

OPEN

## **Children and Families Committee**

**29 April 2024**

### **Youth Justice Service Hosted Model Proposal**

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#### **Report of: Deborah Woodcock – Executive Director childrens services**

**Report Reference No: CF/52/23-24**

**Ward(s) Affected: All**

#### **Purpose of Report**

- 1 This report requests that the children and families committee approve a move from the current shared service arrangement for the management and delivery of youth justice services to a model whereby Cheshire West and Chester Council (CWAC) 'host' Cheshire Youth Justice Services (YJS) on behalf of the statutory pan-Cheshire Youth Justice Partnership. It is proposed this new agreement will be in place from 1 April 2025.

#### **Executive Summary**

- 2 The Cheshire Youth Justice Service is the statutory multi-disciplinary service (required by S39 of the Crime and Disorder Act 1998) established to provide youth justice services across the Cheshire, Halton and Warrington sub-region. The four partner local authorities are:
  - Cheshire East Council
  - Cheshire West and Chester Council
  - Halton Borough Council
  - Warrington Borough Council
- 3 The budget associated with this service is just over £3 million per annum, which includes a national grant of £1.24 million from the Youth Justice Board (YJB) and contributions from other statutory partners: Cheshire Constabulary, the Probation Service and Cheshire and Merseyside Integrated Care system. The four local authority

contributions are currently a complicated contribution of cash and 'in-kind' contributions.

- 4 It is proposed to simplify the current arrangements and move to a model whereby CWAC hosts the Cheshire YJS. This agreement will need to be ratified in each of the local authorities, through their individual governance processes. To date Cheshire West and Chester, Warrington and Halton have approved the proposal.
- 5 A host service would provide all the back-office functions (HR, finance, payroll, legal, commissioning and IT) and the other three local authorities would contribute an agreed sum for these services and the delivery of statutory youth justice services in their area. If a hosted model is approved, the report also requires a consensus decision (pan-Cheshire) on a transparent and sustainable funding formula for the provision of youth justice services across Cheshire.
- 6 To be clear this proposal is intended to simplify the current pan-Cheshire shared service arrangements for Youth Justice, it is not about delivering cash savings. Considerable recurrent savings (avoided costs through economies of scale) have been achieved by CEC since entering into the merger of Youth Justice Services pan-Cheshire in 2016. Appendix 2 provides comparison between CEC spend on Youth Justice with other local authorities which absorb the cost of delivering Youth Justice Services alone. The financial efficiencies of delivering the service pan-Cheshire are clear and are already established and what is required is a simpler, more transparent and sustainable hosted model.

## RECOMMENDATIONS

To seek committee approval to:

1. Agree that Cheshire West and Chester Council will host Cheshire YJS on behalf of all four councils and other statutory partners.
2. Approve the transfer under Transfer of Undertakings (Protection of Employees) Regulations 2006 ('TUPE') of staff from Cheshire East into Cheshire West and Chester Council effective from 1 April 2025.
3. Delegate authority to the Executive Director of Children and Families to take all steps necessary to implement the recommendations set out above, including producing an agreed memorandum of understanding which clarifies the legal and review arrangements.
4. Delegate authority to the Chief Executives, in consultation with the Section 151 Officer and Executive Directors for Children and Families across the pan-Cheshire footprint to agree the final funding formula as

set out in tables 5a and 5b of Appendix 4 and that it be included in the 2025/26 MTFS.

## Background

- 7 The current shared service arrangements for the provision of Cheshire YJS have evolved over two decades and been through a number of iterations as councils have separated and service functions have merged. Appendix 1 outlines a timeline.
- 8 Appendix 1 also contains the narrative to explain the drivers for how the two original Youth Offending teams in the sub-region evolved over time into the current pan-Cheshire shared service arrangement. The timeline details the complexity of the partnership and how it has evolved in a piecemeal way.
- 9 Service delivery to children, families and victims of youth crime has remained strong but as local authority ICT systems have been upgraded and security compliance has been necessarily tightened, it has become operationally challenging and cumbersome for staff at all levels of YJS. HR/personnel, procurement/finance and other 'back-office' systems have been updated in recent years and staff working in a multi-authority shared service must navigate increasingly complex 'workarounds' to perform basic tasks, such as room bookings and printing. Moving to a single local authority host will mean the service has 'a home' and will be more efficient.
- 10 The current staffing, finance, ICT and legal arrangements are very complex. YJS itself is not an employer, therefore it is ostensibly hosting staff employed by 11 different employers. Alongside local authority employed staff, there are police and probation officers, NHS staff and a number of specialist substance misuse and speech and language therapists "co-located" within the service. YJS has a very modest 'back-office' infrastructure in place and relies on variable 'in-kind' support from each council's HR, finance, legal and ICT teams. It means staff working in YJS must access different HR/personnel systems because they are designated as 'external' or 'partners' even though they are delivering essential statutory children's services in four local authorities.
- 11 This 'in-kind' support from local authorities has also evolved over time, and despite the best efforts of the Management Board and finance colleagues in different councils, it has proved very difficult to arrive at a transparent funding formula for the various 'in-kind' services. ICT costs in particular have risen significantly because of essential licensing upgrades and remains a significant unresolved risk to the partnership.

- 12 Notwithstanding these infrastructure and system challenges, the economies of scale achieved through the mergers detailed in Appendix 1 have delivered considerable recurrent financial savings (or at least avoided considerable costs) to all four councils over many years. Appendix 2 compares the financial contributions made to youth justice services of the four Cheshire authorities with other local authorities in the region and elsewhere. It is very apparent when comparing Cheshire YJS' shared service with most other youth justice services, that the incremental merging of service delivery across the sub-region has resulted in savings, year on year, to all four Cheshire local authorities. YJS has a shared case management system and Management Team whereas other local authorities must meet the costs of these, other necessary functions and inflationary pressures alone.
- 13 YJS is a very lean service spanning over 1,000 square miles and a population of 1.1 million. Performance is good on national key performance indicators, with low first-time entrants to the youth justice system and low use of youth custody, in particular. In the most recent full, joint inspection (i.e. one involving inspectors from HMI Probation, Care Quality Commission, Ofsted and HMICFRS), the service was rated as Good with several outstanding features. The proposal to move to a hosted model is therefore coming from a position of strength and intended to sustain the success.
- 14 There are considerable challenges inherent in operating a multi-authority shared service that is not 'anchored' in a single local authority and these have become more apparent because of a change in the way that Microsoft charges users to use their products and the transition to Microsoft Teams. Staff working in YJS are using ICT kit supplied by Halton Borough Council (an arrangement agreed in 2000) and until 2022, the costs were modest enough to be borne alone by Halton as their 'in-kind' contribution to the partnership. However, changes from site to individual user licensing, the shift to Microsoft Teams and the need to be security compliant has seen a significant increase in the cost of supporting 86 staff and this now totals c£250k per annum.
- 15 The pan-Cheshire YJS Management Board decided to utilise reserves in the shared YJS budget to meet the costs of ICT in 2023-24 and again in 2024-25. The reserves have accumulated primarily because of vacancies, therefore a long-term sustainable solution for meeting the full costs of delivering statutory youth justice services across the whole of Cheshire is urgently required. A single local authority fully hosted service is the recommended model.
- 16 YJS performs critical statutory safeguarding and public protection duties and is designated in statutory guidance as a "duty to cooperate agency" in a whole range of statutory partnerships: MAPPA, Serious Violence

Duty, Combatting Drugs Partnerships and of course Children's Safeguarding Partnerships.

- 17 There have been two separate reviews into the governance and financing of YJS in recent years: a zero-based review commissioned by Cheshire West and Chester Council, undertaken in 2018 and then a review for the Cheshire sub-region in 2021. Both reviews noted the complexity of the partnership arrangement and suggested the possibility of a 'lead' commissioning or host authority. Both reviews also noted there was some inherent fragility in terms of financial sustainability of the youth justice partnership.
- 18 The sudden increase in ICT costs outlined above is a tangible example of this fragility and it is only the accumulation of reserves due to delays in recruitment, that has enabled this increase to be absorbed (and only up until March 2025).
- 19 The respective local authority cash contributions to the shared service (set out in Tables 1-4 in Appendix 3) were agreed by Directors of Children's Services and their respective finance leads after a series of meetings that followed the Zero-Based Review. In the absence of any other sub-regional 'fair funding formula' for shared services across the Cheshire local authorities, this percentage split remains the current best-fit option in terms of each authority's contribution towards meeting the running costs of youth justice in Cheshire.
- 20 An alternative funding formula based on caseload analysis was explored in 2022 but there are several problems with using purely caseload volume. There is significant fluctuation in demand year on year, and individual 'cases' vary considerably in terms of the resource allocation (both human and financial) that is required. The Youth Justice Service statutory responsibilities to victims, courts and communities are not counted in caseload analysis. Furthermore, the management and support functions are all pan-Cheshire by design and activity cannot be disaggregated to place in a meaningful way. Any funding formula based on caseload averages would need to be reviewed (every 2-3 years) and volume fluctuation in previous years suggests local authority contributions would then need revising considerably. The Directors of Childrens' Service group ruled this option out as being unworkable.

## **Overview of the Current Agreement**

- 21 Table 1 at Appendix 3 shows total cash income and source of income for YJS in 2023-24 with the local authority amounts adjusted to include the 2023 pay award. The YJB, (part of the Ministry of Justice [MOJ]), is the single biggest cash contributor to Cheshire YJS. The only partners/agencies that are legally mandated by the 1998 Crime and

Disorder Act, to contribute cash and/or staff to the service are: local authorities, the Probation Service, Health and Police.

- 22 The Probation Service contribution to Cheshire YJS is calculated through their national funding formula and includes both a small cash contribution toward management costs and 'in-kind' contribution in the form of three fully seconded Probation staff.
- 23 The Health contribution has evolved over time with the changes in the health commissioning landscape but is also primarily an 'in-kind' contribution of nine specialist health staff who are fully seconded or 'co-located' within the service (local arrangements vary slightly across Cheshire because of different health providers). There is also a small cash contribution from Health which is a legacy from when Halton and Warrington Youth Offending Team was formed and has rolled over from Clinical Commissioning Groups to Integrated Care Boards.
- 24 Cheshire Police's contribution is entirely 'in-kind' and comes by way of three fully seconded police officers. The Police and Crime Commissioner also provides a grant to YJS, which is a contribution toward delivering Victim and Restorative Justice Services but also a contribution toward the point of arrest 'Divert' scheme that YJS deliver. There is a legal requirement for local police forces and youth justice services to have joint decision-making processes for youth out of court disposals and in Cheshire the Divert scheme is the means of meeting this statutory requirement.
- 25 Table 2 at Appendix 3 shows the balanced budget for YJS for 2023-24, excluding the c£250,000 Halton ICT costs. These were incurred due to the Microsoft user licensing issue and this additional significant cost was not budgeted. The Management Board has agreed to meet Halton's ICT cost from YJS reserves until March 2025. Note the cost of providing ICT beyond March 2025 is not budgeted for so if the hosted model does not proceed Local authorities would need to meet the cost of ICT anyway (ICT cost is forecasted by Halton Council to be c£300k from April 2025 and could no longer be absorbed by YJS reserves in the way it has for the years 2023-24 and 2024-25). See section 14 for explanation of risk in not moving to a hosted model.
- 26 Table 3 in Appendix 3 shows the current financial and 'in-kind' contributions from each local authority (2023-24 inclusive of pay award). These figures were arrived at following an extensive series of meetings between local authority finance leads. They remain imperfect because it is impossible to attribute exact costs to a shared service that has evolved so much over two decades. Nevertheless, they represent the closest the partnership has ever come to putting a financial value to each local authority's 'in-kind' contribution. These include premises, HR

support and two seconded education specialists. These secondments relate to one employee from Halton and one from Cheshire East and are a consequence of historical legacy arrangements that pre-date the service merger.

### **Scoping of the Hosted Service model**

- 27 On behalf of the Youth Justice partnership, Cheshire West and Cheshire Council have undertaken a feasibility and scoping project in recent months to provide indicative costings for hosting Cheshire YJS. This has involved scoping the cost of transferring ICT from Halton to Cheshire ICT, which necessitates additional build and set-up costs in Year 1 before reducing in Year 2. Various other transactional and legal services have been costed and essentially bundled together to calculate a 'Management Fee' outlined in Table 4. This management fee would be shared across the four local authorities and would essentially replace the current 'in-kind' contributions from each local authority (outlined in Table 3).
- 28 It is essential that YJS continue to work in close partnership with children, families and other professionals in their own local community. This model assumes that Cheshire East, Halton and Warrington will continue to ensure Cheshire YJS staff can work from the council premises currently provided in Crewe, Widnes and Warrington and can also utilise community delivery spaces (e.g. family hubs, youth and community centres).

### **Local Authority contributions to a hosted YJS**

- 29 Tables 6a and 7b in Appendix 4 outline Year 1 and Year 2 costs to each local authority of operating under a hosted model. Costs are calculated using the current percentage formula of local authority contributions which came from the comprehensive activity-based costings exercise and organisational 'Zero Based Review' exercise. The higher Year 1 management fee reflects the cost of transferring ICT from Halton to Cheshire and the onboarding costs associated with transferring employees into Cheshire West and Chester Council. Note YJS reserves can be utilised to meet some of the difference between the Year 1 and Year 2 management fee. This means the move to a hosted model would not require additional investment from local authorities beyond what is essential anyway from April 2025 to meet the cost of ICT.

### **Other Options Considered**

- 30 There is an option to do nothing. Retaining the current arrangements do not support the provision of a high-quality efficient service and the risks associated with this are set out above. Do-nothing will also incur additional costs from April 2025 anyway because there would still be

c£300k charges that would need to be shared by all four authorities according to their percentage splits (see section 10) Therefore, this option is not recommended.

- 31 There is an option to dissolve the pan-Cheshire approach and move to a single authority YJS in each of the four local authorities of Cheshire West and Chester Council, Cheshire East Council, Halton Borough Council and Warrington Borough Council. However, this would be significantly more costly than the recommended route set out in this report and is not recommended.

## **Consultation and Engagement**

- 32 The pan-Cheshire YJS is governed by a Youth Justice Board with representation from all partner local authorities, the Integrated Care Board and police. Hosting arrangements have been considered and discussed at length and the Board have ratified this approach.
- 33 Should the council progress with the proposed hosted arrangements, formal staff consultation will take place, working alongside trade unions.

## **Implications and Comments**

### *Monitoring Officer/Legal*

- 34 Local authorities have a statutory duty to provide a Youth Justice Service, with the Crime and Disorder Act 1998 setting out the minimum statutory requirements for such. Section 39 (1) of the Crime and Disorder Act 1998 requires the co-operation of the named statutory partners to form a Youth Justice System, the statutory partners being, the local authority, the police, probation and health services. There is clear guidance from the “Standards for Children in the Youth Justice System 2019” set by the Secretary of State for Justice, which assist in guiding strategic and operational services’ understanding of expectations through the Youth Justice System. By providing the youth justice services under the Crime and Disorder Act, the local authority, together with its partners, also addresses its duty under paragraph 7(b) of Schedule 2 of the Children Act 1989, to take reasonable steps to encourage children within the area not to commit offences and requires local authorities to prevent children from offending and to promote their welfare.
- 35 S113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another authority to place its officers at the disposal of the other authority subject to consultation with the staff concerned and negotiation about any changes to terms and conditions.

- 36 S1 of the Local Authorities (goods and Services Act) 1970 enables a local authority to enter into an agreement to provide another authority with goods and services, including administrative, professional or technical services.
- 37 The obligations and responsibilities of the partner local authorities shall be documented by an Inter-Authority Agreement. Council legal officers will work with colleagues from partners and external agencies to agree the final form of the Agreement, along with contracting methodology to secure the services and contributions and ensure the arrangement is well maintained throughout the Agreement period.
- 38 Employment law implications apply in relation to the proposed hosted model. If a decision is made to approve the move from a shared service arrangement to a 'hosted' model at Cheshire West and Chester Council, TUPE may apply in law to transfer the employment of any Cheshire East staff assigned and essentially dedicated to the current YJS arrangement to CWAC. Staff should transfer on their existing terms and conditions which are protected by TUPE. TUPE imposes strict legal obligations including information and consultation requirements to be carried out in good time before any proposed transfer to avoid claims for failure to consult. Trade Union engagement will be required for the consultation. Further legal input will be required to draft appropriate commercial TUPE provisions and protection in the final agreement for the hosted model.

#### *Section 151 Officer/Finance*

- 39 The current contributions by Cheshire East Council are made up of a contribution to the central YJS as well as in-kind contributions. The in-kind contributions are made up of overheads such as Premises, ICT, HR, Payroll, Finance, Transactional services and a Children's Substance Misuse Worker.
- 40 The budget held by childrens services for the YJS contribution from 2024/25 onwards is £417k. This reflects an approved budget increase in the 2024/25 MTFS of £45k. The budgets for in-kind contributions are part of the wider corporate services and a Substance Misuse Worker within children's services.
- 41 Although the budget for the YJS is £417k, the actual costs of the contributions that CEC makes are in excess of this figure. The contribution for 2023/24 was £445k, and the contribution under the existing model for 2024/25 is expected to be in the region of £462k.
- 42 If the existing service model was to be retained then the anticipated cost for 2025/26 would be around £480k plus CEC's 28% share of the

additional expected £300k of ICT pressures which would be £84k. This would result in an estimated total “do nothing” cost of £564k in 2025/26.

- 43 The table below shows the financial impact of the proposed contributions compared to the current budget, both with and without the ability for the in-kind budgets to be transferred to children’s services in order to be paid to the new YJS. Work will need to be done to clarify with the support services if the in-kind budgets can be released, or if employment or contract costs will make this difficult to achieve.
- 44 The proposed contributions for year 1 (2025/26) and year 2 (2026/27) are below, with the associated budgets and MTFs changes required.

|  | <b>2025/26</b>  | <b>2026/27</b>  |
|--|-----------------|-----------------|
| YJS contribution budget - in Childrens services                    | £417,23 2       | £417,232        |
| CEC in kind budget - in wider council/corporate budgets            | £119,519        | £119,519        |
| <b>CEC proposed contribution to YJS</b>                            | <b>£585,907</b> | <b>£554,697</b> |
| Variance if in-kind budgets are released to fund contribution      | £49,156         | £17,946         |
| Variance if in-kind budgets can’t be released to fund contribution | £168,675        | £137,465        |

- 45 The above is the proposed contributions compared to the budgets currently held, as detailed in 10.4 the actual costs that CEC will need to pay regardless of this decision to move to a new delivery model are already in excess of this budget.
- 46 The estimated cost of the “do nothing” option, continuing with the existing model, will most likely result in a contribution of around £564k being required in 2025/26. So when compared to the proposed model contribution of £586k in 2025/26 this results in a much smaller variance of £22k.
- 47 If the proposals are approved, the budget variance will need to be addressed either through further MTFs increases, or through the services finding alternative efficiencies in order to be able to reallocate the additional budget required to the YJS.
- 48 Cheshire East Council also employs staff who will TUPE over to CWAC as part of the new arrangements, but these staff are already fully funded by the YJS through recharges, so will have nil impact on CEC budgets.

*Policy*

- 49 This proposal will support the council’s priorities as set out below.

| <b>An open and enabling organisation</b>  | <b>A council which empowers and cares about people</b>   | <b>A thriving and sustainable place</b>  |
|---|--|--|
| Ensure that there is transparency in all aspects of council decision making   | Work together with residents and partners to support people and communities to be strong and resilient                       | Welcoming, safe and clean neighbourhoods |
| Support a sustainable financial future for the council, through service development, improvement and transformation | Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation |  |

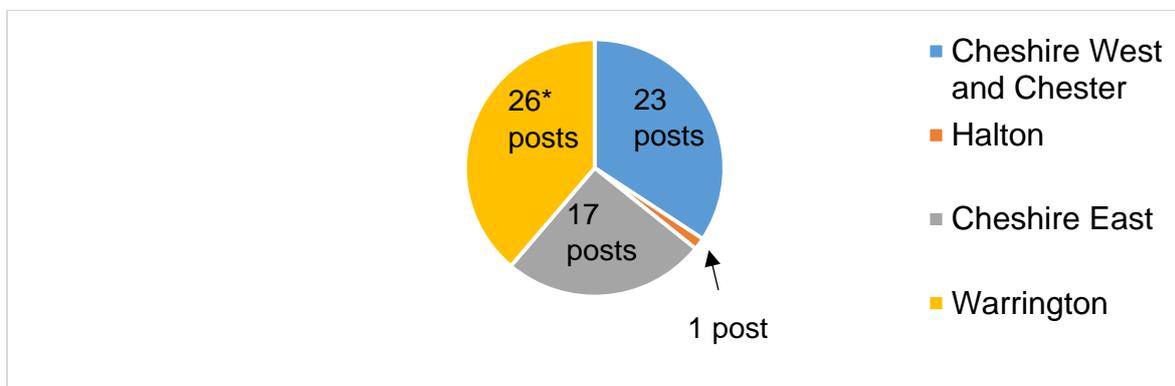
*Equality, Diversity and Inclusion*

50 There is no anticipated change to service delivery, therefore no direct implications from the proposed recommendations in this report in relation to equality, diversity and inclusion.

*Human Resources*

51 Figure 1 below shows the current breakdown of local authority employed staff working in the shared youth justice service. In addition, other statutory partners provide staff (by way of secondment agreements) in line with the obligations of the Crime and Disorder Act of 1998 . Therefore, in addition to local authority employees, there are currently 15 seconded or co-located practitioners (police, probation, NHS) and around 50 volunteers who make up YJS. Under a single local authority hosted model, only local authority staff would TUPE across to the host authority. The employers of the specialist secondees will not change, they will remain employed as police officers, probation officers and health workers.

52 Figure 1: Current breakdown of local authority employed staff in YJS



\*Warrington includes 3 MOJ grant funded posts confirmed only up until 31 March 2025

## *Risk Management*

- 53 Not progressing to a fully hosted model (and agreeing on a sustainable funding formula) would over time undermine the integrity of the organisation and compromise service delivery. It is also expected that costs would increase. There is already some fragility to back-office functions and maintaining a statutory service relies on efficient ICT and systems. The changes from councils moving to Microsoft teams has created numerous problems for YJS that ICT colleagues confirm will only really be resolved if staff are employed by the same authority that provides their ICT. If not resolved there is a risk the service is severely affected that will impact on the team's ability to deliver for children, families and victims.
- 54 The ICT costs required to deliver youth justice services across the sub-region are only being met through reserves until 31 March 2025. Reserves have been accumulated through salary underspend and if ICT is excluded, over 90% of YJS budget is spent on salaries. It is only through a combination of prudence and significant gaps in staff recruitment that the youth justice shared service has accumulated sufficient reserves and has been able to meet the increased ICT costs for 2-years running. For a function as crucial as ICT, this is not sustainable.
- 55 The instability of 'back-office' infrastructure over time will inevitably begin to impact on critical (safeguarding and public protection) services delivered to children, families and victims. The positive outcome of the 2021 inspection, a team of experienced staff with strong, well-established links with partners has shown YJS has integrity and significant organisational expertise. It is better to maintain now from a position of relative strength than to drift into a situation where the service becomes increasingly dysfunctional and statutory services are not delivered safely. The latter would seriously dent the confidence of the courts, national bodies (YJB and the MOJ) and potentially risks a reputationally damaging inadequate rating in a future inspection that would require external intervention and significant action and investment to rebuild and repair public confidence.
- 56 Ultimately, the safety of children and the public will be compromised if inefficient processes within an organisation continue to impact on staff time. This results in less time being spent with children and young people (and those harmed by children and young people).
- 57 There is a risk that some staff may not want to transfer to CWAC that could result in a loss of specialist skills/knowledge. Staff will be fully engaged in the process to ensure they are engaged.

### *Rural Communities*

58 The move to a hosted model of delivery is not expected to impact on rural communities.

### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

59 The YJS works with young offenders, who are children and young people aged between 10-18 who break the law. These include cared for children, care leavers and children with special educational needs and disabilities (SEND). The principal aim of the Youth Justice System is to prevent offending by children and young people. The proposals within this paper are aimed at improving outcomes for this group of children and young people.

### *Public Health*

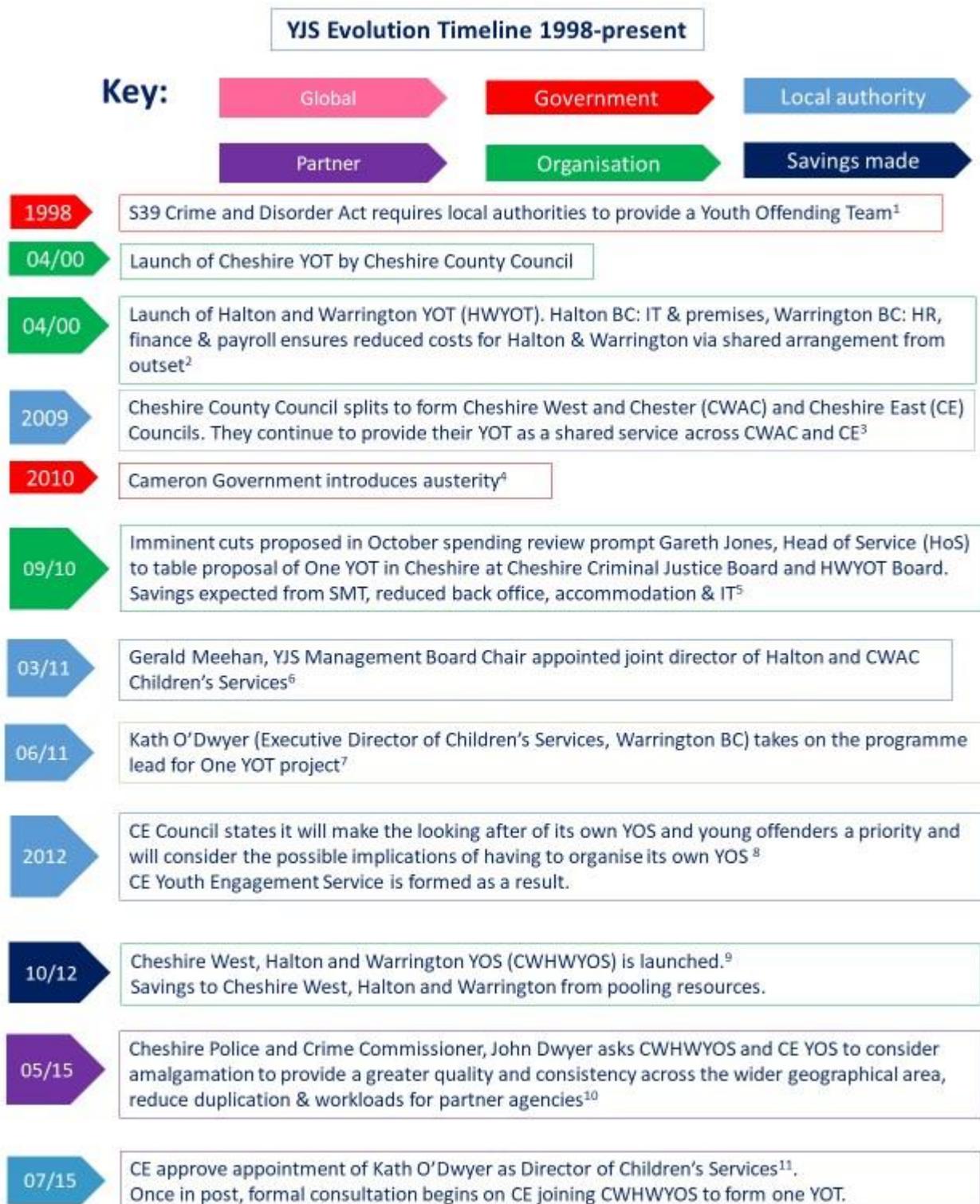
60 It is expected that the proposals within this paper will have a positive overall impact on the health and wellbeing of Cheshire East's most vulnerable children and young people who are at risk of offending behaviour.

### *Climate Change*

61 There are no climate or sustainability issues identified.

| <b>Access to Information</b> |   |
|------------------------------|---|
| Contact Officer:             | Tom Dooks – Head of Youth Justice Service<br><a href="mailto:tom.dooks@youthjusticeservices.org.uk">tom.dooks@youthjusticeservices.org.uk</a>   |
| Appendices:                  | Appendix 1 – YJS evolution timeline<br>Appendix 2 - Local authority comparative costings table<br>Appendix 3 – Financial tables<br>Appendix 4 - Year 1 and Year 2 costs to each local authority of operating under a hosted model |
| Background Papers:           | N/A   |

## Appendix 1



- 03/16 YJB requests the two YOS in Cheshire prepare for a 25% reduction equating to £250k<sup>10</sup>
- 09/16 CWHWYOS and CE YOS merge to form the current model of a pan-Cheshire One YOT, Youth Justice Services. Sharing of senior management, back office and case management system delivers significant recurrent economies of scale year on year<sup>12</sup>
- 2017 Microsoft shareholders launch Office 365 with Teams for businesses with annual subscription for licenses<sup>13</sup>
- 2018 Zero Based Review authored by Jennie Keeley (CWAC) confirmed shared service arrangement had not impacted negatively on service delivery and proposed reserves should be proportioned according to percentage formula<sup>14</sup>
- 03/20 Global Covid 19 pandemic prompts increased reliance on virtual working, ICT and teleconferencing
- 03/21 Finance Review by Sonia Bassey (CE) recommends Senior Management Staffing review and confirms YJS is functioning well and confirms funding formula CE 28% CW 29% Halton 20% and Warrington 23%<sup>15</sup>
- 12/21 Full Joint Inspection by HMIP rates YJS as **Good with outstanding features**<sup>16</sup>
- 12/21 Halton IT flag up unmet cost increase in 2022/23 & in-kind contribution now out of line with other LA contributions. All government organisations require license upgrade to be security compliant. Impact significant due to costs per user and YJS total head count of approx. 90 (including all partnership staff). Gareth Jones proposes a Task and Finish Group to discuss future sustainability of YJS ICT costs<sup>17</sup>
- 04/22 YJS Senior Management Review results in voluntary redundancy of one grade 14 saving £85k pa<sup>18</sup>
- 2022 Finance Task and Finish Group initially meet in May. In November, Helen Brackenbury, YJS Board Chair requests feasibility of CWAC hosting all functions of YJS. Cheshire ICT undertake feasibility project confirming Cheshire could host YJS at similar cost to Halton but with inflated costs for year one<sup>19</sup>
- 07/23 Gareth Jones retires and Tom Dooks is appointed Head of Service.
- 10/23 Proposal for CWAC to host to go to all four local authority full council approval with proposed live date of April 2025<sup>20</sup>

### Local authority comparative costings table

| Local Authority                                      | Total Population | LA financial contribution | YJB grant         |
|--|------------------|---------------------------|-------------------|
| Cheshire East  | 398,800          | £427,869                  |                   |
| Cheshire West  | 357,200          | £443,149                  |                   |
| Halton   | 128,200          | £305,621                  |                   |
| Warrington   | 210,900          | £351,464                  |                   |
| <b>Total</b>   | <b>1,095,100</b> | <b>£1,528,103</b>         | <b>£1,248,480</b> |
| <b>Neighbouring Boroughs</b>                         |                  |                           |                   |
| Knowsley   | 154,500          | £807,436                  | £437,760          |
| St Helens  | 183,200          | £428,693                  | £419,883          |
| Salford  | 269,900          | £665,684                  | £561,945          |
| Stockport  | 294,800          | £628,594                  | £488,499          |
| Wirral   | 320,200          | £1,151,300                | £643,156          |
| Derbyshire   | 802,694          | £1,046,841                | £844,109          |
| Sefton   | 279,300          | £1,218,123                | £375,752          |
| Blackpool  | 140,000          | £526,487                  | £446,914          |
| <b>Similar size or demography county council YOS</b> |                  |                           |                   |
| Hertfordshire  | 1,200,00         | £2,331,817                | £873,882          |
| North Northampton                                    | 753,278          | £1,563,205                | 705,433           |
| Dorset   | 400,000          | £1,070,500                | £659,239          |
| Buckinghamshire                                      | 551,560          | £759,668                  | £454,838          |
| Milton Keynes  | 287,000          | £691,180                  | £297,803          |
| Southampton  | 249,000          | £530,646                  | £237,782          |
| Portsmouth   | 208,100          | £526,900                  | £263,700          |
| Nottinghamshire                                      | 824,800          | £857,547                  | £1,030,844        |
| Leicestershire and Rutland                           | 712,300          | £1,429,382                | £459,804          |

## Financial Tables

Table 1: Total cash income and source of income for YJS in 2023-24

| <b>Income</b>                             |                   |  |
|---|-------------------|--|
| Youth Justice Board                       | £1,248,480        | 4.5% increase confirmed in August 2023   |
| Cheshire West & Chester Council           | £465,307          | 29% of local authority funding   |
| Cheshire East Council                     | £449,262          | 28% of local authority funding   |
| Halton Borough Council                    | £320,902          | 20% of local authority funding   |
| Warrington Borough Council                | £369,037          | 23% of local authority funding   |
| WBC SLAs & Recharges                      | £90,238           | No change  |
| Police Crime Commissioner                 | £198,116          | No change (grant to cover services to victims & contribution to Divert scheme) |
| Probation Management Fee                  | £10,000           | No change  |
| NHS Cheshire & Merseyside ICB Halton      | £8,250            | No change (historical cash contribution from Halton CCG)                       |
| NHS Cheshire & Merseyside ICB Warrington  | £12,344           | No change (historical cash contribution from Warrington CCG)                   |
| Probation Service (0.1 Probation Officer) | £4,700            | Difference between allocated POs (2.1 FTE) & actual POs (2.0 FTE)              |
| CTG Finance Administration                | £2,500            | No change  |
| <b>Total</b>                              | <b>£3,179,136</b> |  |

Table 2: YJS Budget and expenditure for 2023-24

| <b>Expenditure</b>  | <b>Budget (£)</b> |
|---|-------------------|
| WBC Staffing Costs  | 1,128,792         |
| CWAC Staffing Costs   | 1,009,772         |
| CE Staffing Costs   | 748,509           |
| Standby Payments  | 1,200             |
| DBS Checks  | 400               |
| Training  | 12,000            |
| Employee Expenses   | 1,500             |
| Recharge - Staff Insurance  | 7,630             |
| Rent of Premises  | 5,000             |
| Travelling Allowance  | 6,000             |
| Car Allowances  | 50,000            |
| Equipment   | 1,500             |
| Furniture & Fittings  | 500               |
| Cleaning Materials  | 300               |
| Sundries (Catering)   | 3,000             |
| Stationery  | 1,500             |
| Consultancy & Professional Services (CANW AA scheme)                                  | 8,000             |
| Fees  | 1,000             |
| Postages  | 5,000             |
| ICT Equipment Purchase/Maintenance (funded from reserves)                             | 5,000             |
| ICT Line Rental (recharge from HBC for iPhone use)                                    | 15,000            |
| Computer Software – Maintenance (CACI hosting £24,261, Year 1 implementation £27,164) | 51,425            |
| Language Line (Translators/Interpreters)  | 3,800             |

|   |                  |
|---|------------------|
| Car Parking   | 1,000            |
| Volunteers Travel Expenses                            | 2,000            |
| Subscriptions   | 1,000            |
| Hospitality   | 1,000            |
| Campaigns, Projects & Events (Data analytics project) | 20,000           |
| Accommodation Allowance                               | 500              |
| SLA Accountancy                                       | 15,542           |
| SLA Debtors   | 374              |
| SLA ICT   | 50,030           |
| SLA HR Advisory                                       | 8,114            |
| SLA Employee Services                                 | 4,811            |
| SLA Communications                                    | 1,309            |
| SLA Learning & Development                            | 1,155            |
| SLA Exchequer Services                                | 984              |
| SLA Central Procurement                               | 289              |
| Print Section   | 1,000            |
| Lone Working System                                   | 3,200            |
| <b>Total</b>  | <b>3,179,136</b> |

Table 3: Current local authority financial and 'in-kind' contributions

| <b>As Is Model</b>                              | <b>Total</b>      | <b>Cheshire West and Chester Council</b> | <b>Cheshire East Council</b> | <b>Halton Borough Council</b> | <b>Warrington Borough Council</b> |
|---|-------------------|--|------------------------------|-------------------------------|-----------------------------------|
| Current % Share                                 | 100%              | <b>29%</b>                               | <b>28%</b>                   | <b>20%</b>                    | <b>23%</b>                        |
| YJS Partnership Budget (23-24 incl. Pay Award)  | £1,604,508        | £465,307                                 | £449,262                     | £320,902                      | £369,037                          |
| In-kind Contributions (22-23 incl. Secondments) | £697,559          | £111,043                                 | £119,559                     | £348,696*                     | £118,261                          |
| <b>Total As-Is</b>                              | <b>£2,302,067</b> | <b>£576,350</b>                          | <b>£568,821</b>              | <b>£669,598</b>               | <b>£487,298</b>                   |

\*Includes c£250,000 ICT cost for Halton for hosting YJS

Table 4: Breakdown of management fee for hosted arrangement

| <b>Management Fee</b>                                    | <b>Total Yr1</b> | <b>Total Yr2</b> |
|--|------------------|------------------|
| ICT Service  | £319,725         | £203,769         |
| Payroll & HR Service (59.46 FTE x £750)                  | £44,595          | £44,595          |
| Perm HR capacity required (1 day per month G11)          | £2,961           | £2,961           |
| Temp HR capacity required (2 day per month G11)          | £5,922           | -                |
| Accountancy, revenue & banking services*                 | tbc              | tbc              |
| Communications support (2 day per month G9)              | £4,394           | £4,394           |
| Perm legal support (1 day per month G11)                 | £2,961           | £2,961           |
| Temp legal support (6 months 2 days per week)            | £2,961           | -                |
| Insight and intelligence (1 x G8 + 3 days per month G10) | £51,928          | £51,928          |
| Commissioning support (2 days per month G12)             | £13,693          | £13,693          |
| <b>Total Management Fee Required</b>                     | <b>£449,141</b>  | <b>£324,301</b>  |

\*Accountancy, banking and revenue service costs are still to be calculated but will not be significant.

## Appendix 4

### Year 1 and Year 2 costs to each local authority of operating under a hosted model

Table 5a: Year 1 Current % Contribution

| <b>Year 1 Option 1:<br/>Current Contribution</b> | <b>Total</b>      | <b>Cheshire<br/>West &amp;<br/>Chester</b> | <b>Cheshire<br/>East<br/>Council</b> | <b>Halton<br/>Borough<br/>Council</b> | <b>Warrington<br/>Borough<br/>Council</b> |
|--|-------------------|--|--------------------------------------|---------------------------------------|---|
| Current % share                                  | 100%              | 29%  | 28%                                  | 20%                                   | 23%                                       |
| YJS Partnership Budget (23/24)                   | £1,604,508        | £465,307                                   | £449,262                             | £320,902                              | £369,037                                  |
| Seconded arrangements                            | £86,997           | £25,229                                    | £24,359                              | £17,399                               | £20,009                                   |
| Management Fee                                   | £449,141          | £112,285                                   | £112,285                             | £112,285                              | £112,285                                  |
| <b>Total Option 1</b>                            | <b>£2,140,646</b> | <b>£602,822</b>                            | <b>£585,907</b>                      | <b>£450,586</b>                       | <b>£501,331</b>                           |

Table 5b: Year 2 Current % Contribution

| <b>Year 2 Option 1: Current<br/>Contribution</b> | <b>Total</b>      | <b>Cheshire<br/>West &amp;<br/>Chester</b> | <b>Cheshire<br/>East<br/>Council</b> | <b>Halton<br/>Borough<br/>Council</b> | <b>Warrington<br/>Borough<br/>Council</b> |
|--|-------------------|--|--------------------------------------|---------------------------------------|---|
| Current % share                                  | 100%              | 29%  | 28%                                  | 20%                                   | 23%                                       |
| YJS Partnership Budget (23/24)                   | £1,604,508        | £465,307                                   | £449,262                             | £320,902                              | £369,037                                  |
| Seconded arrangements                            | £86,997           | £25,229                                    | £24,359                              | £17,399                               | £20,009                                   |
| Management Fee                                   | £324,301          | £81,075                                    | £81,075                              | £81,075                               | £81,075                                   |
| <b>Total Option 1</b>                            | <b>£2,015,806</b> | <b>£571,612</b>                            | <b>£554,697</b>                      | <b>£419,376</b>                       | <b>£470,121</b>                           |