

Report



meeting SOCIAL SERVICES STANDING SELECT COMMITTEE

date 8th June 2004

agenda item number

REPORT OF THE DIRECTOR OF SOCIAL SERVICES

IMPLICATIONS OF YOUTH JUSTICE BOARD CONTRACT FOR CLAYFIELDS HOUSE, STAPLEFORD

1. Purpose of the Report

- 1.1 To inform members of the recent new contractual arrangements with the Youth Justice Board, and identify the implications for consideration in relation to the future of Clayfields House, Stapleford.

2. Information and Advice

- 2.1 The Youth Justice Board required local authorities to contract with them for the delivery of secure accommodation from 1st April 2004. This is for the provision of secure children's home places for young people remanded or sentenced to secure accommodation.

- 2.2 The Youth Justice Board issued an invitation to tender by inviting local authorities to meet core specifications. The quality criteria in the specification included consideration of:

- service delivery capability of the providing organisation
- potential to develop services in partnership with the Youth Justice Board
- contractual and commercial compliance
- affordability and value for money
- geography.

- 2.3 There are 3 levels/tiers of contract awarded to local authority facilities, namely:

Tier A: (Initial 5 year contract)

The initial selection of these secure units is based on high service levels, value for money, development potential and commitment to the Youth Justice Boards strategic/commercial and contractual requirements. Geographic consideration will not apply to this tier. This

contract can be extended for a period of up to 7 years with a review at year 2 and year 5.

Tier B: (Initial 2 year contract)

The selection of these will be based on service levels, value for money, development potential, commitment to the Youth Justice Board's strategic approach and geographic/regional location will be a key consideration in this tier. There will be potential to be eligible for providers to be granted an extension of up to a further 3 years, although this is not guaranteed.

Tier C: (offer of continued purchasing until autumn 2004)

Those secure units not ranked into tier A or B.

2.4 The Youth Justice Board reserves the right to terminate the agreement with the local authority at the contract break point if:

- (a) the demonstrated performance of a tier B contract is not good enough for them to qualify for the extension
- (b) there has been significant contractual disagreement during the first 18 months of the contract
- (c) the unit is located in an area that would not facilitate the most ongoing geographical spread of local authority secure unit places
- (d) funding constraints mean that the Youth Justice Board can no longer afford to maintain all agreements.

2.5 Specialist Provision

2.5.1 The Youth Justice Board will evaluate which secure units are able to provide specialist services over and above those set out in their generic specification that are not available in sufficient quantities elsewhere in the secure estate. These may include treatment services for young people who sexually abuse, mental health provision as well as specialist provision for female offenders.

2.5.2 Specialist provision has not been taken into account during the initial ranking phase into the 3 Tiers. However, now that rankings have been selected, they will buy additional specialist services from the secure unit that offers it at the best quality, price and the best geographical spread.

2.6 Overall Market Position: Supply and Demand

2.6.1 In the next 18 months, there is due to be an increase of 100 youth offending institution places and a gradual decrease of local authority secure placements. Eventually, local authority secure places will be geographically spread across the county and will focus on a specialism

relating to issues associated with youth offending i.e. drug misuse, mental health, learning disability.

- 2.6.2 This means that the Youth Justice Board is in a strong position to drive down the costs of placements. Similarly, excess supply of places in the system means that the Youth Justice Board has been very selective regarding which authorities they have allocated contracts to. Local authority provision is categorised according to the timescales of contracts, with some authorities receiving no guarantee of placements beyond autumn 2004.

3. Contract Negotiations

- 3.1 Clayfields House submitted a tender for a contractual arrangement for 12 out of its 18 beds.
- 3.2 The Youth Justice Board has selected Clayfields House for a Tier B contract.
- 3.3 The contract negotiations were agreed by the Youth Justice Board on 31st March 2004, and implementation was from 1st April 2004.
- 3.4 Six months prior to the 2 year break point of the contract (March 2006) the Youth Justice Board will review the performance of all Tier B contracts based on the first 18 months of performance data.

4. National Picture

- 4.1 Only 15 of the 29 secure units in England and Wales have been offered contracts with the Youth Justice Board. Of these 15, 4 have been awarded "Tier A" contracts and the remaining 11 have been offered "Tier B" contracts.
- 4.2 Of the remaining 14 secure units, 3 have already decided that they will close: Briars Hey - Lancashire, Stamford House - London, and Brunel Unit – Derby. Some of the remaining 11 secure units are considering their future viability, whilst others are going to concentrate exclusively on accommodating young people on "welfare" criteria.
- 4.3 A number of local authority secure units have chosen not to contract, or have not been offered a Tier A or B. Some of these units have decided to offer placements for young people under section 25 of the Children Act 1989, who require secure accommodation for welfare reasons. This does mean that the market for welfare beds has increased, and there is likely to be a situation where numbers of available places exceed demand.

5. Regional Picture

- 5.1 At present, there are 7 secure units in the Midlands region, and from October 2004, there will be 2 secure training centres when the Milton Keynes site opens in October 2004. A breakdown of the provision is detailed below.

Name	Location	YJB Contract	Welfare Beds	Total Beds
LASU's				
Brunel Unit	Derby	0	9	9
Lincolnshire Unit	Lincolnshire	7	2	9
Clayfields House	Nottinghamshire	12	6	18
Watling House	Staffordshire	0	12	12
Clare Lodge	Peterborough	0	16	16
Earlswood	Birmingham	0	12	12
St. John's	Northampton	0	16	16
STC's				
Rainsbrook	Northampton	80	0	80
Milton Keynes	Milton Keynes	80	0	80
Totals		179	73 – 9 due to Derby = 64	252

- 5.2 The Youth Justice Board has clearly stated its objective to reduce the numbers of young people in custody. Where custody is required, the Youth Justice Board – for financial reasons and economies of scale – has indicated that the large 40-80 bed secure training centres are their preferred providers. This is clearly established from the secure training centres being awarded 89% of the contract beds, and only 2 of the local authority secure units being awarded respectively a 7% and 4% proportion of contracted beds.

6. Implications for Clayfields House

- 6.1 Clearly, the long term future of contracting with the Youth Justice Board is uncertain. Consideration will need to be given to a number of options which will contribute to the future contractual position of Clayfields House.
- 6.2 However, it is positive that Clayfields House have secured a Tier B contract, when clearly other units have not, which is a reflection of the faith that the Youth Justice Board has in the quality of service that is provided.

- 6.3 Nevertheless, this 7% stake in the Youth Justice Board's juvenile secure estate provision in the Midlands region equates to only 66% of the total operating costs of Clayfields House secure training centre.
- 6.4 This requires that in order to break even and be a viable business, Clayfields House needs to sell 5 of the 6 available "welfare" beds to other local authorities, every night of the year.
- 6.5 Within the Midlands region, it is apparent that there is a high number of "welfare" criteria beds available, particularly as those areas who manage a secure unit are likely to place young people within their own establishments, in order to preserve their financial viabilities.
- 6.6 Equally, the demand for "welfare" criteria beds remains to a large extent unknown, due to the lack of reliable data in respect of supply and demand, caused primarily by the previous dominant use of available beds by the Youth Justice Board.
- 6.7 This current climate therefore provides for a very uncertain future as it presents a threat to the future financial viability of Clayfields House secure centre:
- the implications of the Youth Justice Board cancelling or not renewing their contract with Clayfields House
 - the implications of being unable to sell 5 of the 6 "welfare" beds every night of the year
 - Clayfields House secure centre has to operate as a full economic cost business unit which generates its own operational costs and cannot be financially supported, as it has no Departmental budget allocation.

It is proposed that a small study group be set up as a matter of urgency with a view to formulating recommendations:

- to ensure that the business remains a viable ongoing concern, which does not incur any operating costs to the Local Authority
- to ensure that service delivery and service development are compliant and progressive and either secure a further contract with the Youth Justice Board, or:
- to ensure that all future potential service opportunities are explored and their viability analysed.

- 6.8 Therefore, early discussions and decisions need to take place across all stakeholders as to the risks facing Clayfields and its longer term viability.

7. Recommendations

It is recommended that a small study group of five elected members is established to look at:

- a. the range of issues identified in paragraph 6.7 in relation to Clayfields
- b. formulate recommendations for the future, and
- c. to complete the study by June 2004.

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