enhance public safety.

Inclusion

We will encourage the active participation of children, families, victims and communities.

Equality and Diversity

We will embrace diversity and are committed to equality for all.

Integrity

Honesty and openness will govern our thinking and actions.

Continuous Improvement

We will embrace change and strive to deliver continuous improvement and maximise value for money.

Chief Executive's Foreword



I am pleased to present this annual report in my first year with the Agency since my appointment as Chief Executive in September 2010. At the outset I would take this opportunity to thank my predecessor, Bill Lockhart, for developing and leading the organisation through to its current state of maturity since its creation back in 2003.

However nothing stands still within the youth justice environment and 2010-2011 has been a year of significant change which has seen a number of firsts for the Agency – our first year of operation within the devolved administration, our first year reporting to a locally elected Minister, our first annual report to be presented to the NI Assembly, and of course my own first year in charge.

We have all had to quickly come to terms with the protocols and procedures governing the NI Assembly and its new Committee structures.

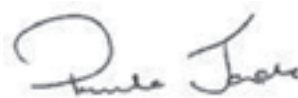
My immediate focus as Chief Executive is to take a fresh and fundamental look at where we are now, set out our vision of where we need to be in five - ten years time, and to ensure that we have a robust strategy in place to get us there. This is a significant challenge given the degree of uncertainty and potential for change that exists within our operating environment.

The ongoing reform programme within the Department of Justice has the potential to impact upon its relationship with its Agencies, whilst the Review of Youth Justice, which is due to report shortly, also has the potential to suggest some new approaches for youth justice for Northern Ireland.

We have made a solid start to this process by instigating a realignment of our front-line community-based services in order to deliver a more cohesive and integrated approach to young people, their families, victims and the community. This structural realignment will lay a solid foundation upon which we can develop our strategic vision as the operating environment becomes clearer in the coming months.

In terms of specific Agency performance, 2010-2011 has been a successful year in which we achieved 14 of our 15 key performance targets while 14 of our development objectives were fully met and another 2 were partially met. Further details are contained within this report but in overall terms I have been extremely pleased with the progress made through a number of initiatives. This includes the Quadripartite group (involving the Department of Justice, Probation, Prison Service and the Youth Justice Agency) which has delivered considerable improvements in relation to the management of young people at Hydebank Wood Young Offenders' Centre. The Agency has also enhanced its bail support services, court processes, case management and access to education and training, and this clearly demonstrates the benefits that can be derived from a partnership approach across the criminal justice family.

I wish to finish by paying tribute to our staff. I have been fortunate to have inherited a competent, highly motivated and professional team throughout the Agency who have made me feel most welcome in my new role. This period of change can be challenging, and I am most grateful to staff for responding so positively to the way forward. I thoroughly enjoy getting out around our various offices to meet with staff and young people and I am confident that by continuing to work together as a team we can successfully meet the significant challenges that lie ahead for us all.



Paula Jack
Chief Executive

Management Commentary

History and Statutory Background

The Youth Justice Agency (the Agency) was established on 1 April 2003 as an Executive Agency within the Northern Ireland Office following the recommendations of the Criminal Justice Review. It was established to take on the range of responsibilities which, up to that date, had fallen to the Juvenile Justice Board and to introduce a Youth Conference Service.

The Agency's policy framework is set by Ministers and the Agency is directly accountable to Ministers, through its Chief Executive, for the delivery of services and the management of resources in accordance with this policy.

On 12 April 2010, justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice (DoJ) came into existence as a new Northern Ireland Department. From this date, the Agency became an Executive Agency of the Department of Justice.

In accordance with the Government Resources and Accounts Act (Northern Ireland) 2001, the annual report and accounts of the Agency for the year ended 31 March 2011 and onwards will be laid in the Northern Ireland Assembly.

During the period up to 12 April 2010, the Agency complied with the corporate governance and accountability framework arrangements (including Managing Public Money) issued by HM Treasury and the Northern Ireland Office.

From 12 April 2010 onwards, the Agency complied with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by the Department of Finance and Personnel and the Department of Justice.

Aims and Objectives

The overall aim of the Agency is to reduce youth crime and to build confidence in the youth justice system. The Agency is part of the wider criminal justice system and contributes, alongside other partners, to achieving the system's overall aims and objectives.

Board Members

The Youth Justice Agency is headed by a Chief Executive who is supported by a Management Board. Paula Jack was appointed to the post of Chief Executive on 1 September 2010 following the retirement of Bill Lockhart on 31 August 2010.

The structure and members of the Management Board for the year ended 31 March 2011 are set out below:

Chief Executive (from 1 Sept 2010)

Paula Jack

Chief Executive (to 31 Aug 2010)

Bill Lockhart

Acting Director Community Services

Aideen McLaughlin

Director of Youth Conference Service (to 30 Nov 2010)¹

Alice Chapman

Acting Director Youth Conference Service (from 1 Dec 2010)¹

Mary Brannigan

Director of Custodial Services

Philip Tooze

Director of Corporate Services

Martin Gunning

Non Executive Director

Shane Logan

Non Executive Director

Linda Kerr

¹Mary Brannigan replaced Alice Chapman as Director of Youth Conference Service on a temporary basis from 1 December 2010 whilst the latter was seconded to the Department of Justice.

The Management Board of the Agency is responsible for the strategic and business management of the Agency's operations. Details of the salary and benefits of the Management Board members are disclosed in the Remuneration Report on pages 24 to 27.

Board Members' Interests

A Register of Interests is maintained by the Agency, in keeping with best practice, to record declarations of personal or business interests which may conflict with responsibility as a member of the Agency's Management Board.

Details of transactions of the Agency with organisations in which Board Members hold an interest and which could potentially conflict with their management responsibilities are disclosed in the Related Party Transactions note in the financial statements on page 60.

Business Review & Future Developments

A full review of the Agency's business for the year, its future development, and the exposure of the Agency to risk is set out in the Operating & Financial Review, and in the Agency's Corporate Plan 2008-2011 and Business Plan 2010-2011.

The net cost of operations for the year ended 31 March 2011 was £17,329k (2009-2010, £23,147k). Further detail is provided in the Financial Review on pages 20 to 22.

Events After the Reporting Period

After the reporting period, on 17 May 2011, the Agency was informed through its actuary that during its 2010 valuation exercise, the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) had assigned to the Agency, a substantial number of pensioners previously assigned to two other public bodies (the Lisnevin Management Board and Rathgael & Whiteabbey schools) which pre-dated the establishment of the Agency.

The Agency has challenged this action by NILGOSC which was taken without any consultation and is in currently taking legal advice in conjunction with DoJ on its position with regard to these pensioners. If the liabilities of these pensioners were accepted this would have the effect of increasing the pension liabilities in these financial statements by approximately £1.1m. However, at the date of the signing of these accounts by the Chief Executive, there was not sufficient, reliable evidence to include the additional liabilities within the financial statements. Accordingly this matter has caused these financial statements to be qualified by the Comptroller and Auditor General (C&AG).

Pension Liabilities

The Youth Justice Agency makes employer contributions to four pension providers:

- Principal Civil Service Pension Scheme GB (PCSPS GB) - until 31 August 2010
- Principal Civil Service Pension Scheme NI (PCSPS NI)
- Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)
- Teachers' Superannuation Scheme (TSS)

Details of the above schemes are disclosed in the Remuneration Report on pages 24 to 27. The treatment of pension liabilities in the financial statements is disclosed in the accounting policies note (Note 1) on pages 40 to 44.

Health & Safety

The Youth Justice Agency is committed to providing for staff, young people placed into custody, and visitors, an environment that is as far as possible safe and free from risk to health. The Agency accepts the responsibilities as outlined within the scope of the Health and Safety at Work (NI) Order 1978 and does all it can to ensure the full commitment at all levels of management and the co-operation of all members of staff in order to meet its obligations under this legislation.

During 2010-2011 there were a total of 6 recorded assaults on Agency staff by young people, all of which

occurred within the custodial environment of Woodlands Juvenile Justice Centre.

Child Protection

The Agency is committed to the protection of children and young people from abuse and seeks to achieve this by operating safe, secure and caring environments that address the needs of the child whilst reducing risk to and from others. All children, staff, parents and representatives of other organisations who use or have contact with Agency services are encouraged to be alert to and report any concerns about abuse. All concerns, whether past or present, will be responded to in keeping with these principles and procedures.

During 2010-2011 a total of 45 child protection allegations were received by the Agency, of which only two related directly to incidents which occurred within Woodlands Juvenile Justice Centre. The remainder related to occurrences outside the jurisdiction of the Agency (eg; the incident occurred before the young person came into contact with the Agency) and were as a result of disclosure by children to members of staff, disclosure by family or other representatives of the child, and arising through assessment processes. The child protection policy was followed in each case and referrals made to the appropriate authorities. No amendments were required to existing Agency policy and procedures.

Complaints

The Agency has an easy to understand and responsive complaints procedure which encourages anyone who feels they have been treated unfairly or inappropriately by the Agency to speak out so that concerns can be addressed. Lessons learned from complaints will be used to improve and influence the development of the Agency's services. An independent aspect to the Agency's complaints process is delivered through an Independent Complaints Reviewer (ICR).

During 2010-2011 a total of 28 complaints were received by the Agency. Twenty-seven of these were resolved at a local management level and the remaining one resolved at Chief Executive level. There were no complaints ongoing at the year-end.

Equal Opportunities

Section 75 of the Northern Ireland Act 1998 requires public authorities to promote equality of opportunity and good relations to ensure that equality issues are integral to the whole range of public policy decision making. The Youth Justice Agency is fully committed to the Equality Scheme and ensures that appropriate training is delivered to staff.

Employees with Disabilities

The Agency is committed, where reasonably practicable, to the retention of individuals who become disabled whilst in its employment and, in addition, positively welcomes applications by disabled people for employment or promotion. The average number of disabled people employed in the year was 7 (2009-2010, average 10).

Employee Relations

The Youth Justice Agency recognises the importance of good employee relations and is committed to effective employee communications. Regular meetings are held with representatives of the trade unions in line with the Agency's industrial relations policy and arrangements.

Sick Absence

The average number of days per employee lost through sickness absence during 2010-2011 was as follows;

	2010-2011	2009-2010
Directorate	No of Days	No of Days
Woodlands Juvenile Justice Centre	18.4 ¹	21.9 ²
Community Services	8.9	9.8
Youth Conference Service	10.5	4.8
Total for Service Directorates	14.2	15.4
General Service Grade Staff	9.2	12.3

¹ Includes 1.26 days lost attributable to assaults

² includes 4.54 days lost attributable to assaults

In December 2008, the Agency launched an initiative, "Working for Staff Health". Its purpose is to improve the level of support and information provided to both staff and management to secure a healthier workplace. The initiative not only strengthens our Occupational Health provision, but promotes a proactive approach to staff health and well-being. This initiative has contributed to a significant reduction in level of sick absence of non-general service grade staff at Woodlands Juvenile Justice Centre.

Payment of Suppliers

Payment within 10 workings days

The Department's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

Monthly statistics highlight that during 2010-11 the Agency paid 89.3% (2009-10, 82.9%) of invoices within 10 working days following receipt of a properly rendered invoice.

Charitable Donations

The Agency did not make any charitable donations during the year.

Data Security

The Agency has a responsibility to safeguard the information it holds, both in electronic and hard copy format, and has in place data security procedures which mirror those of the Department of Justice to minimise the risk of compromise of that information.

An Agency information assurance plan is in place with progress reported to and overseen by the Agency's Management Board. Staff awareness levels in relation to information assurance issues are raised throughout the year via the issue of Chief Executive notices and the delivery of annual training localised to the work of each Directorate. All laptops and workstations throughout the Agency which contain classified information have been encrypted and access to floppy disk, DVD drives and USB ports disabled.

No breaches of data security were reported during 2010-2011. Further details of arrangements relating to information assurance are given in the Statement on Internal Control.

Freedom of Information

The Freedom of Information Act 2000 provides a general right of access to information held by public authorities in the UK subject to certain exemptions. It is intended to promote a culture of openness and accountability amongst public sector bodies, and therefore facilitate better public understanding as to how public authorities carry out their duties, why they make the decisions they do, and how they spend public money. The Agency displays on its website the processes by which information requests can be made.

During 2010-2011 the Agency received 27 requests for information under the Freedom of Information Act and 9 requests for personal information under the Data Protection Act. In all cases, responses were provided within the statutory time limits.

Accounting Responsibilities

The financial statements of the Agency have been prepared in accordance with a direction issued by the Department of Finance & Personnel in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001.

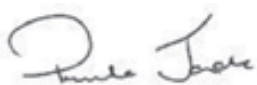
Audit

Prior to the devolution of policing and justice functions in Northern Ireland, the financial statements were audited by the Comptroller and Auditor General (who heads the National Audit Office) and reported to Parliament. Financial statements for 2010-2011 onwards are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. His certificate and report is produced at pages 34 to 35.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The notional audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of these financial statements, was £15k (2009-2010, £18k). Notional audit charges for 2009-2010 include additional costs for the audit of the implementation of International Financial Reporting Standards.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's financial statements such as Value for Money reports. No such activity took place during the year.



Paula Jack
Chief Executive
21 June 2011

Operating Review

Context

The Agency provides a range of services, often delivered in partnership with others. The emphasis is on helping children to address their offending behaviour, diverting them from crime, assisting their integration into the community and also meeting the needs of the victims of crime.

The services delivered by the Agency are subject to inspection and review by the Criminal Justice Inspectorate (CJINI) and by the Department of Health, Social Services & Public Safety (DHSS&PS). These services may also be subject to review by the Northern Ireland Commissioner for Children and Young People, the Northern Ireland Human Rights Commission and the Department of Education.

There are three operational strands to the services provided by the Agency:

- **Community Services** - delivered through locally based and accessible facilities across Northern Ireland
- **Youth Conference Service** - a restorative approach which brings together the young person, family and victim to discuss the impact of the crime. It offers the young person the opportunity to make amends to the victim and together they can agree a plan of action which repairs the harm and contributes to the prevention of re-offending
- **Custodial Services** - Woodlands Juvenile Justice Centre has been designed as a centre of national and international excellence in secure care, offering a wide range of services and support to help prevent young people from re-offending. It provides a safe, secure and stimulating environment for up to 48 boys and girls between the ages of 10 and 17 placed in custody.

A **Corporate Services** Directorate provides for the management and delivery of personnel, finance, business planning, information technology, statistics and research, estate management and other support functions on behalf of the Chief Executive.

Review of Performance 2010-2011

Performance Summary

The Agency's Business Plan for 2010–2011 set out a challenging programme of 15 key performance targets and 20 development objectives. Performance can be summarised under the four key business areas as follows:-

Key Performance Targets

		Fully Met	Partially Met	Not Met	Total
KBA 1	Supporting the Delivery of Justice	5	-	1	6
KBA 2	Reducing Offending	2	-	-	2
KBA 3	Safety	4	-	-	4
KBA 4	Managing Resources	3	-	-	3
	Total	14	-	1	15

Development Objectives

		Fully Met	Partially Met	Not Met	Total
KBA 1	Supporting the Delivery of Justice	5	-	1	6
KBA 2	Reducing Offending	4	1	1	6
KBA 3	Safety	2	-	1	3
KBA 4	Managing Resources	3	1	1	5
	Total	14	2	4	20

Performance Review - By Key Business Area

KBA 1: Supporting the Delivery of Justice

Strategic Aims

- To deliver the requirements of statutory orders and plans
- To enhance public confidence and awareness in the delivery of Agency services
- To increase participation of young people, families, communities and victims in the planning, delivery and evaluation of Agency services

Context

In fulfilling its statutory requirements in relation to delivering justice, the Agency is committed to delivering a range of services which help children to address their offending behaviour, divert them from crime, assist their integration into the community and meet the needs of the victims of youth crime.

A key responsibility is the delivery of statutory orders and plans. These include the Attendance Centre Order, Reparation Order, Community Responsibility Order, court ordered Youth Conference Order and Diversionary Youth Conference Plan, and the custodial element of a Juvenile Justice Centre Order.

The Agency will seek to involve young people, families, communities and victims in the planning, delivery and evaluation of these services and, in demonstrating that it does so efficiently and effectively, will seek to provide increased public confidence in its work.

2010-11 Performance Review

Key Performance Targets	KPT1: 85% of youth conference reports completed within statutory requirements.	Target met 88% of reports completed within statutory requirements.
	KPT2: 90% of young people remanded to the Juvenile Justice Centre for one week or more to have a bail assessment commenced within 5 working days.	Target met 95% of bail assessments commenced within 5 working days.
	KPT3: At least 85% of youth conference referrals to result in a conference and of those, at least 90% of young offenders to be satisfied with the process.	Target met 91% of referrals resulted in a youth conference. 98% of young offenders satisfied with the process.
	KPT4: Achieve a victim attendance rate of at least 60% for youth conferences and of those, at least 90% of victims to be satisfied with the process.	Target met Victim attendance rate = 70%. Victim satisfaction rate = 100%.
	KPT5: 80% of young people and 80% of families/carers are satisfied with the services they receive from the Agency.	Target met Young person satisfaction rate = 94%. Families/carers satisfaction rate = 90%.
	KPT6: Achieve a public confidence level of at least 53% in the work of the Agency (as measured by the NI Crime Survey).	Target not met Public confidence level = 47%.

Development Objectives	DEV1: Implement the strategy for engaging with local communities.	Objective met Local teams are engaged in a wide range of community activities.
	DEV2: Extend the bail support service to include young people under the age of 18 who have been remanded to Hydebank Wood Young Offenders' Centre.	Objective met Bail support assessments and packages are now offered to young people remanded to YOC Hydebank.
	DEV3: Review Agency service delivery standards of practice and guidance and produce a new integrated framework against which performance can be measured.	Objective not met Review placed on hold pending the outcome of the Agency's organisational structure review.
	DEV4: Develop a management information system to provide enhanced information on young people in contact with the Agency.	Objective met Management information system is fully operational.
	DEV5: Further develop and consolidate the monitoring system to comply with the requirements of Section 75 of the NI Act 1998 across the Agency.	Objective met System in place to collect and monitor information on young people and victims. Section 75 equality audit completed for Agency staff.
	DEV6: Develop a system to measure the confidence of key stakeholders in the services delivered by the Agency.	Objective met System now in place.

KBA 2: Reducing Offending

Strategic Aims

- To reduce offending by children through supporting prevention, early intervention and diversion and by engaging them in targeted interventions to promote their reintegration with the community
- To target priority young offenders through intensive tailored plans

Context

The Agency is committed to an increased emphasis in diverting children from the justice system in general, and from custody in particular. The Agency will work in partnership with others in diverting children from crime and supporting the development of life skills to assist in their integration into the community. Diversionary schemes are in place aimed at working with those children who have entered, or are likely to enter, the youth justice system due to their offending behaviour.

The Agency also has an obligation to ensure that children in custody are helped to prepare for their return to the community. Relevant and planned regimes play a significant part in preparing children for law-abiding life by providing constructive activities including education and training, work experience and programmes specifically aimed at addressing offending behaviour.

2010-11 Performance Review

Key Performance Targets	KPT7: 90% of community based orders are completed by young people.	Target met Completion rate = 93%.
	KPT8: All young people under a Juvenile Justice Centre Order (JJCO) leaving custody will have a reintegration plan in place for the statutory supervision period within the community.	Target met Full compliance throughout the year.

Development Objectives	DEV7: Implement the agreed principles and action framework of the strategic working group established to improve custodial arrangements for 17 year-olds in the criminal justice system, as it relates to the Agency.	Objective met Young people at YOC Hydebank have benefited from the introduction of specific YJA/ JJC operational procedures such as case management system and bail support services. Court processes and access to education and training have improved as a result. Close working relationships have been established between Woodlands JJC and YOC Hydebank.
	DEV8: Evaluate the joint Youth Justice Agency / PBNI priority youth offender project for the greater Belfast area.	Objective partially met The information gathering aspect has been completed and a final report will be available by July 2011.
	DEV9: Contribute to a multi-agency approach to addressing extreme behaviours in young people, informed by the Scottish Violence Reduction Model, as a key element of a violence reduction strategy for Northern Ireland.	Objective not met This project has been superseded by a new Integrated Offender Management initiative which is directly aligned to the Reducing Offending Strategy.
	DEV10: Evaluate the effectiveness of the regional risk panel arrangements for all young offenders who have committed violent or sexual offences.	Objective met Following evaluation, existing risk panel arrangements are to cease with greater local responsibility for managing high risk young people.
	DEV11: Establish an enhanced system for measuring educational and vocational attainments and progression of young people during their period in custody.	Objective met The education module of the management information system has been finalised and information is being recorded electronically.
	DEV12: Implement a programmes delivery strategy for the Agency to support the delivery of effective interventions with young people involved in offending behaviour.	Objective met A suite of 5 programmes has been completed. Supporting documentation is being produced and staff training is underway.

KBA 3: Safety

Strategic Aims

- To manage young people in custody safely and securely and promote their health, well-being and development
- To provide a safe environment for staff, young people and members of the public
- To work with partner organisations to reduce the risk of harm to and from young people

Context

The Agency is committed to ensuring the health and safety of our staff, the children in our care, victims and members of the public who avail of our services. Our aim is to ensure safe, secure and caring environments that address the needs of the child and are free from disturbance, threat and intimidation and which encourage good relations between all involved in the youth justice system.

2010-11 Performance Review

Key Performance Targets	KPT9: No escapes from within the Juvenile Justice Centre.	Target met No escapes.
	KPT10: Maintain a rate of restraints lower on average than similar sized secure centres in England & Wales.	Target met Restraint levels at Woodlands JJC are notably lower than secure children's homes and secure training centres in England & Wales. Secure Children's Homes: RPI* = 0.56 Secure Training Centres: RPI* = 0.47 Woodlands JJC: RPI* = 0.06 [*see footnote 1]
	KPT11: All children in custody for 3 days or more to be screened for mental health needs and, where necessary, referred on to appropriate services.	Target met Full compliance throughout the year.
	KPT12: 90% of complaints received from or on behalf of young people are resolved at stages 1 or 2 of the Agency's complaints process.	Target met 96% of complaints resolved at stages 1 or 2.
Development Objectives	DEV13: Complete health & safety policy awareness training for all staff.	Objective met Fully completed.
	DEV14: Extend CCTV coverage within the Juvenile Justice Centre to include the Education Department.	Objective met Fully completed.
	DEV15: Develop guidance for all staff on the "Safeguarding Vulnerable Groups" legislation.	Objective not met The legislation has been delayed and further guidance from DHSS&PS is awaited.

[* Footnote 1: RPI (restrictive physical intervention) per child is obtained by dividing the number of restraints by the number of children resident on the first of the month plus the number of new admissions]

KBA 4: Managing Resources

Strategic Aims

- To respect and value our staff and develop their potential to enhance the quality of the service delivered by the Agency
- To develop a multi-skilled workforce which is flexible and capable of delivering a high quality service
- To use resources effectively, deliver best value and operate best practice in corporate governance

Context

Staff are the Agency's single most important resource. They need to be a competent, highly-motivated, professional, well trained and well-managed workforce, working in an agency in which everyone has the opportunity to develop.

The Agency is committed to the effective, efficient and economic use of the financial resources allocated. It will carry out reviews as necessary to improve efficiency and achieve best value for money. It will also operate sound corporate governance arrangements.

2010-11 Performance Review

Key Performance Targets	KPT13: Maintain level of expenditure within approved budgetary limits.	Target met The Agency has remained within its approved budget.
	KPT14: Publish and lay audited and unqualified 2009-10 annual report and accounts before Parliament prior to its summer recess.	Target met Annual Report & Accounts 2009-2010 (unqualified) were published and laid before parliament prior to the summer recess.
	KPT15: At least 90% of staff to confirm that their essential learning and development needs are being met to a satisfactory level.	Target met 90.5% achieved.
Development Objectives	DEV16: Complete the review of the operational and organisational structure of Community Services and Youth Conference Service.	Objective met Review completed. Implementation is underway and will continue during 2011-2012.
	DEV17: Implement the agreed recommendations of the review of education provision within the Juvenile Justice Centre.	Objective partially met Faculty model introduced but delays with staffing model due to lack of agreement with Trade Union side on allowances payable.
	DEV18: Complete information security awareness training for all staff.	Objective met All staff have received "information security awareness" and "information management awareness training".
	DEV19: Provide all staff teams across the Agency with the knowledge of restorative practice application in the personnel management setting.	Objective not met This initiative is not considered relevant for all staff. Furthermore, the cost was prohibitive in the current economic climate.
	DEV20: Review the Agency estate to ensure that it is commensurate with business needs.	Objective met Estate configuration is kept under continual review by Estates Management Committee to ensure value for money is delivered.

Report by Independent Complaints Reviewer

An independent aspect to the Agency's complaints process is delivered through an Independent Complaints Reviewer (ICR).

The annual report of the ICR for 2010–2011 is reproduced below:-

Independent Complaint Reviewers Annual Report 2010-2011

Jodi Berg and Elizabeth Derrington are the Independent Complaints Reviewers for the Youth Justice Agency and other public bodies. Both have backgrounds as solicitors and mediators.

Introduction by Jodi Berg

We are pleased to present this report, which describes the ICR role and provides an overview of the Youth Justice Agency's response to customer service from the perspective of complainants.

Our role is to provide a free, fair and independent service for the investigation of complaints made about YJA by people who remain dissatisfied with the internal response to their concerns. Alongside giving people a chance to have their complaints settled through external and independent review, YJA also looks to benefit from the lessons that can be learned from the independent review of the way that complaints are handled, as it strives to continuously improve services for young people.

Despite its place in the criminal justice system working with challenging and often vulnerable young people, YJA receives very few complaints about its service or staff. This year all complaints have been resolved internally, and staff across the Agency and in the central complaints team must be congratulated for this achievement. I am pleased to record that YJA takes complaints seriously and looks to implement recommendations that we make for systemic improvement. We look forward to continuing to work with the Agency to ensure that complaints are valued and systems are robust.

Responding to complaints

We aim to settle complaints about poor or inappropriate service by agreement or, following investigation, by adjudication. The ICR team responds to everyone with courtesy; honesty; respect; objectivity and flexibility. We always explain our process fully, keep people informed,

and use straightforward language when we speak or write to people. We have video links with the Agency so that young people can speak to us in person quickly, even if we cannot immediately meet them.

Alongside the Agency's own policies and standards, we judge the YJA against the Parliamentary Ombudsman's *Principles of Good Administration*. Following investigation, if a complaint is upheld, we can recommend redress for a complainant such as an apology or action to put things right, or a change of procedures to prevent similar problems recurring.

If complainants are dissatisfied with the outcome of my review, they may ask their MP to refer the matter to the Northern Ireland Ombudsman. You can find out more about the Ombudsman at: www.ni-ombudsman.org.uk

Review of Complaints Procedures

In this reporting year, I have visited the Agency to meet with the Chief Executive and other members of her team. I have also visited the Woodlands Juvenile Justice Centre (JJC). Our visits help our understanding of the substantial change process that the Agency is engaged in as it merges services in the community, and how this will provide a more streamlined, holistic and cost effective service, without losing the customer service ethos that has served to make the Agency a leader in the delivery of youth justice services in the UK. Inevitably the management of complaints will change within the new Agency operational structures. **I recommend that the Agency ensures that local managers and staff are fully trained to understand and implement complaint procedures.**

The Agency has an internal complaints process, with step 1 being "talk to a member of staff", step 2 "complain to a senior manager" and step 3 "referral to chief executive". Most complaints arise within the Juvenile Justice Centre where the potential for dissatisfaction is naturally higher than in other parts of the Agency's service. Overall, the Agency's complaints process is well established and effectively promoted with both young people and staff. In response to my previous recommendations, the Agency Board receives quarterly reports about complaints that include statistical and qualitative information, and I find a more systematic approach to using lessons learned from complaints to guide service improvement.

When I visited the JJC on 14 March 2011, I found young people at the JJC very willing to talk about their experience of the Agency and to raise concerns. I was told about a number of issues that had not always been raised as formal complaints. Amongst these were a variety of maintenance issues such as unpleasant

drainage smells and excessive heat at night. In discussion with senior members of staff I **recommended the introduction of a 'maintenance issues log' in each of the Units** so that young people could report such problems without having to raise formal complaints.

I was also able to take forward a number of other concerns raised with me of a more personal nature and I hope to see progress made on addressing these issues on future visits. My conversations with young people in the units were a very welcome indication of the open atmosphere at Woodlands. I was pleased to find that young people were on the whole very positive about their experience at the JJC and about their relationships with staff. I hope that visits from the ICR also help to give young people more confidence to take concerns forward.

This year, I note there have been several helpful developments at Woodlands. These include the employment of a forensic adolescent psychiatrist for 2.5 days a week to improve the care of young people with mental health concerns and stronger links with social services. The Plain English Rules booklet is a colourful and easy to understand document, designed by the young people themselves. Numbers of formal complaints remain low and are generally resolved at step 1 or 2 of the procedure and parents and guardians are told if young people raise complaints.

Turning to the way that the Agency monitors complaints, I was pleased to see that the new complaints monitoring form records the detail of complaints and lessons learned. This is a welcome development. I have also seen the Agency's Board statistical summary. This shows that 28 complaints were made between April 2010 and March 2011. I ascertained that 8 complaints were resolved at step 1 of the complaints procedure, 19 at step 2 and 1 at step 3. None were referred to the ICR. These figures are in line with previous years.

Finally I note that the Agency continues to use easy to understand complaints leaflets and I make no recommendation for any changes. The complaints forms are simple to complete and, again, I make no recommendations for change to the forms.

Contact the ICR team

Details of the ICR service are explained in our leaflet *Seeking a Fair Resolution* available from our website at www.icrev.org.uk. A copy of this report can also be found on our website.

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66 Whitehall
London, SW1A 2AU

e-mail: enquiries@icr.gsi.gov.uk
telephone: 020 7930 0749
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Financial Review

Financial Provision & Cash Flow

The Youth Justice Agency is financed as part of the overall Department of Justice (DoJ) Departmental Expenditure Limit voted by Parliament. The total cash requirement for the year from DoJ was £19,124k (2009-2010, restated, £20,947k from the Northern Ireland Office).

Five Year Review

Summary of Youth Justice Agency Income & Expenditure: 2006-2007 to 2010-2011

	2010-2011 £'000	2009-2010 £'000 restated	2008-2009 £'000 restated	2007-2008 £'000 restated	2006-2007 £'000 restated
Income	(353)	(156)	(74)	(143)	(64)
Staff Costs	12,061	13,685	13,923	15,519	14,323
Administration Costs	3,643	3,751	3,911	3,465	4,323
Programmes & Initiatives Costs	1,368	1,292	1,361	2,106	2,093
Depreciation	635	666	726	714	3,032
Impairment of Buildings	(372)	2,125	684	(795)	1,318
Other Non-Cash Costs	347	1,784 ¹	550 ¹	640 ¹	593 ¹
Net Operating Cost	17,329	23,147¹	21,081¹	21,506¹	25,618¹

¹ Previous years' Other Non-Cash Costs and Net Operating Cost have been restated due to the impact of a Prior Year Adjustment to remove the notional cost of capital charge from the operating costs of the Agency – see Note 22.

Income

During 2010-2011, the income of the Agency more than doubled compared to its 2009-2010 level due to an increase in receipts from Department of Health & Social Services & Public Safety to £336k (2009-2010, £125k) for the Choices Project. The Agency has a monitoring role over the Project and funds its two partners, Action for Children (AfC) and Barnardos from these receipts. Payments to AfC and Barnardos are included within Programmes & Initiatives costs.

Expenditure

Staff Costs

Staff Costs have decreased by £1,624k (11.9%) compared to 2009-2010, and is a result of:

- £2,349k of a past employer service credit of the NILGOSC pension scheme in the year, arising from the adoption of CPI to increase public sector pensions
- the increase in the current year's employer service cost of the NILGOSC pension scheme
- the new provisions on the early retirement provision, and
- an increase in staff substitution costs.

The salary bill for administrative NI Civil Service staff increased during 2010-2011 due to the post devolution assimilation of staff from Northern Ireland Office pay scales onto NI Civil Service (NICS) pay scales; the impact of the 2010 NICS pay award effective from 1 August 2010; and an increase in Principal Civil Service Pension Scheme (NI) employer pension contribution rates. Offsetting this, the non-NICS staff salary bill fell due to a nil pay award for non-teaching staff; significantly reduced expenditure on overtime at Woodlands JJC; and the existence of a number of vacant posts for the majority of the year.

Administration Costs

Expenditure on Administration Costs fell by £108k (2.9%) largely a result of the ability of the Agency to reclaim VAT on all of its expenditure post devolution; the vacation of Whitefield House; and the inclusion of one-off costs in the 2009-2010 comparative amounts.

Programmes & Initiatives Costs

Expenditure on Programme & Initiatives increased by £76k (5.9%) from its 2009-2010 level which is attributable to the increase in funding for the Choices Project – see also the previous paragraph on Income. Offsetting this is a reduction in expenditure on other Programmes & Initiatives due to the cessation of bail support services during 2009-2010, and a reduction in other programme costs - mainly reduced spend on supplies and services at Woodlands Juvenile Justice Centre due to periods of lower occupancy.

Five Year Review

Youth Justice Agency Capital Expenditure 2006-2007 to 2010-2011

	2010-2011 £'000	2009-2010 £'000	2008-2009 £'000	2007-2008 £'000	2006-2007 £'000
Capital Expenditure incurred by the Agency	195	371	254	260	334
Capital Expenditure funded by the Parent Department	-	4	-	75	11,738
Total	195	375	254	335	12,072

The significantly higher expenditure funded by the Agency's parent department in 2006-2007 reflects the capital spend by the Northern Ireland Office on the construction of the new Juvenile Justice Centre at Woodlands.

Non-Cash Costs

In the previous financial year, the economic downturn in the property market saw a substantial fall in the value of the Agency's two properties which resulted in an impairment of land & buildings charge of £2,125k being charged to the Statement of Comprehensive Net Expenditure. During 2010-2011 the values of both properties increased resulting in £372k of previous impairment charges being reversed.

Depreciation costs reduced by £31k (4.7%) due to the impact of the 2009-2010 impairment of the Woodlands JJC building and the classification of the Whitefield House building as an asset held for sale which meant that it was not depreciated during 2010-2011. Other non-cash costs (excluding depreciation and impairment of land & buildings) fell by £1,437k due to the lower finance cost of the NILGOSC pension deficit and the inclusion of large provisions for legal claims in the 2009-2010 comparative amount which was subsequently released during the current year.

Capital Expenditure

Details of the movement of property, plant & equipment which include expenditure on IT, replacement fixtures & fittings and plant & equipment to support the Agency's activities are set out in Notes 6 & 7 to the financial statements. Capital expenditure in 2010-2011 totalled £195k which included £67k on the purchase of three new vehicles and £75k on the installation of CCTV equipment (Phase 2) at Woodlands JJC. The fall in capital spend by the Agency of £176k compared to 2009-2010 reflects the significant capital spend on CCTV equipment (Phase 1) at Woodlands JJC during that year.

Financial Position

The total net assets of the Agency at 31 March 2011 was £12,477k, a rise of approximately £4.75m (62%) since 31 March 2010. This is due to a reduction in the NILGOSC pension deficit (Note 12) from £6.5m to £2.4m brought about by a change in how pension increases are calculated – using the Consumer Prices Index in place of the Retail Prices Index and the release of provisions for compensation and legal costs.

Other current assets have fallen by £253k (31%) being the net effect of the disposal during the year of the Whitefield House property which was held for sale at 31 March 2010, less the increase in the cash and cash equivalents balance at the year-end. The increase in cash compared to 31 March 2010 is due to the different timing at each year of the drawdown of funding into the Agency's bank account to cover the final purchase ledger payment of the year. A five-year comparison of the financial position for each year is shown in the following table.

Five Year Review

Summary of Youth Justice Agency Assets & Liabilities 2006-2007 to 2010-2011

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	£'000	£'000	£'000	£'000	£'000
Property, Plant & Equipment	16,068	16,195	19,188	20,543	20,147
Other Current Assets	567	820	257	246	309
Provisions	(2,905)	(7,718)	(6,218)	(4,803)	(4,581)
Other Liabilities	(1,253)	(1,572)	(1,488)	(2,494)	(2,574)
Net Assets	12,477	7,725	11,739	13,492	13,301

Financial Risk

For 2010-2011, the Youth Justice Agency relied primarily on the Department of Justice for funding and the risk to this funding is low.

The Agency transacts and holds its assets & liabilities in sterling, and has no significant borrowings. The Agency is therefore not materially exposed to exchange rate or liquidity risk.

Future Strategy

The degree of uncertainty which exists within our current operating environment and the associated potential for change makes longer-term planning extremely difficult at this point in time.

In addition to the prevailing financial climate which cautions against making long-term financial commitments, the ongoing reform programme within the Department of Justice has the potential to impact upon its relationship with its Agencies. Furthermore, the Review of Youth Justice is due to report in June 2011 which again has the potential to alter the Government's approach to youth justice.

Our approach at this time is therefore to focus upon what we expect to deliver over the course of the 2011-2012 business year with a view to developing and refining a more strategic vision as the year progresses and some of the uncertainties surrounding the above issues are removed. Flexibility will therefore be key to our short/medium term plans.

We have undertaken a review of our Community Services and Youth Conferencing directorates and are in the process of realigning these front-line services into a new Youth Justice Services directorate which will deliver a more cohesive and integrated approach to young people, their families, communities and victims. Services will be delivered through 8 regional teams spread across the province and each team will provide a full range of Agency services within their region via a 'one-stop shop' model. These new arrangements will be phased in over the coming months and we expect them to be fully operational by the end of the calendar year.

This structural realignment will lay a solid foundation upon which we will develop our strategic vision as the operating environment becomes clearer.

Management Board Remuneration Report

Remuneration Policy

The Agency does not have a Remuneration Committee. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010-2011 and 2011-2012 pay awards, in line with the Executive's decision in Budget 2011-2015 to mirror the UK Coalition Government's commitment to impose pay restraint. The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review. The remuneration of the Non-Executive Directors is determined by the Chief Executive in consultation with the Director of Corporate Services.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.org.

The Directors of the Youth Justice Agency hold appointments which are open-ended. Early termination, other than for misconduct, may result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The Non-Executive Directors are appointed for 3 years, renewable by agreement.

Chief Executive and Executive Directors

Paula Jack (Chief Executive)
was appointed on 1 September 2010

Martin Gunning (Director of Corporate Services)
was appointed on 1 April 2003

Alice Chapman (Director of Youth Conference Service)
was appointed on 1 April 2003

Philip Tooze (Director of Custodial Services)
was appointed on 6 October 2003

Aideen McLaughlin (Acting Director of Community Services)
was appointed on 5 May 2009

Mary Brannigan (Acting Director of Youth Conference Service)
was appointed on 1 December 2010

Non-Executive Directors

Shane Logan was appointed on 14 March 2005, re-appointed on 15 March 2008 for 3 years, and his appointment extended on 3 November 2010 until 31 December 2011.

Linda Kerr was appointed on 1 February 2007 and re-appointed on 3 November 2010 until 31 December 2011.

Salary & Pension Entitlements

[audited information]

The following sections provide details of the remuneration and pension interests of the Chief Executive and most senior management of the Agency.

Chief Executive

From 1 April to 31 August 2010, Bill Lockhart received remuneration of £31,828 (full year equivalent, £73,686) excluding pension contributions (2009-2010, £72,044¹ for the full-year). Bill Lockhart was an ordinary member of the Principal Civil Service Pension Scheme (GB).

From 1 September 2010 to 31 March 2011, Paula Jack received remuneration of £35,848 (full-year equivalent, £61,453) excluding pension contributions (2009-2010, n/a). Paula Jack is an ordinary member of the Principal Civil Service Pension Scheme NI.

(¹ restated to exclude bonus received in 2009-2010 which is now separately disclosed.)

Non-Executive Directors

In their roles as Non-Executive Directors, Shane Logan received total remuneration of £7,655 (2009-2010, £7,687) and Linda Kerr received total remuneration of £7,655 (2009-2010, £7,687). This remuneration is not pensionable.

The salary and pension details of the remainder of the Management Board for 2010-2011 are disclosed in the Table overleaf. Salary includes gross salary; overtime; and any allowance to the extent that it is subject to UK taxation, and any gratia payments, but excludes bonuses which are disclosed separately overleaf. The report is based on payments made by the Agency and thus recorded in these accounts. The salary range reflects remuneration for the months in office. The Agency did not make any contributions to a Board Member's partnership pension account nor did it pay any compensation or make any award to former members of the Management Board.

Benefits in Kind

The monetary value of benefits in kind disclosed covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.

The salary, pension entitlements and taxable benefits of the Youth Justice Agency Management Board for 2010-2011 Financial Year [audited information]

Board Member	Salary (as defined)	Benefit in kind	Real inc in pension at age 60	Real inc in related lump sum at age 60	Total accrued pension at age 60 at 31/03/11	Related lump sum at age 60 at 31/03/11	CETV at 31/03/10 or start date	CETV at 31/03/11 or end date	Real increase in CETV after adjustment for inflation and changes in market investment factors	Employer contribution to pension account including risk benefit cover
	£'000 restated	£'00	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr Bill Lockhart Chief Executive (to 31 Aug 2010)	30-35 fte 70-75 (70-75) ¹	-	0-2.5	-	30-35	-	538	575	32	-
Ms Paula Jack Chief Executive (from 1 Sept 2010)	35-40 fte 60-65 (n/a)	-	0-2.5	0-2.5	10-15 (n/a)	40-45 (n/a)	150	157	2	-
Mr Martin Gunning Director, Corporate Services	50-55 (50-55)	-	0-2.5	0-2.5	20-25 (20-25)	65-70 (65-70)	477	529	15	-
Mr Philip Tooze Director, Custodial Services	70-75 (65-70)	-	0-2.5	0 to -2.5	20-25 (20-25)	60-65 (60-65)	444	404	(56)	-
Mrs Alice Chapman Director, Youth Conference Service	45-50 (45-50)	-	0-2.5	0-2.5	20-25 (20-25)	65-70 (60-65)	427	472	11	-
Mrs Aideen McLaughlin Acting Director, Community Services	45-50 (40-45) (fte 45-50)	-	0-2.5	0 to -2.5	10-15 (10-15)	30-35 (30-35)	170	154	(23)	-
Ms Mary Brannigan Acting Director, Youth Conference Service (from 1 Dec 2010)	15 -20 fte 45-50 (n/a)	-	0-2.5	0-2.5	10-15 (n/a)	25-30 (n/a)	116	120	3	-

(2009-2010 amounts are disclosed in brackets) fte = full time equivalent.

¹Restated to exclude 2009-2010 bonus which is separately disclosed on page 26

Bonuses [audited information]

Bonuses are based on performance levels attained and are made as part of the appraisal process.

As a member of the Senior Civil Service, the post of Chief Executive was eligible to receive a bonus in respect of performance during 2009-2010. Under the terms of the NIO / DoJ scheme for general service grade staff, the Directors of Corporate Services and Youth Conference Service were also eligible to receive a non-consolidated performance bonus in respect of performance during 2009-2010. The following bonuses were paid to members of the Management Board during 2010-2011 and 2009-2010.

Bonuses Paid to Management Board Members in 2009-10 & 2010-11

Board Member	2010-11 ¹ £	2009-10 ¹ £
Bill Lockhart	-	6,450
Martin Gunning	-	1,070
Alice Chapman	1,080	1,070
Total	1,080	8,590

¹ The Bonus paid in each year relates to performance during the previous financial year

Pension Arrangements

Pension benefits of the Management Board are provided through the Principal Civil Service (PCS) pension arrangements for GB and NI, and the Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC).

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 at or over pension age.

Principal Civil Service Pension Arrangements

For Home Civil Service (HCS) and NI Civil Service (NICS) staff, pension benefits are provided through PCS pension arrangements which are administered by Civil Service Pensions (CSP).

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (*Classic*, *Premium*, and *Classic Plus*). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under *Classic*,

Premium, and *Classic Plus* are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI).

New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 are eligible for membership of the *Nuvos* arrangement or they can opt for a partnership pension account. *Nuvos* is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

Employee contributions are set at the rate of 1.5% of pensionable earnings for *Classic* and 3.5% for *Premium*, *Classic Plus* and *Nuvos*. Benefits in *Classic* accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). *Classic Plus* is essentially a variation of *Premium*, but with benefits in respect of service before 1 October 2002 calculated broadly as per *Classic*.

The *partnership pension account* is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). No Youth Justice Agency staff have taken up this option.

Pension age is 60 for members of *Classic*, *Premium*, and *Classic Plus* and 65 for members of *Nuvos*. Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

The Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC)

This scheme is a funded multi-employer defined benefits type scheme which provides members from participating employers with benefits related to pay and service at rates which are defined under statutory regulations. To finance these benefits, funds are invested in suitable investments, and assets are accumulated in the scheme which are held separately from the assets of employers.

The Scheme is funded by employers and employees who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations. The last valuation of the Scheme was on 31 March 2010.

For 2010-2011 the employer contribution rate was 17% (2009-2010, 16%) of pensionable salary. The employee contribution rate ranged from 5.5% to 7.5% (2009-2010, from 5.25% to 7.5%) of pensionable salary. The employer pension contribution rate for 2011-2012 is 18% and will rise to 20% by 2013-2014.

Pension benefits are paid on a final salary basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service (1/80th before 1 April 2009). In addition a tax free lump sum may be payable on retirement. Pensions increase in payment in line with the Consumer Prices Index (previously the Retail Prices Index). In death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and also provides a service enhancement on computing the spouse's pension. Medical retirement is possible in event of serious ill-health. In this case pensions are brought into payment early.

Cash Equivalent Transfer Value (CETV)

A 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.

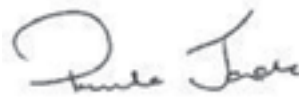
The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service at their own cost. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Value (Amendment) regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Assurance Tax which may be due when pension benefits are taken.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

The Real Increase in the Value of the CETV

This reflects the increase in CETV effectively 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.



Paula Jack
Accounting Officer
21 June 2011



ACCOUNTS

For the year ended
31 March 2011

Statement of Agency's and Chief Executive's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance & Personnel (DFP) has directed the Youth Justice Agency of Northern Ireland to prepare for each financial year a statement of accounts in a 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 Agency and of its net operating costs, statement of changes in taxpayers' equity and cash flows for the financial year.

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 DFP, 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 accounts;
- Prepare the accounts on the going concern basis.

The Accounting Officer of the Department of Justice has designated the Chief Executive of the Youth Justice Agency as the Accounting Officer for the Agency. The responsibilities of an Agency Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for the keeping of proper records and for safeguarding the Agency's assets are set out in the Accounting Officer's Memorandum in *Managing Public Money* in Northern Ireland issued by DFP. The Chief Executive is responsible for the maintenance and integrity of the information on the Agency's website.

Statement on Internal Control

1. Scope of Responsibilities

As the designated Agency Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Youth Justice Agency's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money in Northern Ireland (NI). I am accountable for the effective, efficient and economic use of resources provided to the Agency; for the regularity and propriety of its expenditure; and for ensuring that the requirements of Managing Public Money in NI are met.

The Youth Justice Agency is an Executive Agency within the Department of Justice (DoJ) and operates within the context of the Department's overall vision and strategic objectives. The Department approves the Agency's Corporate and Business Plan and regularly reviews the Agency's progress in achieving its objectives and key performance targets. This takes the form of Quarterly Governance Review Meetings with the Director of Justice Policy and the YJA Management Board.

2. Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives; to evaluate the likelihood of those risks being realised; the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Youth Justice Agency for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with DFP guidance.

3. Capacity to Handle Risk

The management of risk is driven by the Youth Justice Agency's Management Board and Audit Committee. It is the responsibility of the Agency's Management Board to identify and control the risks faced by the Agency in order to minimise any potential losses.

- The Chief Executive and Directors are responsible for risk management within their areas. The Management Board reviews the Agency's top risks and the Directorate Risk Registers on a quarterly basis.
- Each quarter the Audit Committee reviews the high level risks currently facing the Agency (set out in the Agency's Top Risks Register) together with the likelihood; impact; controls in place to mitigate the risks; and further action required. It also identifies emerging risks and the impact they may have on the Agency.

The Management Board promotes an anti-fraud culture, supported by Assistant Directors and their staff who are best placed to recognise the potential for fraud within the everyday operations of their teams. The Fraud Policy for the Agency has been issued to all managers, and a summarised version has been issued to all staff.

4. The Risk and Control Framework

A Risk Management Policy for the Agency has been produced and ensures that the management of risk is embedded in policy making, planning and delivery of the Agency's aims and objectives. It includes a plan setting out the Agency's co-ordinated approach to risk management, what it involves and how it should be conducted.

The 'DoJ Risk Management – A Practical Guide' has been used to provide clear approaches to risk management in the Agency. The Risk Management Policy of the Agency puts risk management at the forefront of improving its corporate governance. In this regard, corporate governance and the Statement on Internal Control are managed and monitored at the Management Board and Audit Committee.

Each key performance target and development objective within the 2010–2011 Business Plan has been risk assessed. Each quarter the Management Board reviews progress against each target and objective and reassesses the risk of non-achievement. The quarterly performance report subsequently issued to the Departmental Sponsor and Minister also contains the risk assessment against targets and objectives.

I am supported by the Management Board of the Agency which consists of the Director of each of the four directorates of the Agency and two Non-Executive Directors. Stewardship Statements at Directorate level were introduced in the 2006–2007 financial year. The purpose of the Stewardship Statements is to improve management and control by identifying managements' specific responsibilities and seeking written assurance

that these have been exercised with due care and attention. These Stewardship Statements which are completed at half-year and full-year intervals also inform the content of this Statement on Internal Control.

I am also supported by the Agency's Audit Committee which is chaired by a Non-Executive Director. Until December 2011, the other members of the Audit Committee were:

- the Chief Executive
- the four Directors of the Agency
- the Head of Financial Management Services

In January 2011, the membership of the Audit Committee was revised to reflect current best practice. As a result there are now no executive Management Board members on the Audit Committee. The membership of the Audit Committee now comprises:

- the Chief Executive
- the Agency's two Non-Executive Directors, and
- a senior civil servant independent of the Agency from within the NI Civil Service

A representative from the DoJ's Justice Policy Directorate's Youth Justice and Probation Unit attends the meetings of the Audit Committee on behalf of the Departmental Sponsor. A representative of the DoJ's Internal Audit Unit and the external auditor also attend. The Audit Committee operates under an approved Terms of Reference which is periodically reviewed.

Another key element of the Agency's risk and control framework is a professionally led Departmental Internal Audit function that works to Government Internal Audit Standards. It reviews the overall arrangements for managing risk, provides assurance, and reports any matters of concern to the Audit Committee. Assurance is also obtained from the external auditors who present their report to the Audit Committee following the statutory audit of the Agency's Annual Report & Accounts.

There are a number of other sources from which I draw assurance on the system of internal control. These include the work of the following independent bodies:

- Criminal Justice Inspectorate for NI
- NI Children's Commissioner
- NI Human Rights Commission
- Department of Health Social Services & Public Safety
- Independent Complaints Reviewer
- Opportunity Youth (Independent Representation Scheme)
- Health & Safety Executive NI
- Investors in People

Information Assurance

The Agency has fully embraced the DoJ's Information Assurance policy and procedures and is represented at

Chief Executive or Director level on the DoJ Information Risk Owners Council (IROC) which comprises senior business owners across the departmental family and holds them to account for the ownership and management of information assurance risks within their respective business areas.

In line with IROC requirements, the Agency has appointed a Security Manager to oversee delivery of the Information Assurance policy and procedures and to implement the Security Policy Framework.

The Agency's offices' supported IT systems have been accredited by the DoJ Accreditation Authority Panel until 30 September 2012.

5. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I have been advised throughout the year on the effectiveness of the system of internal control by the Board and Audit Committee and from reports by executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework.

Half and full-year Stewardship Statements have been completed and signed by each Director providing written assurance that their specific responsibilities have been exercised with due care and attention.

As part of the Agency's governance arrangements the Management Board met quarterly with the Agency's Departmental Sponsor. At these review meetings the Board reported on the Agency's performance against annual business plan targets and objectives. In addition, a quarterly Resource Report was submitted and reviewed at these meetings. The Resource Reports included:

- an update of the Agency's financial position
- details of progress on the implementation of both internal and external audit recommendations
- a summary of the Agency's Top Risks Register, and
- sick absence & prompt payment performance

I have ensured effective management of financial resources by following good management practice and guidance issued by DoJ's Financial Services Division. Budget holders also received detailed monthly management accounts and updated financial forecasts throughout the year. The budgets which were delegated to me for the 2010-2011 financial year were not exceeded.

The Audit Committee met four times during the year and on each occasion considered:

- (i) the risk management process, in particular the updating of Corporate and Directorate Risk Management Registers
- (ii) the results of internal and external audit activity and reviewed the progress of the implementation of recommendations to address weaknesses identified in internal audit reports and external audit management letters

The Audit Committee, taking account of the top risks contained in the Corporate Risk Register, agreed the planned internal audit activity for the 2011-2012 financial year, and has met subsequent to the year-end to review and approve the final 2010-2011 Annual Report & Accounts prior to submission for certification by the Comptroller & Auditor General.

My review of the effectiveness of the system of internal control has been informed by the reports produced by the DoJ's Internal Audit Unit and comments made by the external auditors in their Report to Those Charged with Governance.

During 2010-2011, audits of Information Assurance, Payments, Prompt Payments, and Property, Plant & Equipment (Fixed Assets) were carried out by Internal Audit. Limited assurance opinions were provided in all four reports.

In their *Information Assurance* report, Internal Audit identified significant areas which would need to be addressed before the framework is fully established and embedded. Action is being taken to address the recommendations contained in the report.

The Internal Audit report on *Payments* made a number of recommendations relating to the completion of purchase orders, payment authorisation forms and evidence to support supplier bank account details. An action plan is being drawn up to implement each recommendation.

In their *Prompt Payment* audit report, Internal Audit identified a number of issues concerning the measurement and reporting of Prompt Payment performance. Action has been taken to address the recommendations contained in the report.

In the *Property, Plant & Equipment* report, Internal Audit identified a number of issues which needed to be addressed, the most significant being the need to undertake a verification inspection of assets held at the Woodlands Juvenile Justice Centre. The majority of the recommendations contained in the report have already been addressed.

On the basis of internal audit work carried out, positive management action to address identified weaknesses, and assurances provided elsewhere, the Head of

Internal Audit has provided me with overall assurance that there is a satisfactory level of control within the Agency. Looking ahead, internal audits of Attendance Management and Stewardship Statements are planned for 2011-2012.

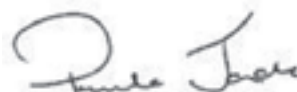
All of the recommendations contained in the National Audit Office's Report to Those Charged with Governance arising from the external audit of the Agency's 2009-2010 Annual Report & Accounts have been addressed. During 2010-2011, the Agency participated in a data matching exercise undertaken by the NI Audit Office as part of the National Fraud Initiative in Northern Ireland. The Agency is presently investigating the underlying causes of identified 'matches' before reporting back to NIAO. On 28 March 2011, the Criminal Justice Inspectorate NI commenced an inspection of Woodlands Juvenile Justice Centre. The findings and recommendations arising from the inspection have not yet been reported and therefore any significant issues will be disclosed in the 2011-2012 Statement on Internal Control.

6. Significant Internal Control Problems

These financial statements have been qualified by the Comptroller and Auditor General (C&AG) due to an on-going dispute with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) regarding the extent of the Youth Justice Agency's NILGOSC pension liability. The circumstances giving rise to the qualification are set out in the C&AG's report. While I am satisfied that these matters are not the result of any apparent weakness in the Agency's internal control systems, I will undertake a review of this matter in conjunction with the DoJ.

Following the external audit of these financial statements, NIAO reported on weaknesses in procurement controls in their *Report to Those Charged With Governance*. These weaknesses included instances of non-compliance with established procedures in respect of single tender actions (direct award contracts) and breaches of internal delegation limits for authorising expenditure. The Agency through its Procurement Committee is addressing all of the issues of non-compliance identified during the audit and progress on the implementation of NIAO's recommendations will be reported to and monitored by the Audit Committee.

Finally, during the year, the Agency identified an area of concern around a potential conflict of interest within a legacy procurement process. This is currently subject to an investigation by the Department's Head of Internal Audit.



Paula Jack
Chief Executive
21 June 2011

The Certificate and Report of The Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of Youth Justice Agency of Northern Ireland for the year ended 31 March 2011 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is 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 the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. 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 Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Basis for Qualified Opinion

The audit evidence available to me was limited in respect of the valuation of the Agency's pension obligations to be included within the financial statements in accordance with IAS 19. A recent valuation by the Northern Ireland Government Officers' Superannuation Committee (NILGOSC) identified 214 additional pensioners and 81 additional deferred pensioners which it believes should be attributed to the Agency. The Agency however does not currently accept the liability and has not therefore reflected an increase in net pension liabilities of £1.13 million in the Statement of Financial Position, or an associated additional pension net credit of £0.68 million which would reduce net operating cost and £0.69 million actuarial gain in the Statement of Comprehensive Net Expenditure. Associated disclosures in the Statement of Taxpayers' Equity and note 12 have therefore not reflected the pension liabilities for these individuals. If these additional members should have been attributed to the Agency in previous years, prior period adjustments would also have been required to the opening and closing net pension liabilities in 2009-2010 and the associated charge in the Statement of Comprehensive Net Expenditure.

Qualified audit opinion on the financial statements due to a limitation of scope

In my opinion, except for the financial effects of such adjustments which may have been determined necessary had I been able to obtain sufficient and appropriate audit evidence concerning the extent of the Agency's pension liabilities and the resulting impact on the net operating cost:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2011, and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel 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 Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Management Commentary and Financial Review 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:

- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

In respect alone of the limitation of my work in relation to the pension obligations of the Agency, referred to above:

- I have not received all the information and explanations that I require for my audit; and
- I am unable to form an opinion on whether adequate accounting records have been maintained by the Agency.

Further details on the background to my qualification are provided in my Report on page 63.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 June 2011

Statement of Comprehensive Net Expenditure

for the year ended 31 March

	Note	2010-2011 £'000	2009-2010 £'000 restated
Programme Costs			
Income	2	(353)	(156)
Staff Costs	3	12,061	13,685
Programme Costs	4	5,621	9,618 ¹
Net Operating Cost		17,329	23,147¹
Other Comprehensive Expenditure			
Net Loss on Revaluation of Other Property, Plant & Equipment		9	75
Actuarial (Gain) / Loss on Pension Deficit	12.5	(2,032)	2,252
Total Comprehensive Net Expenditure for the Year		15,306	25,474

¹ 2009-2010 Programme Costs have been restated due to:

- (i) the impact of a Prior Year Adjustment to remove the notional cost of capital charge from the operating costs of the Agency – see Note 22, and
- (ii) the reclassification of the impairment of land and buildings which was previously disclosed as an exceptional item in the Statement of Comprehensive Net Expenditure.

All income and expenditure is derived from continuing operations.

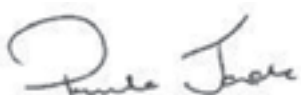
The notes on pages 40 to 62 form part of these accounts

Statement of Financial Position

as at 31 March

	Note	2010-2011 £'000	2009-2010 £'000
Non-Current Assets:			
Property, Plant and Equipment	6	16,027	16,162
Intangible Assets	7	41	33
Total Non-Current Assets		16,068	16,195
Current Assets:			
Assets Held for Sale	8	-	510
Trade and Other Receivables	9	280	265
Cash and Cash Equivalents	10	287	45
Total Current Assets		567	820
Total Assets		16,635	17,015
Current Liabilities:			
Trade and Other Payables	11	(1,253)	(1,572)
Total Current Liabilities		(1,253)	(1,572)
Non-Current Assets less Net Current Liabilities		15,382	15,443
Non-Current Liabilities			
Provision for Pension Liabilities	12	(2,395)	(6,551)
Other Provisions	13	(510)	(1,167)
Total Non-Current Liabilities		(2,905)	(7,718)
Assets less Liabilities		12,477	7,725
Taxpayers' Equity:			
General Fund		12,385	7,599
Revaluation Reserve		92	126
Total Taxpayers' Equity		12,477	7,725

The notes on pages 40 to 62 form part of these accounts



Paula Jack
Chief Executive
21 June 2011

Statement of Cash Flows

for the year ended 31 March

		2010-2011 £'000	2009-2010 £'000 restated
	Note		
Cash Flows from Operating Activities			
Net Operating Cost		(17,329)	(23,147) ¹
Adjustment for Non-Cash Transactions	4	(322)	5,358 ¹
Increase in Trade and Other Receivables	9	(15)	(19)
(Decrease) / Increase in Trade Payables	11	(36)	151
Use of Provisions	12,13	(1,537)	(2,864)
Net Cash Outflow from Operating Activities		(19,239)	(20,521)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	6	(177)	(347)
Purchase of Intangible Assets	7	(18)	(28)
Year-end Capital Accruals Adjustment		(283)	239
Less Non-Cash Additions Funded by Parent Department		-	4
Less Proceeds of Disposal of Property, Plant and Equipment		1	1
Less Proceeds from Sale of Assets Held for Sale	8	547	-
Net Cash Outflow from Investing Activities		70	(131)
Cash Flows from Financing Activities			
Funding from Parent Department (DoJ)		19,411	20,992
Net Financing		19,411	20,992
Net Increase in Cash and Cash Equivalents in the Period		242	340
Cash and Cash Equivalents at the Beginning of the Period	10	45	(295)
Cash and Cash Equivalents at the End of the Period	10	287	45

¹ 2009-2010 Net Operating Cost and the Adjustment for Non-Cash Transactions have been restated due to the impact of a Prior Year Adjustment to remove the notional cost of capital charge from the operating costs of the Agency – see Note 22.

The notes on pages 40 to 62 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2009		11,521	218	11,739
Changes in Taxpayers' Equity for 2009-2010 (restated)				
Actuarial Loss on Pension Deficit	12.5	(2,252)	-	(2,252)
Net Loss on Revaluation of Property, Plant and Equipment	6	-	(75)	(75)
Non-Cash Charges – Notional Costs	4	464	-	464
Assets Funded by Parent Department		4	-	4
Transfer Between Revaluation Reserve & General Fund		17	(17)	-
Net Operating Cost for the Year (restated)		(23,147) ¹	-	(23,147) ¹
Total Recognised Income and Expense for 2009-2010		(24,914)	(92)	(25,006)
Funding from Parent Department (NIO)		20,992	-	20,992
Balance at 31 March 2010		7,599	126	7,725
Changes in Taxpayers' Equity for 2010-2011				
Actuarial Gain on Pension Deficit	12	2,032	-	2,032
Net Loss on Revaluation of Property, Plant and Equipment	6	-	(9)	(9)
Non-Cash Charges – Notional Costs	4	647	-	647
Transfer Between Revaluation Reserve & General Fund		25	(25)	-
Net Operating Cost for the Year		(17,329)	-	(17,329)
Total Recognised Income and Expense for 2010-2011		(14,625)	(34)	(14,659)
Funding from Parent Department (DoJ)		19,411	-	19,411
Balance at 31 March 2011		12,385	92	12,477

The General Fund serves as the chief operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve records the unrealised gain or loss on the revaluation of assets.

¹ 2009-2010 Net Operating Cost has been restated due to the impact of a Prior Year Adjustment to remove the notional cost of capital charge from the operating costs of the Agency. The Notional Cost of Capital Charge has also been removed from the above statement producing a £nil impact on the opening General Fund balance – see Note 22.

The notes on pages 40 to 62 form part of these accounts.

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-2011 Government Financial Reporting Manual (FRM). The accounting policies contained in the FRM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

1.2 Going Concern

The Agency's current liabilities usually exceed its current assets at the end of each reporting period. Despite this there is no going concern risk as it merely reflects the practice of drawing down funding from the Parent Department to meet liabilities when payments are due.

1.3 Property, Plant and Equipment and Intangible Assets

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer hardware and intangible IT assets (purchased computer software licenses are capitalised as intangible assets) for which lower thresholds apply. The Agency pools and capitalises all purchases of office furniture.

Expenditure on improvements or enhancements to leasehold properties is not capitalised but expensed in the period it is incurred.

Land & buildings are subject to professional valuation at least once every five years and are re-valued using indices in the intervening years. Properties regarded

by the Agency as operational are valued on the basis of existing use, or where this cannot be assessed because there is no market for the property, its depreciated replacement cost. Properties regarded by the Agency as non-operational are valued on the basis of open market value, and where a sale is probable, disclosed as Assets Held for Sale (see Note 1.5).

Other property plant and equipment assets are re-valued annually using appropriate indices compiled by the Office for National Statistics with the exception of intangible assets which are held at cost. Indexation of property, plant and equipment is credited to the revaluation reserve except for the permanent diminution of IT assets which is recognised in the Statement of Net Comprehensive Expenditure. Any subsequent revaluation of IT assets is credited to the Statement of Net Comprehensive Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense in the Statement of Net Comprehensive Expenditure.

1.4 Depreciation

Provision for depreciation is made to write-off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. Land, assets under construction, and assets held for sale are not depreciated.

The estimated useful lives of property, plant & equipment are reviewed regularly, and are as follows:-

Asset category	Useful Life
Buildings	Up to 50 years
Plant and Equipment	4 - 15 years
Furniture, Fixtures & Fittings	4 - 10 years
Motor Vehicles	5 years
IT	3 - 10 years
Intangible Assets	5 years

In line with the requirements of IAS16 the Agency has considered the impact of breaking property, plant and equipment assets down into identifiable components with different useful lives and accounting for them separately. The result of our analysis concludes that the application of componentisation principles to property, plant and equipment assets of the Agency would not have a material effect on the carrying values of these assets as reported and therefore no adjustment has been made to cumulative depreciation or the net book values of these assets in the financial accounts for the year ended 31 March 2011.

1.5 Assets Held for Sale

The Agency classifies an asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through its continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are valued on the basis of open market value less any material directly attributable selling costs.

1.6 Realised Element of Depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the re-valued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on revaluation and is transferred from the Revaluation Reserve to the General Fund.

1.7 Classification of Income & Expenditure

The Statement of Net Comprehensive Expenditure for the Agency only includes programme income and expenditure.

Programme expenditure reflects non-administration costs, including payments of grants and compensation, and other disbursements, as well as certain staff costs where they relate directly to service delivery. The classification of income or expenditure as programme follows the definition set by the Department of Finance & Personnel (DFP).

1.8 Income

The Agency accounts for income in the year in which it is earned / becomes receivable, with the exception of funding for programmes for which the Agency merely acts as an intermediary. In such cases, income is not recognised by the Agency until it is paid to the intended recipient. The excess of receipts over expenditure is treated as a creditor owed to the funding provider.

1.9 Segmental Reporting

In line with the provisions of IFRS 8, Operating Segments, the Agency does not analyse its net expenditure by operating segment as it has concluded that it has no separately identifiable operating segments.

This conclusion is based on the Agency's current system / format of internal management reporting to the Agency's Chief Executive and Management Board, who consider financial performance at the Agency level.

1.10 Provisions for Liabilities & Charges

The Agency provides for legal or constructive obligations which are of uncertain timing and/or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation, where this can be determined. This relates to early retirement costs, potential legal action for compensation and the Agency's share of the net liabilities of the NILGOSC pension scheme.

1.11 Employee Benefits and Pensions Costs

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end.

The Agency has recognised both annual and flexi leave entitlements that have been earned by the year end but not yet taken. This cost has been estimated using average salary costs of each grade of staff applied to the untaken leave balance of each staff member. It is not anticipated that the level of untaken leave will vary significantly from year to year. Such costs are included in current liabilities.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (GB) (PCSPS) for Home Civil Service staff, the Principal Civil Service Pension Scheme (NI) (PCSPS (NI)) for Northern Ireland Civil Service staff, the Teacher's Superannuation Scheme (TSS) for teaching staff, and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme for all other staff. Each scheme is described in Note 3.2. The PCSPS (GB), PCSPS (NI) and TSS are defined benefit schemes which are unfunded and the PCSPS (GB) and PCSPS (NI) are non-contributory except in respect of dependants' benefits.

The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (GB), PCSPS (NI) and TSS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (GB), PCSPS (NI) and the TSS.

The pension costs of the NILGOSC scheme are assessed in accordance with the advice of independent qualified actuaries. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the defined benefit pension scheme arising from employee service in the period is charged to the Statement of Net Comprehensive Expenditure. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the Statement of Changes in Taxpayers' Equity.

1.12 Early Retirement Costs

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age and in some cases for the lifetime of the retired staff member and his / her spouse. For all new early retirement cases, the Agency provides in full for the cost of meeting pensions up to normal retirement age. The total cost is recognised in the year the decision is taken.

1.13 Leases

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee. Rentals paid under operating leases are charged to operating costs as incurred.

1.14 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year are recorded as expenditure for that period.

1.15 VAT

Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a Departmental basis.

1.16 Insurance

Only insurance costs in respect of motor vehicles, and

premises, where premises insurance is a requirement of the lease agreement, are charged to the Statement of Net Comprehensive Expenditure. The Agency does not insure itself against the risks of fire, explosion, common law, third party and similar risks. Expenditure incurred in respect of uninsured risks is recognised as it is incurred.

1.17 Notional Costs

Some services provided to the Agency e.g. external audit services are provided free of charge by other Government Departments or Agencies, and the cost of those services are borne by the provider. In order to show the full economic cost of the delivery of the Agency's services the Statement of Net Comprehensive Expenditure includes the notional cost of such services based on the estimated cost incurred by the provider.

1.18 Contingent Liabilities

In accordance with IAS 37 the Agency discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Agency's control, unless their likelihood is considered to be remote. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the NI Assembly.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported via the Department to the NI Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

1.19 Third Party Assets

Third party assets are assets for which the Agency acts as custodian or trustee but in which neither the Agency nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Agency's third party assets are provided in Note 21.

1.20 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.20.1 Recognition and Derecognition of Financial Assets and Financial Liabilities

Financial assets and liabilities are recognised when the Agency becomes party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when the Agency no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. A previously recognised financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

The Agency has financial instruments in the form of trade receivables, trade payables and cash and cash equivalents.

1.20.2 Financial Assets

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount less provision for impairment less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Impairment of financial assets

The Agency assesses at each statement of financial position date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Statement of Net Comprehensive Expenditure.

1.20.3 Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

1.21 Related Party Transactions

The Agency is required to disclose material transactions with related parties – bodies or individuals that have

the potential to control or influence the Agency or be controlled or influenced by the Agency. Disclosure of these transactions allows readers to assess the extent to which the Agency might have been constrained in its ability to operate independently, or might have limited another party's ability to bargain freely with the Agency.

1.22 Critical Accounting Estimates and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Agency's accounting policies. The Agency continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are highlighted below.

(i) - Depreciation of property, plant and equipment
Depreciation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.3.

(ii) - Impairment of property, plant and equipment
Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review of the recoverable amount of that asset is undertaken.

(iii) - Pension and other post retirement benefits
The Agency accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 12.

(iv) - Provisions for compensation claims and legal costs
The decision to provide for, and the amounts provided for compensation claims and associated legal costs is based on advice provided by the Crown Solicitors Office (CSO) or the Departmental Solicitors Office (DSO). This advice is based on the CSO's or the DSO's best estimate of the outcome of each case (the likely compensation and legal costs payable) from an assessment of the latest information.

(v) - Employee Benefits

The methodology used to calculate the employee benefit accrual for unpaid annual, flexi and toil leave involved sampling staff at each grade and applying the sample results to the total population of the Agency's workforce.

1.23 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2011

Chapter in FReM 2010-11	Area affected	Description of revision	Comments
11	Income and Expenditure	The removal of the Cost of Capital charging from accounts.	Applies to all public sector bodies. Guidance issued by HM Treasury meant that this change was budgetary neutral. No impact on the Agency other than disclosure. 2009-2010 comparatives have been restated accordingly to exclude cost of capital charges. Prior year expenditure included within Net Operating Cost decreased by £341k as a result of this restatement. The decrease was off-set by a corresponding reduction in the level of notional charges against the General Fund. Further details are contained in Note 22.

The Agency has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2010-2011 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the Agency.

1.24 Accounting standards, interpretations and amendments to published standards not yet effective

The Agency has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FReM) 2011-2012 and considers that these changes are not relevant to its operations.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2011 or later periods, but which the Agency has not adopted early. Other than as outlined in the table below, the Agency considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IAS 24	Related Party Disclosures - revised definition of related parties	Annual periods beginning on or after 1 January 2011	Inclusion of a partial exemption for government-related entities. Given that the FReM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact.

2. Income

2.1 Analysis of Income Recorded in the Statement of Net Comprehensive Expenditure

	2010 -2011 £'000 Total	2009-2010 £'000 Total
Contributions to Programmes & Initiatives	336	130
Student Placement Income	12	19
Tuck-shop Income	5	7
Total Income	353	156

3. Staff Numbers and Related Pay Costs

3.1 Staff Costs

Staff costs comprise:

	2010-2011			2009-2010
	Total £'000	Permanently Employed Staff £'000	Others £'000	Total £'000
Wages and Salaries	11,639	11,340	299	11,641
Social Security Costs	936	936	-	948
Employer Service Cost - present	1,325	1,325	-	810
Employer Service Credit - past	(2,349)	(2,349) ¹	-	-
Other Pension Costs	534	534	-	342
Sub-Total	12,085	11,786	299	13,741
Less Recoveries in Respect of Outward Secondments	(24)	(24)	-	(56)
Total Net Costs	12,061	11,762	299	13,685

¹ The £2,349k past employer service credit to the Statement of Comprehensive Net Expenditure is due to future increases in the pensions being linked to the Consumer Prices Index (CPI) and not, as previously assumed, the Retail Prices Index (RPI).

3.2 Pension Arrangements

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (*Classic*, *Premium*, and *Classic Plus*). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under *Classic*, *Premium*, and *Classic Plus* are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI).

New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of *Premium* or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 are eligible for membership of the *Nuvos* arrangement or they can opt for a partnership pension account. *Nuvos* is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

Employee contributions are set at the rate of 1.5% of pensionable earnings for *Classic* and 3.5% for *Premium*, *Classic Plus* and *Nuvos*. Benefits in *Classic* accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). *Classic Plus* is essentially a variation of *Premium*, but with benefits in respect of service before 1 October 2002 calculated broadly as per *Classic*.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. 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 to cover the cost of

centrally-provided risk benefit cover (death in service and ill health retirement). No Youth Justice Agency staff have taken up this option.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

The Principal Civil Service Pension Scheme (GB)

The Principal Civil Service Pension Scheme - PCSPS (GB) is an unfunded multi-employer defined benefit scheme, but the Youth Justice Agency is unable to identify its share of its underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-2011 employer's contributions shown in the table below were payable at one of four rates in the range 16.7% to 24.3% per cent of pensionable pay, based on salary bands (2009-2010, 16.7% to 24.3%).

Pension Provider	Contribution 2010-2011 £'000	Contribution 2009-2010 £'000
PCSPS (GB)	7	16

The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the Scheme. The contribution rates are set to meet the cost of the benefits accruing during 2010-2011 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

The Principal Civil Service Pension Scheme (NI)

The Principal Civil Service Pension Scheme (NI) (PCSPS (NI)) is an unfunded multi-employee defined benefit scheme but the Youth Justice Agency is unable to identify its share of its underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2010-2011 employer's contributions shown in the table overleaf were payable to the PCSPS (NI) at one of four rates in the range 18% to 25% (2009-2010, 16.5% to 23.5%) of pensionable pay, based on salary bands.

Pension Provider	Contribution 2010-2011 £'000	Contribution 2009-2010 £'000
PCSPS (NI)	375	288

The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the Scheme. The contribution rates are set to meet the cost of the benefits accruing during 2010-2011 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The Teachers' Superannuation Scheme (TSS)

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the Scheme. The Scheme is presently notionally funded. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Department of Finance and Personnel.

For 2010-2011, the contribution rates were 13.6% for employers, and 6.4% for employees (2009-2010, 13.6% and 6.4% respectively). The total employer pension cost during the year was £59k (2009-2010, £64k).

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme

This Scheme is a defined benefits type, and the fund is invested in suitable investments, managed by the Committee. For 2010-2011, the employers' contribution rate was 17% (2009-2010, 16%) and the employees' contribution rate was in the range 5.5% to 7.5% (2009-2010, was in the range 5.25% to 7.5%). The employer contribution rate will rise to 20% by 2013-2014.

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the market led approach. The latest formal actuarial valuation of the Fund was carried out as at 31 March 2010.

The assets of the Scheme are held separately from the Agency. Pension Scheme assets are measured at market value. Pension Scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability.

The increase in the present value of the liabilities of the Agency's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Net Comprehensive Expenditure. The expected return on the Scheme's assets and the increase during the year in the present value of the Scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the Statement of Changes in Taxpayers' Equity.

The current service cost charged to the Statement of Net Comprehensive Expenditure in 2010-2011 was £1,325k (2009-2010, £810k). A credit of £2,349k in respect of past service costs was also charged to the Statement of Net Comprehensive Expenditure in 2010-2011 (2009-2010, £nil) arising from the switch in benefit indexation from RPI to CPI. The total employer contributions paid under the Scheme was £1,351k (2009-2010, £2,718k).

3.3 Average Number of Persons Employed

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

	2010-2011	2009-2010 restated
Admin & Support Staff (All Permanent)	37	35
Operational Staff – Permanent	330	338
Operational Staff - Temporary	13	12
Total	380	385

4. Programme Costs

		2010-2011 £'000	2009-2010 £'000 restated
Agency Administration			
Rentals Under Operating Leases			
– Land & Buildings		649	698
– Non Land & Buildings		25	24
Other Accommodation Costs		673	672
Staff Related Costs		344	400
Maintenance & Repairs		320	317
Professional Services & Advisory Costs		501	431
General Office Costs		428	511
Utilities		341	327
Travel and Subsistence		323	274
Other Costs		39	97
		3,643	3,751
Agency Programmes & Initiatives			
External Funding & Services		937	848
Supplies, Services & Stores		348	378
Other Costs		83	66
		1,368	1,292
Non-Cash items			
Impairment (Credit) / Charge in Respect of Land & Buildings	5	(372)	2,125 ¹
Depreciation and Amortisation	6,7	635	666
Finance Charge	12.4	251	637
Provisions for Legal Costs – Net Provided in Year	13	(563)	692
Notional Costs Excluding Auditor's Remuneration		632	442
Auditor's Remuneration		15	22
Permanent Diminution of Property, Plant and Equipment on Indexation	7	5	(15)
Loss on Disposal of Property, Plant and Equipment	6	7	3
Write-off of Property, Plant and Equipment	6	-	3
		610	4,575¹
Total Programme Costs		5,621	9,618¹

Reconciliation of Non-Cash Costs to Statement of Cash Flows

		2010-2011 £'000	2009-2010 £'000 restated
Non-Cash Items (from above)	4	610	4,575 ¹
Employer Service Cost (NILGOSC) - current	3.1	1,325	810
Employer Service Credit (NILGOSC) - past		(2,349)	-
Increase in Early Retirement Costs Provisions	13	92	(27)
Total Non-Cash Transactions per Statement of Cash Flows		(322)	5,358¹

¹ The total of Non-Cash Items and Total Programme Costs for 2009-2010 have been restated due to the impact of a Prior Year Adjustment to remove the notional cost of capital charge from the operating costs of the Agency – see Note 22, and the reclassification of the impairment of land & buildings which was previously disclosed as an exceptional item in the Statement of Comprehensive Net Expenditure.

5. Impairment of Land & Buildings

	2010-2011	2009-2010
	£'000	£'000
Impairment (Credit) / Charge on Property, Plant & Equipment - Woodlands JJC	(335)	1,952
Impairment (Credit) / Charge on Assets Held for Sale - Whitefield House	(37)	173
Total Impairment Charge	(372)	2,125

Property Plant & Equipment

Programme Costs contain an impairment credit for 2010-2011 of £335k representing the increase in the valuation of the Juvenile Justice Centre building at 31 March 2011 measured as the difference between the net carrying value of the building in the Agency's books at 31 March 2011 and the Land & Property Services valuation of £14,754k (Note 6) at that date. The credit partly reverses impairment charges relating to the same building which were charged in previous years.

Assets Held for Sale

The remaining impairment credit of £37k arises from the revaluation of Whitefield House (a property held for sale at 31 March 2010) at the point of its disposal in 2010-2011. The increase in value represents the difference between the carrying value in the Agency's books at 1 April 2010 and the net proceeds from the sale of the property after deducting costs related to the sale. The credit partly reverses impairment charges relating to the same property which were charged in previous years.

6. Property, Plant and Equipment

	Land	Buildings	Plant & Equipment	IT	Furniture, Fixtures & Fittings	Motor Vehicles	Assets Under Construction	2010-2011 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation								
At 1 April 2010	270	14,716	869	760	757	219	-	17,591
Additions	-	2	82	18	8	67	-	177
Disposals	-	-	(3)	(118)	(6)	(25)	-	(152)
Write-offs	-	-	-	(31)	-	-	-	(31)
Impairments	-	36	-	-	-	-	-	36
Permanent Diminution	-	-	-	(21)	-	-	-	(21)
Revaluation	(30)	-	42	-	(10)	(3)	-	(1)
At 31 March 2011	240	14,754	990	608	749	258	-	17,599
Depreciation								
At 1 April 2010	-	-	313	508	418	190	-	1,429
Charged in Year	-	299	124	93	97	12	-	625
Disposals	-	-	(2)	(114)	(5)	(23)	-	(144)
Write-offs	-	-	-	(31)	-	-	-	(31)
Impairments	-	(299)	-	-	-	-	-	(299)
Permanent Diminution	-	-	-	(16)	-	-	-	(16)
Revaluations	-	-	17	-	(7)	(2)	-	8
At 31 March 2011	-	-	452	440	503	177	-	1,572
Net Book Value at 31 March 2011	240	14,754	538	168	246	81	-	16,027
Net book Value at 31 March 2010	270	14,716	556	252	339	29	-	16,162

Property, Plant & Equipment are held at fair value in accordance with IAS16. The Agency owns all of its assets and has no finance leases or PFI contracts.

Land & Buildings are independently valued by the Department of Finance & Personnel's Land & Property Service (LPS) every five years, in accordance with the Appraisal and Valuation Standards (the Red Book 5th edition) of the Royal Institution of Chartered Surveyors. The last full valuation was at 31 March 2007. LPS valued the land & building at the Woodlands Juvenile Justice Centre at 31 March 2011 at depreciated replacement cost using BCIS indices. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

6. Property, Plant and Equipment (cont'd)

	Land	Buildings	Plant & Equipment	IT	Furniture, Fixtures & Fittings	Motor Vehicles	Assets Under Construction	2009-2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valuation								
At 1 April 2009	695	17,355	633	720	722	238	22	20,385
Additions	-	-	298	11	31	-	7	347
Disposals	-	-	(84)	(74)	-	(25)	-	(183)
Completed Assets Under Construction	-	29	-	-	-	-	(29)	-
Write-offs	-	-	-	-	(3)	-	-	(3)
Impairments	(154)	(2,429)	-	-	-	-	-	(2,583)
Permanent Diminution	-	-	-	103	-	-	-	103
Revaluation	-	-	22	-	7	6	-	35
Transfer to Current Assets	(271)	(239)	-	-	-	-	-	(510)
At 31 March 2010	270	14,716	869	760	757	219	-	17,591
Depreciation								
At 1 April 2009	-	-	307	407	306	196	-	1,216
Charged in Year	-	356	73	103	108	12	-	652
Disposals	-	-	(83)	(73)	-	(23)	-	(179)
Impairments	-	(356)	-	-	-	-	-	(356)
Permanent Diminution	-	-	-	71	-	-	-	71
Revaluations	-	-	16	-	4	5	-	25
At 31 March 2010	-	-	313	508	418	190	-	1,429
Net Book Value at 31 March 2010	270	14,716	556	252	339	29	-	16,162
Net Book Value at 31 March 2009	695	17,355	326	313	416	42	22	19,169

Property, Plant & Equipment are held at fair value in accordance with IAS16. The Agency owns all of its assets and has no finance leases or PFI contracts. Land & Buildings are independently valued by the Department of Finance & Personnel's Land & Property Service (LPS) every five years, in accordance with the Appraisal and Valuation Standards (the Red Book 5th edition) of the Royal Institution of Chartered Surveyors. The last full valuation was at 31 March 2007. LPS valued the land & building at the Woodlands Juvenile Justice Centre at 31 March 2010 at depreciated replacement cost using BCIS indices. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics. The market value of land & buildings at Whitefield House, Belfast at 31 March 2010 was transferred to Current Assets Held for Sale.

7. Intangible Assets

Intangible assets comprise purchased software licenses.

	Total £'000
Cost	
At 1 April 2010	180
Additions	18
Disposals	-
At 31 March 2011	198
Amortisation	
At 1 April 2010	147
Charged in Year	10
Disposals	-
At 31 March 2011	157
Net Book Value at 31 March 2011	41
Cost	
At 1 April 2009	158
Additions	28
Disposals	(6)
At 31 March 2010	180
Amortisation	
At 1 April 2009	139
Charged in Year	14
Disposals	(6)
At 31 March 2010	147
Net Book Value at 31 March 2010	33

8. Assets Held for Sale

	2010-2011 £'000	2009-2010 £'000
Whitefield House Land & Buildings	-	510
Total Assets Held for Sale	-	510

At 31 March 2010, Whitefield House, a property in Belfast owned by the Agency, was surplus to operational requirements and disclosed as a current asset held for sale in accordance with IAS16. The property was subsequently sold on the open market in December 2010 for £547k after deducting costs associated with the sale.

9.1 Trade Receivables and Other Current Assets

	2010-2011 £'000	2009-2010 £'000
Amounts falling Due Within One Year:		
Recoverable VAT	150	80
Prepayments and Accrued Income	114	155
Other Receivables	16	30
	280	265
Amounts Falling Due After More Than One Year:		
Other Receivables	-	-
Prepayments and Accrued Income	-	-
Total Trade & Other Receivables	280	265

9.2 Intra-Government Receivable Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2010-2011	2009-2010	2010-2011	2009-2010
	£'000	£'000	£'000	£'000
Balances with Other Central Government Bodies	153	98	-	-
Balances with NHS Trusts	-	-	-	-
Balances with Local Authorities	1	1	-	-
Subtotal: Intra-Government Balances	154	99	-	-
Balances with Bodies External to Government	126	166	-	-
Total Receivables at 31 March	280	265	-	-

10. Cash and Cash Equivalents

	2010-2011 £'000	2009-2010 £'000 restated
Balance at 1 April	45	(295)
Net Change in Cash and Cash Equivalent Balances	242	340
Balance at 31 March	287	45
The Following Balances at 31 March are held at:		
Commercial Banks	281	39
Cash in Hand	6	6 ¹
Balance at 31 March	287	45

¹ The analysis of balances held at 31 March 2010 has been restated to include the balance of cash in hand.

11.1 Trade Payables and Other Current Liabilities

Amounts Falling Due Within One Year:

Trade Payables	
Accruals and Deferred Income	
Other Payables	

Amounts Falling Due After More Than One Year:

Trade Payables	
Other Payables, Accruals and Deferred Income	

Total Trade & Other Payables

2010-2011 £'000	2009-2010 £'000
305	664
616	675
332	233
1,253	1,572
-	-
-	-
1,253	1,572

11.2 Intra-Government Payable Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2010-2011	2009-2010	2010-2011	2009-2010
	£'000	£'000	£'000	£'000
Balances with Other Central Government Bodies	490	480	-	-
Local Authorities	1	1	-	-
NHS Trusts	1	1	-	-
Public Corporations & Trading Funds	4	1	-	-
Subtotal: Intra-Government Balances	496	483	-	-
Balances with Bodies External to Government	757	1,089	-	-
Balance at 31 March	1,253	1,572	-	-

12. Provision for Pension Liabilities (NILGOSC Scheme)

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) Scheme which is a funded scheme of the defined benefit type.

Since 2006-2007 it has been possible to define the Agency's share of the Fund's assets & liabilities and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The liability and cost calculations are based on actuarial assumptions as at 31 March 2011, however, pending the resolution of an ongoing dispute with NILGOSC concerning the responsibility for the liabilities of additional pensioners and deferred members, the liability calculations within these accounts are based on YJA pensioners, deferred and active members as at 31 March 2007 adjusted for normal membership movements since this date.

The principal actuarial assumptions used for the calculations were:	31/3/11	31/3/10	31/3/09
Rate of Increase in Salaries	3.7%	4.0%	4.3%
Rate of Increase in Pensions in Payment	2.7%	3.5%	2.8%
Discount Rate	5.5%	5.5%	6.7%
Future Increase in RPI	3.2%	3.5%	2.8%
Future Increase in CPI	2.7%	n/a	n/a

Average Expected Future Life at Age 65 of:			
Male Staff Currently Aged 65	21.9	21.4	21.4
Female Staff Currently Aged 65	24.5	24.2	24.4
Male Staff Currently Aged 45	24.1	22.6	22.6
Female Staff Currently Aged 45	26.6	25.5	25.5

12.1 Assets & Liabilities of the Scheme

The market value of assets in the scheme and the expected rate of return were:

	Long Term Rate of Return Expected at 31/3/11	Value at 31/3/11 £'000	Long Term Rate of Return Expected at 31/3/10	Value at 31/3/10 £'000	Long Term Rate of Return Expected at 31/3/09	Value at 31/3/09 £'000
Equities	6.2%	22,475	6.4%	19,648	5.8%	10,937
Property	5.7%	1,586	5.9%	1,420	5.3%	1,157
Gilts	4.2%	2,115	4.4%	2,178	3.8%	1,100
Cash	0.5%	264	0.5%	426	0.5%	1,273
Total Value of Scheme Assets		26,440		23,672		14,467
Present Value of Funded Scheme Liabilities		28,835		(30,223)		(20,037)
Funded Scheme Deficit		(2,395)		(6,551)		(5,570)
Irrecoverable Surplus		-		-		-
Unfunded Liabilities		-		-		-
Total Deficit		(2,395)		(6,551)		(5,570)
Related Deferred Tax (Liability) / Asset		no allowance		no allowance		no allowance
Net Liability		(2,395)		(6,551)		(5,570)

12.2 Return on Scheme Assets

The overall expected return on scheme assets has been derived as the weighted average of the expected returns on the categories of assets held by the Fund at the start of the reporting period. The asset allocation used has been based on the most recent information available and the notional assets at the end of the reporting period.

The actual return on scheme assets was

2010-2011 £'000	2009-2010 £'000
2,225	6,014

12.3 Analysis of Amount Charged to the Statement of Net Comprehensive Expenditure

Employer Service Cost
Past Service Credit
Losses / (Gains) on Settlements and Curtailments

1,325	810
(2,349)	-
-	-
(1,024)	810

In its June 2010 budget the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Prices Index (RPI). The Agency has considered the NILGOSC scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit in the Statement of Comprehensive Net Expenditure. The 2011 negative past service cost of £2,349k is due to the switch in benefit indexation from RPI to CPI.

12.4 Analysis of Amount Charged to Finance Costs

Expected Return on Assets
Interest on Liabilities
Total Finance Cost

2010-2011 £'000	2009-2010 £'000
1,425	748
(1,676)	(1,385)
(251)	(637)

12.5 Amounts Recognised in the Statement of Changes in Taxpayers' Equity

Actuarial Gain / (Loss)
Decrease / (Increase) in Irrecoverable Surplus
Total

2,032	(2,252)
-	-
2,032	(2,252)

12.6 Cumulative Loss Recognised in the Statement of Changes in Taxpayers' Equity

(208)	(2,240)
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12.7 Reconciliation of the Defined Benefit Obligation

	2010-2011 £'000	2009-2010 £'000
Opening Defined Benefit Obligation	30,223	20,037
Employer Service Cost	1,325	810
Past Service Credit	(2,349)	-
Member Contributions	533	559
Interest Cost	1,676	1,385
Actuarial (Gain) / Loss	(1,232)	7,518
Curtailment Loss / (Gain)	-	-
Settlements	-	-
Benefits Paid	(1,341)	(86)
Closing Defined Benefit Obligation	28,835	30,223

12.8 Reconciliation of the Value of Assets

Opening Value of Assets	23,672	14,467
Expected Return	1,425	748
Actuarial Gain	800	5,266
Employer Contributions	1,351	2,718
Member Contributions	533	559
Benefits Paid	(1,341)	(86)
Assets Distributed on Settlements	-	-
Closing Value of Assets	26,440	23,672

12.9 Amounts for the Current and Previous Three Periods

	FY11 £'000	FY10 £'000	FY09 £'000	FY08 £'000
Scheme Liabilities	(28,835)	(30,223)	(20,037)	(18,996)
Scheme Assets	26,440	23,672	14,467	15,857
(Deficit)	(2,395)	(6,551)	(5,570)	(3,139)
Experience Adjustment on Liabilities	(36)	61	(2,374)	12
Experience Adjustment on Assets	800	5,266	(3,936)	(1,682)

12.10 Employer Contribution

The Agency expects to contribute 18% of pensionable salaries from 1 April 2011, 19% of pensionable salary from 1 April 2012 and 20% of pensionable salary from 1 April 2013.

13. Other Provisions

	Legal Cost Provision	Early Retirement Provision	2010-2011 Total	2009-2010 Total
	£'000	£'000	£'000	£'000
Balance at 1 April	772	395	1,167	648
Provided in the Year	73	96	169	828
Provisions Utilised in the Year	(30)	(156)	(186)	(146)
Provisions Not Required Written Back	(636)	(4)	(640)	(163)
Balance at 31 March	179	331	510	1,167

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements. Where the effect of the time value of money is material, the cash flows have been discounted using the Treasury discount rate of 3.5% (2009-2010, 3.5%). None of the above provisions have been discounted.

The legal cost provision relates to potential compensation payments and associated legal costs of staff personal injury claims and industrial tribunal cases against the Agency.

The early retirement provision relates to inherited pension costs associated with the early departure of staff in the years prior to creation of the Agency. The costs are payable to NILGOSC and are payable over the lifetime of the retired staff member and his/her spouse (where applicable).

Analysis of Expected Timing of Cash Flows

	Legal Cost Provision	Early Retirement Provision	Total
	£'000	£'000	£'000
Not Later than One Year	179	45	224
Later Than One Year and Not Later Than Five Years	-	180	180
Later Than Five Years	-	106	106
Balance at 31 March 2011	179	331	510

14. Capital Commitments

There were no contracted capital commitments at 31 March 2011 for which no provision has been made (2009-2010, £nil).

15. Commitments Under Leases

Operating Leases

Total future minimum lease payments under operating leases are given in the table below analysed according to the period in which the payments fall due.

	2010-2011 £'000	2009-2010 restated £'000
Obligations Under Operating Leases Comprise:		
Buildings		
Not Later Than One Year	595	613
Later Than One Year and Not Later Than Five Years	1,463	1,798 ¹
Later Than Five Years	776	998 ¹
Total	2,834	3,409
Other		
Not Later Than One Year	20	22
Later Than One Year and Not Later Than Five Years	18	37
Later Than Five Years	-	-
Total	38	59

¹ 2009-2010 amounts have been restated to correct classification errors.

16. Other Financial Commitments

The Agency has entered into non-cancellable contracts (which are not lease or PFI contracts) for reception, security duties and planned maintenance at the Juvenile Justice Centre; service fees relating to its leasehold properties; and funding payable to certain voluntary and community sector organisations for the delivery of programmes and initiatives. Total future commitments are shown in the table below analysed according to the period in which the payments fall due.

	2010-2011 £'000	2009-2010 restated £'000
Not Later Than One Year	313	749 ¹
Later Than One Year and Not Later Than Five Years	157	369 ¹
Later Than Five Years	11	20 ¹
Total	481	1,138¹

¹ 2009-2010 amounts have been restated to correct an error in the figures.

17. Financial Instruments

As the cash requirements of the Youth Justice Agency 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 Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

18. Contingent Liabilities Disclosed Under IAS 37

Described below are the Agency's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Agency's control.

The Agency is currently contesting a number of personal injury or industrial tribunal claims brought by staff or young people. Provision has been made in these financial statements for cases where it is considered probable that payment may be made in the future - see Note 13.

However, there are cases which have not been provided for as the Agency does not consider it likely that payment will be made e.g. because it expects that the Agency will be able to successfully defend these cases. The estimated value of such cases at 31 March 2011 is £40k (2009-2010, £63k) and if payments materialise, it is likely that they will do so during the 2011-2012 financial year.

19. Losses and Special Payments

No losses and special payments that required disclosure either in total or separately were incurred (2009-2010, £nil).

20. Related Party Transactions

The Youth Justice Agency is an Executive Agency of the Department of Justice.

The Department of Justice is regarded as a related party. During the year, the Agency has had various material transactions with the Department, and with other entities for which the Department of Justice is regarded as the parent Department, viz:

Police Service of Northern Ireland
Northern Ireland Prison Service
Forensic Science Northern Ireland
Compensation Agency
Northern Ireland Courts & Tribunal Service
Probation Board for Northern Ireland
Northern Ireland Policing Board

In addition, the Agency has had various transactions with other government departments and central government bodies. Most of these transactions have been with the Department of Health & Social Services & Public Safety, the Department of Finance & Personnel and related Agencies.

Whilst none of the members of the Management Board or key management of the Agency had any material personal transactions with the Agency, the Agency had transactions with the following organisations connected to members of the Management Board and senior management. All the transactions were conducted at arms length.

Paula Jack, Chief Executive is on the University of Ulster's criminology and criminal justice part-time lecture register.

During the year she undertook a small amount of work. Since taking up the post of Chief Executive she has not been remunerated for any work at the University.

Alice Chapman, Director of the Youth Conference Service, is married to Tim Chapman who is employed by the University of Ulster and has been involved in the design of training courses for Youth Conference Service staff on behalf of the University of Ulster.

During the year YJA paid £45,021 (2009-2010, £99,158) to the University of Ulster and £6,830 (2009-2010, £ nil) to Innovation Ulster Limited for tuition and training fees in respect of courses provided to Agency staff.

Aideen McLaughlin, Acting Director of Community Services has a daughter who attends Play for All Afterschool Group based in Rosario Youth Club in Belfast.

During the year, the Agency's External Funding panel awarded a grant of £3,750 to Rosario Youth Club for the purpose of re-decorating part of its premises.

Grainne Keane, Assistant Director of Community Services is married to John Keane who is employed by Glenmona Resource Centre.

During the year, the Agency paid £10,400 (2009-2010, £10,100) to the Glenmona Resource Centre for the rental of premises for one of YJA's West Belfast Community Services offices.

Cathy Heaney, Head of Human Resources, is a member of the fund raising committee of the charitable organisation, The Amy Biel Foundation, along with Mr Eric Jenkinson, who owns Jenkinson Consulting.

During the year the Agency paid £23,329 (2009-2010, £53,109) to Jenkinson Consulting for training and consultancy services provided to the Agency.

Shane Logan, Non-Executive Director, has a brother who is employed as a residential care worker at Woodlands JJC.

The appointment in a previous financial year was a result of an open recruitment competition in which Shane Logan was not involved.

21. Third-Party Assets

Youth Conference Compensation - where a youth conference plan requires a young person to compensate a victim, the money is collected by the Agency and held in a separate bank account until it is paid over to the victim.

Young Persons Cash - The young people in custody have a private cash facility for the lodgement of their pocket money and for funding tuck-shop purchases. When the young people are discharged they are paid in full the balance on their account in cash.

	31 March 2010 £'000	Gross In-flows £'000	Gross Out-flows £'000	31 March 2011 £'000
Monetary Assets Such as Bank Balances	7	62	63	6

22. Prior Year Adjustments

On instruction from DFP and as amended in the 2010-2011 FReM, a charge reflecting the notional cost of capital utilised by the Agency is no longer included in operating costs. The charge for the 2009-2010 financial year was £341k.

In addition, £2,125k of a land & buildings impairment charge previously disclosed separately under exceptional costs has been reclassified and is now disclosed under Programme Costs.

These changes are reflected in the comparative amounts for 2009-2010 and have been treated as a prior year adjustment in line with IAS 8. Prior year comparative figures (see Note 4) have been restated accordingly. The impact on Operating Costs and on Opening Reserves is shown below.

Impact of Prior Year Adjustment on Operating Costs Disclosed in Statement of Comprehensive Net Expenditure

	£'000	£'000
Programme Costs		
Income		(156)
Staff Costs		13,685
Programme Costs (as disclosed in the 2009-2010 financial statements)	7,834	
<u>add</u> 2010-2011 Prior Year Adjustment re Exceptional Costs	2,125	
<u>less</u> 2010-2011 Prior Year Adjustment re Notional Cost of Capital	(341)	
Programme Costs (restated 2009-2010 comparative disclosed in these financial statements)		9,618
Net Operating Cost (restated)		23,147

Impact of Prior Year Adjustment on Opening Reserves Disclosed in Statement of Changes in Taxpayers' Equity

	£'000	£'000
General Fund Balance at 31 March 2010		7,599
2010-2011 Prior Year Adjustment to 2009-2010 Net Operating Cost re Exceptional Costs	-	
<u>add</u> 2010-2011 Prior Year Adjustment to 2009-2010 Net Operating Cost re Notional Cost of Capital Charge	341	
<u>less</u> 2010-2011 Prior Year Adjustment to 2009-2010 General Fund re Notional Cost of Capital Charge	(341)	
Net 2010-2011 Prior Year Adjustment to General Fund		-
Restated General Fund Balance at 1 April 2010		7,599

23. Events After The Reporting Period

After the reporting period, on 17 May 2011, the Agency was informed through its actuary that during its 2010 valuation exercise, the Northern Ireland Local Government Officers' Superannuation Committee had assigned to the Agency, a substantial number of pensioners previously assigned to two other public bodies (the Lisnevin Management Board and Rathgael & Whiteabbey schools) which pre-dated the establishment of the Agency.

The Agency has challenged this action by NILGOSC which was taken without any consultation and is in currently taking legal advice in conjunction with DoJ on its position with regard to these pensioners. If the liabilities of these pensioners were accepted this would have the effect of increasing the pension liabilities in these accounts by approximately £1.1m. However, at the date of the signing of these accounts by the Chief Executive, there was not sufficient, reliable evidence to include the additional liabilities within the financial statements. Accordingly this matter has caused these financial statements to be qualified by the C&AG.

24. Date Authorised for Issue

The Accounting Officer authorised these financial statements for issue on the same date as they were certified by the Comptroller and Auditor General.

Report of the Comptroller and Auditor General

Introduction

1. The Youth Justice Agency of Northern Ireland (YJANI) was formed on 1 April 2003 to take on a range of responsibilities previously undertaken by Juvenile Justice Board, and to introduce a Youth Conferencing Service. It was formerly an Executive Agency of the Northern Ireland Office, and following devolution of policing and justice functions on 12 April 2010 became an Executive Agency of the Department of Justice.

Purpose of the Report

2. Audit responsibilities for devolved policing and justice functions have also transferred and I was appointed as auditor of the YJANI under the Government Resources and Accounts Act (Northern Ireland) 2001 for the 2010-2011 financial statements onwards.
3. The purpose of this report is to explain the background to my qualification of the YJANI financial statements for the year ended 31 March 2011. I have qualified my opinion on these financial statements because it is unclear whether the pension deficit relating to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) has been correctly reflected in the financial statements.

Background

4. Under International Accounting Standard (IAS) 19 financial statements are required to reflect the share of net pension surpluses or deficits which can be attributed to them by multi employer schemes such as NILGOSC. The value of the pension deficit of £2.4 million reflected in YJANI's Statement of Financial Position is based on information provided by NILGOSC on the number of pensioners, deferred and active members attributed in previous years to YJANI for IAS 19 purposes, adjusted for normal membership movements up to 31 March 2011. However I note that recent information indicates that approximately 290 additional pensioners and deferred members had not been included within the information passed by NILGOSC to YJANI's Actuary in previous years. The pension liabilities for these additional pensioners and deferred members have not been reflected in the 2010-2011 YJANI financial statements.
5. The additional pensioners and deferred members were former employees of the Lisnevin Management Board and the Rathgael & Whiteabbey Training Schools. These establishments were disbanded before the formation of YJANI and these individuals had never been employed by YJANI.

Qualification

6. YJANI told me that it does not currently accept the liability for these additional pensioners because legal advice on the Agency's position and a detailed analysis of the pensioner information is required to determine where these pension liabilities should lie. It therefore has not included the pension liability of £1.13 million, an associated reduction in net operating cost of £0.68 million or an actuarial gain of £0.69 million in respect of these individuals within its 2010-2011 financial statements. In addition, associated adjustments to the 2009-2010 comparatives for net expenditure and pension liabilities have not been made within the financial statements. Since it is still investigating this issue YJANI has not been able to provide me with sufficient and appropriate audit evidence to support its accounting treatment. There is therefore no clarity as to whether or not all or a portion of the deficit relating to the additional pensioners and deferred members rests with YJANI.
7. I have qualified my audit opinion on the YJANI financial statements due to the adjustments which may have been necessary had I been able to obtain sufficient and appropriate audit evidence concerning the extent of the Agency's pension liabilities and the resulting impact on the Statement of Comprehensive Expenditure.
8. I note from the Statement on Internal Control that the Agency continues to work with NILGOSC and Department of Justice to clarify the extent of its pension obligations. Once this issue has been resolved adjustments may be required in the 2011-2012 financial statements.



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30 June 2011

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