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22 August 2011

Dear Mr Drew

### **Revision of the Youth Justice Grant Funding Formula**

Thanks for your letter of 9 August and enclosures, and for the opportunity to comment on the proposals and options. Our YOS Manager and I will be completing the survey monkey questionnaire, and reflecting the views set out below as best we can within the format provided, but I thought it would also be helpful to set out some of the key points, on behalf of the Stockton-on-Tees YOS Management Board, in letter form.

1. Although the commitment to notify YOTs of allocations for 2012/13 is welcome, and represents progress compared to some recent years, we feel strongly that this is still too late, in view of the major changes involved. On all four funding options a significant number of YOTs would lose between 25% and 50% of their funding. Three months notice is insufficient to cope with this. Even at the purely mechanistic level, it is likely that this scale of cut in the capacity of a YOT, taken in conjunction with the general background of cuts in Local Authority, would generate the need for 90 day redundancy notices. In the unlikely event of an authority being able to absorb all the implications over the Christmas/New Year period and frame immediate proposals for new organisational structures, the 90 days would take out January, February and March, so that there would inevitably be an overrun of costs of current staffing levels, not to mention any redundancy costs, into the beginning of 2012/13, which would then exacerbate the impact on service delivery. This would represent a serious challenge to the proper functioning of youth justice, even before factoring in the effects of cuts in funding being experienced by the other funding partners, Police, PCTs and Probation. We appreciate that there will be little or no scope to notify YOTs of their allocations sooner, and draw the conclusion that the safest approach is to plan to introduce the new arrangements from April 2013.

Mr J Drew  
Chief Executive  
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The Government Standard

2. The proposed principles at paragraph 1.3 are eminently sensible. In relation to the issue of perverse incentives, our aim is to minimise crime and anti social behaviour by young people, not to maximise YJB funding, and we accept that the more successful we become over time, the less funding we will receive, as has already been the case for other Government funding streams. However, it seems to us that the inclusion in options 2 and 4 of a funding factor reflecting more serious offending, based on the 5-8 gravity score, is precisely the kind of perverse incentive which the principles say we should be avoiding.
3. The first bullet point on page 8 states that the figures “are based on IMD 2007, but this will be updated to the latest data available when the actual allocations are calculated for 2012/13”. DCLG published IMD 2010 data in March this year, so we do not understand why the Board has used the 4 year old version, and we would very much like to see the options remodelled on the 2010 data, which is an additional argument in favour of a less rushed approach.
4. The second bullet point on page 8 states that the overall grant for 2012/13 is not yet determined. The impact on YOTs will clearly be driven by the size of the ‘national cake’ as well as the method of slicing it. If the overall funding is reduced, then the issues outlined at point 1 above will be amplified.
5. In relation to phasing and capping, we are strongly in favour of a degree of phasing, but permanent capping does not make sense in the context of the rest of the proposals, because it would lead us to a position in which the new funding formula, whichever one is ultimately chosen, would never be implemented, and we would run indefinitely with a hybrid between the old and new formulae, which would be very difficult to reconcile with the principle of transparency.

We hope these comments are useful, and would be happy to discuss them further if that would be helpful.

Yours sincerely

Mike Batty  
Head of Community Protection/Chair of YOS Management Board