



National Audit Office



Children in custody: secure training centres and secure schools

Ministry of Justice,
Her Majesty's Prison & Probation Service

REPORT

**by the Comptroller
and Auditor General**

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Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

22 April 2022

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Contents

Introduction 4

Summary 6

Part One

Children's characteristics and custody arrangements 11

Part Two

Secure training centres 19

Part Three

Progress with establishing secure schools and future plans 33

Appendix One

Our investigative approach 44

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Introduction

1 In England and Wales, children aged between 10 and 17 can be held criminally responsible for their actions. In February 2022, there were 414 children in custody. Once children are sentenced to custody, the Youth Custody Service (YCS) determines where to place them in the secure custodial estate based on each child's individual needs, the youth offending team's placement recommendation, and the accommodation available. As at April 2022, the secure custodial estate comprised three types of institution:

- secure children's homes (SCHs) that accommodate vulnerable children, typically aged 10 to 17, in small establishments with high staff-to-child ratios;
- young offender institutions (YOIs), which are bigger establishments, typically accommodating children aged 15 to 17, and are more similar in design to adult prisons. In the year ending March 2021, 73% of all children in custody were held in YOIs; and
- secure training centres (STCs) that are designed to be bigger than SCHs but smaller than YOIs. STCs typically accommodate children aged 12 to 17 who are too vulnerable for a YOI.

2 Reports in recent years indicate a deterioration in the standard of provision for children in YOIs and STCs. For example, in his 2016-17 annual report, the Chief Inspector of Prisons – who inspects STCs and YOIs – concluded that “there was not a single establishment that we inspected in England and Wales in which it was safe to hold children and young people”. Specifically, joint reports by the Office for Standards in Education, Children's Services and Skills (Ofsted), the Care Quality Commission and Her Majesty's Inspectorate of Prisons have repeatedly cited mounting concerns around the provision of care and safety of children in STCs. As at April 2022, two STCs – Medway and Rainsbrook – have closed, and the third, Oakhill, is under an improvement plan following problems identified in a critical inspection.

3 In 2016, the government-commissioned *Review of the Youth Justice System in England and Wales* recommended that the Ministry of Justice (the Ministry) create secure schools. These schools would be a new form of custodial establishment that provide enhanced educational and rehabilitation services to children in a therapeutic environment. In December 2016, the Ministry accepted the report's recommendation and set out its intention to create two new secure schools. Work is under way to create one secure school, but it has not opened yet.

4 The Ministry is accountable to Parliament for the oversight of the youth justice system in England and Wales and is responsible for commissioning youth custody services, including setting standards and provisions for managing poor performance. The Youth Custody Service (YCS) has been, since 2019, also responsible for commissioning youth custody services alongside its management of the youth estate. The YCS is part of Her Majesty's Prison & Probation Service (HMPPS), an executive agency of the Ministry. Day-to-day responsibility for the secure school programme and for the management of STCs sits within HMPPS.

5 There is significant Parliamentary and wider stakeholder interest in the levels of care and safety at STCs and progress with establishing the first secure school. This report aims to support Parliamentary scrutiny over care and safety at STCs and the Ministry's and HMPPS's progress with establishing secure schools by setting out the facts around:

- children in custody in England and Wales, including trends in custody rates and the characteristics of children in custody (Part One);
- STCs, including the escalating concerns over the quality of provision, the Ministry's and HMPPS's response and lessons learned (Part Two); and
- progress with establishing secure schools and plans for youth custody (Part Three).

6 Given the factual nature of this report, we do not conclude on value for money, and we do not evaluate:

- the factors influencing trends in youth custody, the characteristics of children in custody, or the Ministry's and HMPPS's understanding of the impact of its policies on those children;
- the value for money of HMPPS's commercial contracts to manage the STCs until their closure or to date, nor the value for money of any negotiated settlement to terminate these contracts;
- HMPPS's effectiveness at managing its commercial contracts with private sector providers managing STCs or any other institutions in the youth custodial estate; and
- HMPPS's management of the secure school programme or the value for money of its expenditure on the programme to date.

Summary

Children in the secure estate

7 Six per cent of children sentenced (673 children out of 12,217) received an immediate custodial sentence in the year ending March 2021. However, the average length of custodial sentences increased from 11 months to 17 months between March 2011 and March 2021. Of children in custody in the year ending March 2021, on average, 40% were on remand awaiting sentence, the highest level in 10 years. In that year, almost three-quarters of children remanded in custody did not receive a custodial sentence (paragraphs 1.4 to 1.7, Figure 2 and Figure 3).

8 The Ministry of Justice (the Ministry) and Her Majesty's Prison & Probation Service (HMPPS) expect the number of children in custody to more than double by September 2024, after a long-term decline. The average number of children in custody has fallen by 73% between 2010-11 and 2020-21 (from 2,040 to 560 children), reflecting the decline in the number of youth offences. Its latest demand analysis forecasts a long-term increase in the number of children in custody. It is driven by court recovery from the COVID-19 pandemic, the impact of the Police, Crime, Sentencing and Courts Bill and government's plans to recruit around 23,000 additional police officers (comprising the 20,000 announced in 2019, plus a further 3,000 following an increase in police funding). They expect children aged 15 to 17 in young offender institutions (YOIs) will double, from 343 in July 2021 to 700 in July 2025 (paragraphs 1.6 and 1.8).

9 Some groups of children are increasingly over-represented in custody. In the year ending March 2021, on average 53% of children in custody were from ethnic minority groups, compared with 32% in the year ending March 2011. Within the same period, the proportion of black children in custody increased from 18% to 29%. Boys made up 97% of all children in custody in the year ending March 2021. While the number of girls in custody is very low, they have some of the most complex needs as they are more likely to have experienced victimisation (sexual and physical) and relationship difficulties. Around one-third of children in custody report a known mental health disorder. The rate of self-harm incidents per 100 children and young people has increased by 90% among children and young people in custody between March 2015 and March 2021 (paragraph 1.9).

Secure training centres

10 Government originally contracted out secure training centre (STC) provision, but HMPPS considers that the management of the STCs has failed to meet good standards since 2017. Government established four STCs, one of which, Hassockfield STC, closed in 2015. Of the three STCs most recently operational, two were originally operated by Global Solutions Limited (GSL) and one by G4S Care and Justice Services UK Limited (G4S). In 2008, G4S acquired GSL, and so took over the two STCs previously run by GSL. The contract costs were fixed to the number of available places, but with a financial penalty if performance was not satisfactory. Government withdrew from its contract with G4S in Medway and brought the STC under the management of Her Majesty's Prison & Probation Service (HMPPS) in 2016. Rainsbrook STC was run by G4S until 2016, when MTC Novo (later MTC) took over the contract following a competitive procurement. For Rainsbrook STC, HMPPS paid annual operating costs of £13.6 million in 2020-21 (the last full year of operation), equating to a cost per place of £156,298. It considers that management of STCs failed to meet good standards after 2017, irrespective of whether they were managed through a private sector company or HMPPS (paragraphs 2.1 to 2.21, Figures 6 to 12).

11 Inspectors have persistently raised concerns over the welfare, safety and outcomes for children in STCs. In every year since 2017, the Office for Standards in Education, Children's Services and Skills (Ofsted), the Care Quality Commission and Her Majesty's Inspectorate of Prisons have rated all three STCs as 'requiring improvement to be good' or 'inadequate'. Inspectors highlighted significant failures in management and reported concerns for children's safety and welfare. Medway STC closed in March 2020, followed by Rainsbrook STC in December 2021. Oakhill STC remains open, but it too has been issued with an 'urgent notification' following a poor inspection report in October 2021 (paragraphs 2.3 to 2.6, 2.9, 2.11, 2.12, 2.15 and Figure 5).

12 HMPPS and MTC reached mutual agreement to terminate MTC's contract to manage Rainsbrook STC and HMPPS is considering the future of Oakhill STC. HMPPS determined that voluntarily terminating the contract with MTC under a mutually agreed settlement would be the most appropriate course of action. The Rainsbrook STC contract terminated in December 2021. Prior to this, HMPPS had entered into negotiations to pay MTC up to £1.8 million in settlement costs, subject to final reconciliations. It offset this against £244,098 in maintenance costs that MTC would meet. It also paid MTC £5.6 million in monthly payments while it negotiated the terms of the contract termination. This was £1.5 million less than normal monthly payments because some MTC staff were redeployed under a contract between MTC and the Home Office. No children were held at Rainsbrook during those months. A proportion of these costs may be classed as 'fruitless payments' if they did not result in any public benefit. For Oakhill STC, HMPPS has issued four 'rectification notices' because of performance issues. In November 2021, government stated it was considering the use of contractual levers and G4S's role in running the centre. In February 2022, HMPPS produced an internal paper considering the options available to it (paragraphs 2.12 and 2.16).

13 Failing conditions in STCs have meant HMPPS has moved children within the secure custodial estate, including to settings that it previously judged as less suitable. The Ministry and HMPPS acknowledge that STC failures have heightened pressures to place children in YOIs that are less suitable for children with complex needs. HMPPS's data shows that when Medway STC closed, more than one-third of the 35 children were released, around one-third were moved to a YOI, around one-quarter were moved to another STC and a small minority transferred to the adult estate as they were already – or approaching – 18 years of age. When Rainsbrook STC closed, around one-third of the 33 children were transferred to a YOI and a very small minority were transferred to equivalent provision at a secure children's home (SCH) or Oakhill STC. This was despite escalating concerns about Oakhill STC (paragraphs 2.9, 2.13 and 2.17).

Plans for youth custody and progress with establishing secure schools

14 The Ministry and HMPPS recognise that significant work is required to improve the secure custodial estate to reflect expected increased demand for places and to meet children's needs. HMPPS currently has considerable capacity to meet increased demand, with a 60% occupancy rate in its secure custodial estate. But the Ministry and HMPPS acknowledge that many establishments are outdated, too large, far away from children's families and poorly linked to community services. As at January 2022, the Ministry had developed draft proposals to improve provision and meet the expected increase in demand for custody places by 2024. The proposals centre on three activities – opening two secure schools (including piloting and evaluating the first one and securing funding for the second); improving existing provision at YOIs and STCs; and possibly re-opening Rainsbrook STC (paragraphs 1.11 and 3.5).

15 The Ministry and HMPPS have only progressed one of the two secure schools that the Ministry committed to establishing in 2016. The Ministry and HMPPS define secure schools as "schools with security" rather than "prisons with education". HMPPS has funding and initial approval to open the first school at the former Medway STC site following its refurbishment. It is seeking final approval for its full business case. It does not yet have the budget to progress the second secure school (paragraphs 3.4, 3.6 and 3.9).

16 HMPPS appointed Oasis Charitable Trust (Oasis) to establish a Secure Academy Trust to run the first secure school, before securing legislation to enable a charity to run it. HMPPS believes registering the secure school as a secure 16–19 academy and approving it as a SCH would embed an educational focus. To procure a provider, HMPPS followed an application process adopted by the Department for Education (DfE) for academies (free schools), rather than using the 2015 Public Contract Regulations that govern public procurements. This was because it considered the DfE process the best way of attracting the right provider. It opened the application process in October 2018 and appointed Oasis in July 2019. Oasis runs 52 academies in England and also works with homeless or vulnerably-housed young adults. The Ministry included clauses in the PCSC Bill to enable a secure school to be registered as a charity and thereby allow a charitable trust to run it. HMPPS told us that it expects the Bill to receive Royal Assent in the coming months (paragraphs 3.7 to 3.12 and 3.15).

17 The cost estimate for converting the Medway STC site to a secure school rose from £4.9 million to £36.5 million, due mainly to significant design revisions after due diligence. The Medway site was the Ministry’s preferred option for the first secure school because it had lower upfront capital costs than the other options and was well-located geographically. The Ministry originally estimated in 2018, before it had carried out due diligence, that refurbishing the Medway site would cost £4.9 million compared with £40 million to build at a new site. HMPPS now estimates that it needs £36.5 million to repurpose the Medway site, compared with £59 million for a new build. It attributes the increase in estimated cost mainly to overhauling its designs to meet Ofsted’s advice on the pre-existing standards for SCH registration and to project delays. It has spent £679,000 in capital costs between 2018-19 and 2020-21. The final full estimated costs will not be known until the advanced site designs are complete (paragraphs 3.17 and 3.18 and Figure 16).

18 Originally due to open in autumn 2020, the secure school is now expected to open in November 2023. HMPPS partly attributes the delay to the assumptions made about the timescale at the start of the project. It also pointed to changes it needed to make to its building and design work for refurbishment, to ensure it meets Ofsted’s certification for an SCH. It also partly attributes the delay to the time it took to develop the basis on which the school could have charitable status, in discussion with the Charity Commission, prior to deciding to amend the PCSC Bill (paragraphs 3.14 to 3.16 and Figure 15).

19 The Ministry and HMPPS expect secure schools to accommodate all children regardless of level of need, but Oasis will ultimately decide which children it accepts. The school is expected to provide 49 places. Because it is created under SCH legislation, managers of the Secure Academy Trust established by Oasis, like SCH managers, would have the right to refuse placements if they believed they would not be able to meet the needs of the child while also meeting the needs of other children. HMPPS is considering the details of its funding agreement with Oasis on accommodating all children who need a place. It has not yet worked out a mechanism to legally enforce this. HMPPS expects the funding agreement to be approved in autumn 2022 (paragraphs 3.8 and 3.13).

20 The Ministry is considering re-opening Rainsbrook STC, potentially under the management of HMPPS. It considers that re-opening Rainsbrook STC by late 2023 could help meet the expected increase in demand for youth custody places. HMPPS's draft proposals include re-opening Rainsbrook as an STC because it believes it could take too long and cost too much to open it as a secure school, as converting a site entails significant capital costs. HMPPS told us it would intend to learn from the challenges it encountered in bringing Medway STC directly under its management (paragraph 3.19).

Part One

Children's characteristics and custody arrangements

1.1 To provide information about the context within which secure training centres (STCs) operate and the first secure school is being built, this part of the report sets out an overview of:

- the trends in youth offending;¹
- custodial provision for children; and
- the profile of children in custody.

Overview of youth offending and custody trends

Youth offences

1.2 The total number of proven youth offences has been in long-term decline since 2007 (**Figure 1** overleaf). In the past 10 years, the number of offences committed by children fell by 78%, from 171,750 in the year ending March 2011, to 38,518 in the year ending March 2021. However, during the same period, violent offences have steadily increased as a proportion of all offences, from 21% to 32%.²

1.3 The extent to which this reduction is driven by a decline in crime or through more children being diverted from formally entering the youth justice system, for example through community resolutions, is unclear.³ The Ministry of Justice (the Ministry) does not have good data to understand the reasons for the reduction in full. Its recent analysis reflects that there may also be a short-term decline in the volume of children entering the youth justice system due to the COVID-19 pandemic.

1 Youth offending includes offences committed by those aged 10-17. The terms children and young people are used interchangeably to refer to this group. For the purposes of our report, we refer to children and youth offences/offending.

2 'Violent offences' refers to the category of offences 'violence against the person'.

3 Community resolutions are used for a minor offence or anti-social behaviour incident whereby an informal agreement is made between the parties involved.

Figure 1

Proven offences by children, by type of offence, between the year ending March 2011 and March 2021

The total number of proven offences by children has declined by 78% between 2011 and 2021, but to a lesser extent for violent offences³ (65% fall), which has been increasing as a proportion of offences



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other ⁴	62,817	46,928	33,840	30,597	28,958	27,135	24,439	22,663	18,140	14,461	10,258
Sexual offences	1,995	1,888	1,384	1,653	2,000	1,905	1,950	1,556	1,074	881	903
Motoring offences	11,374	8,930	6,071	5,258	6,070	6,153	7,243	6,926	5,494	4,762	4,382
Drugs	12,262	10,481	8,264	8,218	7,529	6,435	5,821	5,965	5,253	4,728	3,961
Violence against the person	35,552	28,510	21,231	19,805	20,707	20,874	20,163	20,111	17,501	15,093	12,437
Theft, robbery and burglary	47,750	40,598	28,047	25,238	21,896	17,139	13,369	13,128	11,481	9,145	6,577

Notes

- 1 A proven offence is one for which a child receives a caution or sentence.
- 2 Offence categories have been grouped for analysis purposes.
- 3 'Violent offences' refers to the category of offences 'violence against the person'.
- 4 Offences under 'other' include: arson, breach of bail/conditional discharge/statutory order, death or injury by dangerous driving, fraud and forgery, criminal damage, public order offences, racially aggravated offences, vehicle theft, other small categories of offences and unknown offences.
- 5 Her Majesty's Prison & Probation Service and the Ministry of Justice consider that the COVID-19 pandemic has partly contributed to the fall in the number of children cautioned and sentenced in the past two years, due to children being home schooled for long periods and to the reduction in police recorded crime.

Children sentenced

1.4 Around two-thirds of the offences committed by children do not reach the courts as cautions are not processed by the courts. Of those that do, at the point of sentencing, most children are discharged, fined or given a community sentence, while a minority receive custodial sentences. In the year ending March 2021, 6% of children who offended were sentenced to immediate custody, compared with 69% who were given a community sentence (673 and 8,472, respectively, out of 12,217 children sentenced).⁴ The remainder received another sentence or outcome, such as receiving a fine or discharge (with or without conditions). **Figure 2** overleaf shows this movement of children through the youth justice system.

Children in custody

1.5 The average length of a custodial sentence for children in the youth justice system increased from 11 months to 17 months between the years ending March 2011 and March 2021. This is in the context of a long-term decline in the number of children sentenced to immediate custody, which fell by 84% during the same period (**Figure 3** on page 15).

1.6 The annual average number of children in custody in England and Wales declined by 73% between 2010-11 and 2020-21 (from 2,040 to 560). This reflects the long-term decline in the number of recorded youth offences.

1.7 Although the number of children in custody has fallen, the proportion on remand has increased. In the year ending March 2021, on average, 40% of children in custody were on remand – the highest proportion in the past 10 years.⁵ During the same period, almost three-quarters (74%) of children remanded in custody subsequently did not receive a custodial sentence. The median number of nights spent in custody on remand is 33 nights.⁶

1.8 Analysis by Her Majesty's Prison & Probation Service (HMPPS) in October 2021 has projected that youth custody rates are expected to more than double by September 2024. The Ministry expects the number of children aged 15 to 17 in YOIs, which house the majority of children in custody, will double from 343 in July 2021, to 700 in July 2025. The Ministry attributes this increase to the government's plans to recruit 23,000 new police officers, courts recovering from the COVID-19 pandemic, and the impact of the Police, Crime, Sentencing and Courts (PCSC) Bill.⁷ The Ministry told us that these projections are uncertain, driven by factors including the small numbers of children in custody, the deployment of new police officers and the overall patterns of crime.

⁴ Figures for the year ending March 2021 may be affected by COVID-19 restrictions on court proceedings.

⁵ When placed on remand by a court, an individual is detained in custody until their trial begins. If the individual is aged under 18 they are taken to a secure centre for young people, not an adult prison.

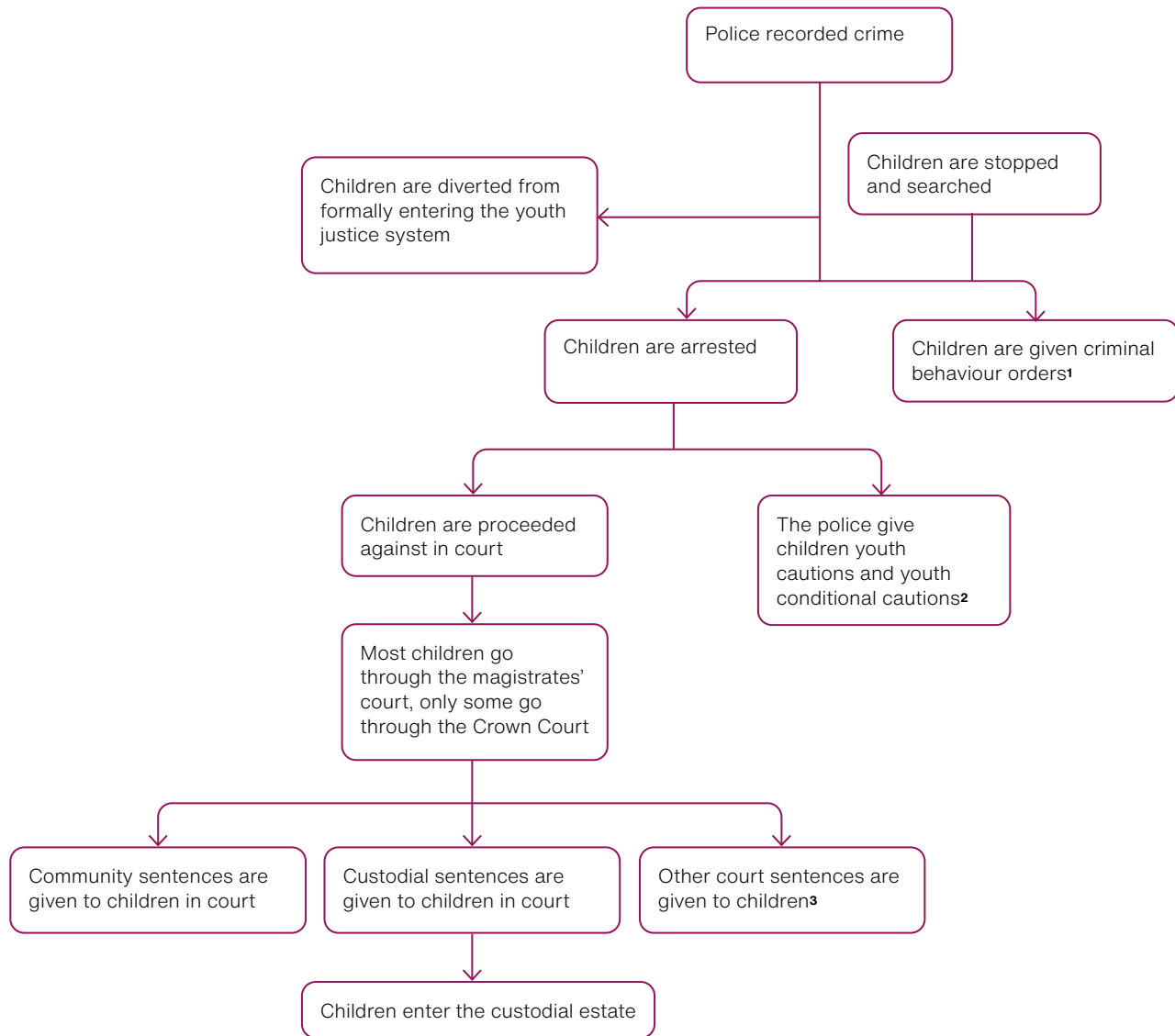
⁶ Time spent on custodial remand only, this excludes those children that received a custodial remand and then went on to receive a custodial sentence.

⁷ This includes the recruitment of 20,000 police officers, announced in 2019, plus the 3,000 additional police officers being recruited following an increase in police funding in 2019-20.

Figure 2

Flow of children through the youth justice system before they enter the custodial estate

Children enter the youth justice system when the police record a crime, but only some will be arrested, proceeded against at court and receive a custodial sentence

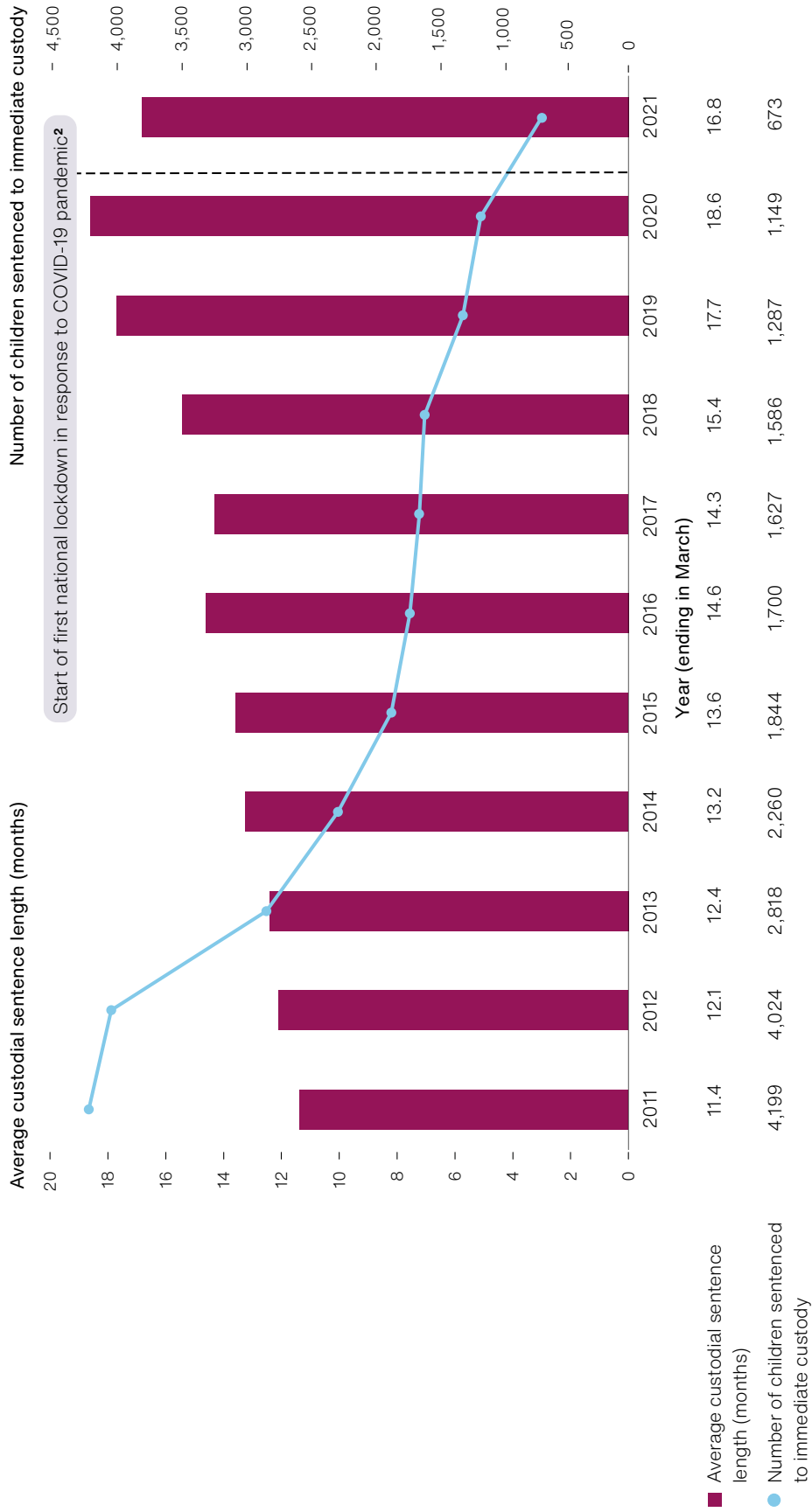


Notes

- 1 A criminal behaviour order is available on conviction for any criminal offence in any criminal court. The order is aimed at tackling the most serious and persistent offenders where their behaviour has brought them before a criminal court. They include prohibitions to stop anti-social behaviour and may also include requirements to address the underlying causes of the offender's behaviour.
- 2 Cautions are given to anyone aged 10 or over for minor crimes. A caution is not a criminal conviction, but it could be used as evidence of bad character if the child subsequently goes to court for another crime.
- 3 Other court sentences include: discharge (with or without conditions), fine, and otherwise dealt with.

Figure 3
 Number of children sentenced to custody and average custodial sentence length between the years ending March 2011 and March 2021

The average sentence length for children increased by 48% between 2011 and 2021, as the number of children sentenced to custody fell by 84%



Notes

- 1 The average custodial sentence length for each period is measured as of the year ending March.
- 2 The number of children held in custody in the year ending March 2021 was at a record low. Her Majesty's Prison & Probation Service and the Ministry of Justice consider that this is in part due to fewer children being sentenced to custody during COVID-19 pandemic restrictions.

Characteristics of children in the system

1.9 Some groups of children are increasingly over-represented in custody:

- **Children from ethnic minority backgrounds:** The Ministry's data show that children from ethnic minority backgrounds are increasingly over-represented in the youth justice system. In the year ending March 2021, on average 53% of children in custody were from ethnic minority groups compared with 32% in March 2011.^{8,9} Black children accounted for 29% of children in custody, compared with 18% in the year ending March 2011. This compares with 4% of black children in the general population (based on the latest available census data from 2011).
- **Boys:** In the year ending March 2021, boys made up 97% of all children in custody. While the number of girls in custody is very low, they are typically more vulnerable and likely to have experienced victimisation (sexual and physical) and relationship difficulties.
- **Children with mental health and other health issues:** Around one-third of children in custody report a known mental health disorder and many have other health problems and learning difficulties. The rate of self-harm incidents per 100 children and young people per year increased by 90% across children and young people in custody between March 2015 and March 2021.¹⁰
- **Children in care:** The National Association of Youth Justice – an organisation that promotes justice for children – reported that children in care are seven times more likely to end up in prison than their non-care equivalents. In the year ending March 2021, of children in care aged 10 to 17, 2% were convicted or subject to youth cautions or youth conditional cautions during the year (960 out of 40,480 children). Boys account for 73% of these proven offences (700 out of 960).
- **Children from chaotic family circumstances:** Academic literature highlights that children in the youth justice system typically come from chaotic family circumstances where substance misuse, physical and emotional abuse, and offending is common.

The secure custodial estate for children

Types of custodial setting

1.10 The secure custodial estate comprises three types of settings for children – secure children's homes (SCHs), secure training centres (STCs), and YOIs. YOIs housed 73% of all children in custody in the year ending March 2021. **Figure 4** describes these establishments.

⁸ Youth justice statistics classify black, Asian and 'other mixed' as ethnic minority groups.

⁹ Proportions are based on where ethnicity is known. In the year ending March 2021, the ethnicity was unknown for 1% of children in the youth secure estate.

¹⁰ Youth justice statistics self-harm incidents data are not stratified by age over time therefore calculation reflects rate of self-harm incidents across the entire youth custodial estate including those aged 18 or over.

Figure 4

Overview of custodial provision for children, December 2021

Custodial provision for children varies in size, and by the age and type of children placed in their care

	Secure children's homes (SCHs)	Secure training centres (STCs)	Young offender institutions (YOIs)
Type of provision	SCHs accommodate particularly vulnerable children, including those detained on welfare grounds. They are small facilities with the highest staff-to-child ratios, compared with other types of establishment.	STCs accommodate more vulnerable children than those in YOIs but less than in SCHs. They are small establishments with a high staff-to-child ratio.	YOIs are similar to adult prisons in design. They are larger and have lower staff-to-child ratios than STCs and SCHs. Each YOI is designed to accommodate different groups of children with varying degrees of vulnerability.
Age range	10–17 year-olds	12–17 year-olds	15–17 year-olds
Gender	Boys and girls	Boys and girls	Boys only (with the exception of a girl's unit at HMYOI Wetherby)
Number of establishments	8	1	5
Number of places nationwide ¹	107	80	861
Regions	County Durham, Gloucestershire, Lancashire, Lincolnshire, Nottinghamshire, Wales, Yorkshire ²	Buckinghamshire ³	Kent, London, Stafford, Wales, Yorkshire
Average annual cost per place (£) as at January 2020 ⁴	210,000	160,000	76,000
Operated by	Local authority – overseen by Department for Education or Welsh Government.	Private providers, overseen by Youth Custody Service.	Four YOIs run by Her Majesty's Prison & Probation Service and one run by a private provider (G4S).
Inspected by	The Office for Standards in Education, Children's Services and Skills (Ofsted).	Ofsted (lead), HM Inspectorate of Prisons, and Care Quality Commission.	HM Inspectorate of Prisons (lead), and Ofsted.

Notes

- 1 This is the number of places available in England and Wales.
- 2 Yorkshire has two SCHs.
- 3 In December 2021, Her Majesty's Prison & Probation Service closed Rainsbrook STC. The one remaining STC (Oakhill) is in Milton Keynes.
- 4 These figures were taken from House of Commons Library Briefing Paper Number 8557, January 2020, *Youth Custody*. The figures have been rounded to the nearest £'000 and are based on the average price per place for the year 2016/17. We have not reperformed these calculations.

Source: National Audit Office summary of the Ministry of Justice's and Her Majesty's Prison & Probation Service's documents and data

1.11 The Ministry and HMPPS acknowledge that much of the youth custodial estate does not meet children's need for tailored interventions, effective staff relationships, and access to family and local services. They recognise that many establishments are outdated, too large, far away from children's families and poorly linked to community services. HMPPS considers that its unsuitable provision, alongside a cohort of more serious offenders, has led to decline in children's safety and outcomes.

Part Two

Secure training centres

2.1 This part of the report provides an overview of:

- secure training centres (STCs) in England, including the Ministry of Justice's (the Ministry's) and Her Majesty's Prison & Probation Service's (HMPPS's) management model;
- the deterioration of provision in STCs; and
- what HMPPS has learnt from STC failures.

Overview of the STC estate

2.2 STCs were established in 1998 to accommodate children between the ages of 12 and 17. They are typically smaller than young offender institutions (YOIs) and have higher staff-to-child ratios. In establishing STCs, government intended for them to provide high-quality education and training, tackle offending behaviour, and work with community partners.

2.3 Government established four STCs, one of which, Hassockfield STC, closed in 2015.¹¹ Our report focuses on the one operational STC and the two that closed most recently:

- Medway in Kent. It had a capacity of 76 beds at the time of its closure in March 2020.
- Rainsbrook in Rugby. It had a capacity of 87 beds at the time of its closure in December 2021.
- Oakhill in Milton Keynes, with a capacity of 80 beds. As at April 2022, Oakhill can accommodate up to 48 children and is the only STC to remain operational.

Of these three STCs, two were originally operated by Global Services Limited (GSL) and one by G4S Care and Justice Services UK Limited (G4S). In 2008, G4S took over the remaining two when it acquired GSL. The contract costs were fixed to the number of available places, but with a financial penalty if performance was not satisfactory.

¹¹ Hassockfield STC was established in August 2005. Government closed it in April 2015.

Concerns over the quality of provision

2.4 The Office for Standards in Education, Children's Services and Skills (Ofsted) leads joint inspections of STCs with the Care Quality Commission (CQC) and Her Majesty's Inspectorate of Prisons (HMIP). Inspectors follow a four-point scale (outstanding, good, requires improvement to be good and, inadequate) to make judgements on: the overall experiences and progress of children, including judgements on children's education and learning; health; and resettlement. They take account of how well children are helped and protected and the effectiveness of leaders and managers.

2.5 Inspectors have persistently expressed concern with STC provision.¹² Since 2017, annual inspection reports have rated all STCs as 'requiring improvement to be good' or 'inadequate' (**Figure 5**), following more positive inspection ratings between 2010 and 2015. In their final or most recent inspections of all three STCs – all rated 'inadequate' – they reported that children were at risk of harm and experiencing inadequate care. Their inspections highlighted wide-ranging issues, including:

- ineffective leadership;
- frequent use of force to restrain children;
- staffing shortfalls compromising children's safety and limiting access to activities;
- high staff turnover contributing to a poor understanding of children's needs;
- inadequate diversity and inclusion policies; and
- weak safeguarding practices.

2.6 HMPPS's risk management reports of Rainsbrook STC and Oakhill STC between January 2017 and November 2021 also highlighted issues across key performance areas including safety, care, health, resettlement, leadership and management and promoting positive behaviour. HMPPS's monitoring and assurance reports for Medway STC from 2015 – the year before HMPPS took over management – highlighted difficulties with tackling serious violence against children and staff.

¹² From April 2019, government introduced a new joint inspection framework for STCs in England. The Office for Standards in Education, Children's Services and Skills (Ofsted) usually leads all inspections and delivers them jointly with Her Majesty's Inspectorate of Prisons and the Care Quality Commission.

Figure 5Annual inspection ratings of secure training centres (STCs), 2017 to 2021¹

Inspectors have consistently rated STCs as 'requires improvement to be good' or 'inadequate'

STC	Annual inspection (year and overall rating)				
	2017	2018	2019	2020	2021
Medway	●	●	● ³	N/A	N/A
Rainsbrook	●	●	N/A ⁴	●	●
Oakhill	●	●	●	N/A ⁴	●

● 'Inadequate' inspection rate

● 'Requires improvement to be good' inspection rating

Notes

- 1 The Office for Standards in Education, Children's Services and Skills (Ofsted) leads joint inspections of STCs with the Care Quality Commission and HM Inspectorate of Prisons.
- 2 The inspectorates give each STC an overall rating on the experiences and progress of children. Their ratings are on a four-point scale: 'outstanding', 'good', 'requires improvement to be good' or 'inadequate'.
- 3 The inspectorates also produced a separate pilot inspection, published in April 2019, with the overall rating of 'requires improvement to be good'. Medway STC closed in March 2020.
- 4 Between 2020 and 2021 the inspectorates produced four monitoring reports on Oakhill STC. It also produced three monitoring reports on Rainsbrook STC, between 2020 and 2021. Monitoring reports do not include an overall inspection rating.
- 5 The joint chief inspectors issued an 'urgent notification' to Rainsbrook STC in December 2020. An 'urgent notification' is triggered when the Chief Inspector has a serious or urgent concern about the performance of a prison.

Source: National Audit Office analysis of joint inspection reports from the Office for Standards in Education, Children's Services and Skills (Ofsted), HM Inspectorate of Prisons and the Care Quality Commission

The management of STCs and response to failures

Medway STC

2.7 Medway STC was established in 1998 and was originally run by GSL, until G4S took it over in 2008 when it acquired GSL. G4S continued to deliver the day-to-day service at Medway STC until its contract expiry date, 31 March 2016. **Figure 6** on page 24 sets out a summary of this contract.

2.8 In September 2015, government re-awarded the contract for Medway STC to G4S following a competitive procurement process.¹³ Government decided not to proceed with the new contract after a BBC Panorama documentary in January 2016 showed staff physically and verbally abusing children. Because government had already re-awarded the contract to G4S, it agreed not to pursue the company in exchange for G4S agreeing not to pursue government for costs it had incurred in competing for the retendered contract. Government considered that the decision not to proceed with the contract met the four accounting officer tests of regularity, value for money and affordability, feasibility, and propriety.¹⁴

2.9 **Figure 7** on page 25 sets out key events in the closure and inspection of Medway STC. During 2016, HMPPS moved some boys from Medway STC to YOIs because of concerns about provision. In July 2016, it brought the management of Medway STC under its direct control. HMPPS found that while its management resulted in better education, health and resettlement for children, it performed poorly on measures associated with their safety and care. The STC continued to receive ratings of 'inadequate' or 'requiring improvement to be good' in annual inspections. HMPPS closed Medway STC in March 2020. Its data show that Medway STC accommodated 35 children at the time of its closure. More than one-third of children were released because they had served their custodial sentence, around one-third were moved to a YOI, around one-quarter were moved to another STC and a very small minority transferred to the adult estate as they were already – or approaching – 18 years of age.

¹³ The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

¹⁴ The regularity test is met if the decision is legally sound. The value for money and affordability test is met if the decision demonstrates "good use of public funds", which comprises: value for money, immediate affordability, and medium term affordability. The feasibility test is met if the decision can be implemented with timeliness and accuracy. The propriety test is met if "high standards of public conduct" are maintained, robust governance is in place and transparency is maintained.

Rainsbrook STC

2.10 Rainsbrook STC was established in 1999 through a private finance initiative contract originally run by GSL. G4S took it over in 2008 when it acquired GSL and continued to deliver the day-to-day service at Rainsbrook STC until 2016. Following the expiry of the G4S contract and a competitive retendering exercise, government awarded the contract to MTC Novo (later MTC) to manage and maintain Rainsbrook STC for five years, with the option to extend for a further two.¹⁵ MTC took on the management of the contract in May 2016 until its closure in December 2021.¹⁶ **Figure 8** on page 26 sets out a summary of this contract.

2.11 Figure 9 on page 27 sets out key events in the closure and inspection of Rainsbrook STC. From 2015, joint inspection reports by Ofsted, HMIP and the CQC cited significant concerns about the safeguarding and care of children. Ofsted issued two 'urgent notifications' – the first in December 2020 and the second in June 2021 – making Rainsbrook STC the first institution to receive two such notifications.¹⁷

2.12 HMPPS terminated its contract with MTC in December 2021 under a mutually agreed settlement. It determined that a negotiated exit would be the most appropriate course of action. As part of this agreement:

- HMPPS agreed to pay a full and final settlement capped at £1.8 million. The final figure is subject to an ongoing reconciliation process set out within the contract. The settlement will be offset against £244,098 that it agreed were the costs of maintenance work required to return the site to an acceptable condition; and
- a total of £5.6 million in monthly payments while it negotiated the terms of the termination. This was £1.5 million less than normal monthly payments because some MTC staff were redeployed under a Home Office contract which reduced MTC's costs associated with Rainsbrook STC. No children were housed in Rainsbrook STC during this period. A proportion of these costs may be classed as 'fruitless payments' in its annual accounts if they did not result in any public benefit.¹⁸

¹⁵ The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

¹⁶ MTC Novo was a partnership between MTC and Amey. This was later dissolved and MTC took sole responsibility for managing Rainsbrook STC.





¹⁷ The 'urgent notification' process allows inspectorates to directly alert the Lord Chancellor and Secretary of State for Justice if s/he has an urgent and significant concern about the performance of a prison or secure setting for children.

¹⁸ A fruitless payment is where a payment or expenditure had to be made, for example to a contractor for a service, but where there was no material public benefit obtained in return.

Figure 6

Summary of Her Majesty's Prison & Probation Service's (HMPPS's) contract with G4S Care and Justice Services UK Limited (G4S) to manage Medway secure training centre (STC)

Medway STC was established in 1998 under a legacy Private Finance Initiative (PFI) contract

Overview 	Contract description	PFI contract ¹ (design, construct, maintain & finance)/manage and maintain ²
Supplier 		G4S Care and Justice Services UK Limited ³
Term 	Contract start	1 April 1998
	Contract term	15 years (extended by 23 months + 12 months + 3 months)
	Termination date	30 June 2016
Financials 	Payment arrangements	Fixed payment arrangements: Payment linked to the availability of places, so adjustments were made when any bed was unavailable. Performance mechanisms: Financial penalties called 'service credits' were applied when certain events occurred, such as the escape of a child.
	Total contract value	£44,815,338
	Annual operating costs in 2015-16	£11,760,868 ⁵
	Cost per place ⁴	£154,748 ⁵

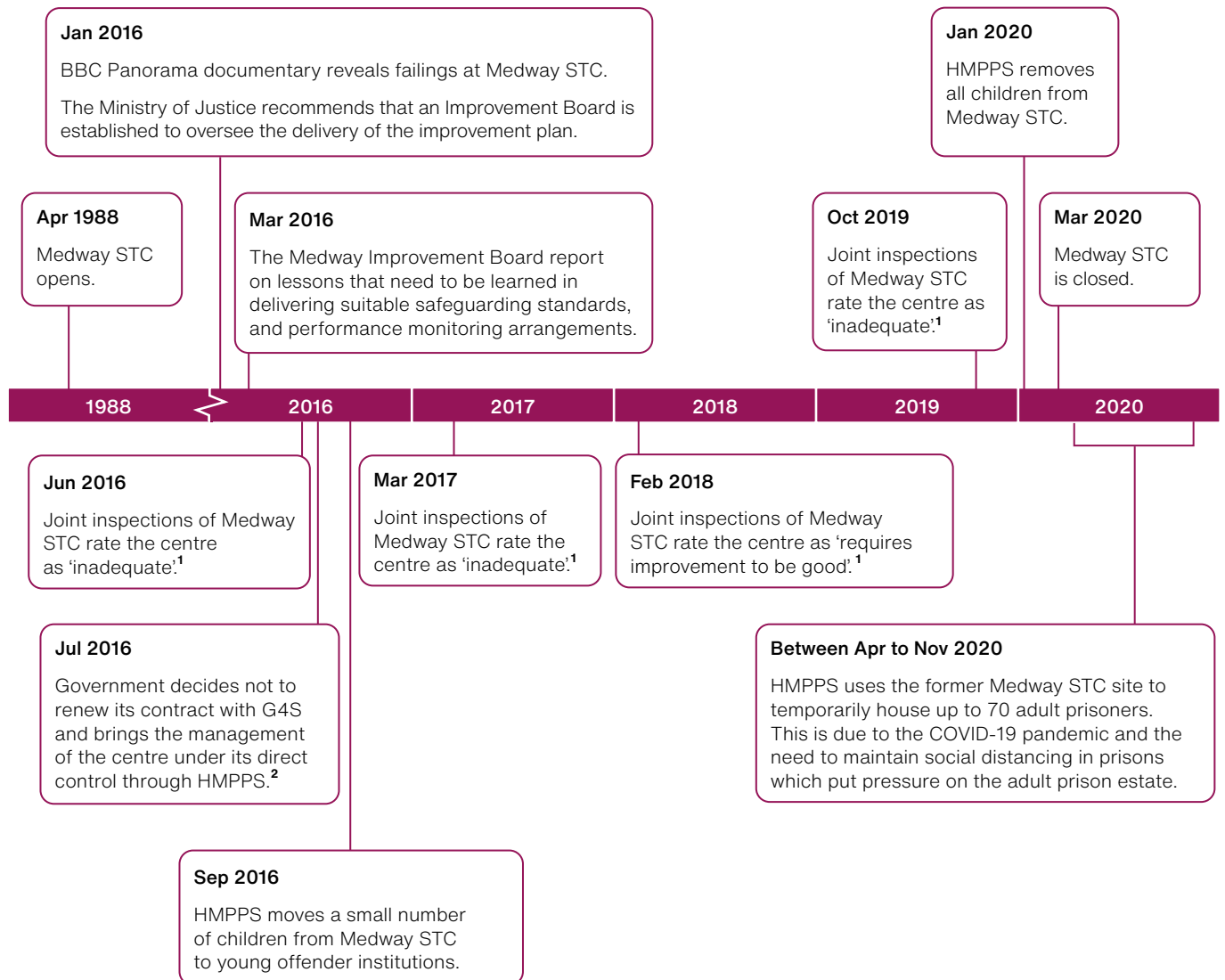
Notes

- 1 Under a PFI contract, a private finance company is set up and borrows to construct a new asset. The taxpayer then makes payments over the contract term (typically 25 to 30 years) to cover debt repayment, financing costs, maintenance and other services provided.
- 2 A manage and maintain contract is where a supplier takes over management of an existing asset rather than building it from scratch.
- 3 Medway was originally run by Global Services Limited (GSL), until G4S took it over in 2008 when it acquired GSL.
- 4 The cost per place has been calculated by dividing the full year financial cost by capacity (in the last full year of operation). The calculation does not factor in other costs (such as escorts and advocacy).
- 5 This figure includes VAT.
- 6 The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

Source: National Audit Office summary of Her Majesty's Prison & Probation Service's documents and data on the Medway secure training centre contract

Figure 7Key activities in the closure and inspection of Medway secure training centre (STC)¹

Her Majesty's Prison & Probation Service (HMPPS) closed Medway STC in March 2020, more than four years after a BBC Panorama documentary revealed failings

**Notes**





- 1 The Office for Standards in Education, Children's Services and Skills (Ofsted) leads joint inspections of STCs with the Care Quality Commission and HM Inspectorate of Prisons. The inspectorates give each STC an overall rating on the experiences and progress of children. Their ratings are on a four-point scale: 'outstanding', 'good', 'requires improvement to be good' or 'inadequate'.
- 2 The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

Source: National Audit Office analysis of the Ministry of Justice's and Her Majesty's Prison & Probation Service's documents, and inspection reports from the Office for Standards in Education, Children's Services and Skills (Ofsted), HM Inspectorate of Prisons and the Care Quality Commission

Figure 8

Summary of Her Majesty's Prison & Probation Service's (HMPPS's) contract with MTC Novo UK Ltd (later MTC) to manage Rainsbrook secure training centre (STC)

MTC Novo UK Ltd held the contract for Rainsbrook STC between May 2016 and December 2021, when the contract was terminated by mutual agreement

Overview 	Contract description	Manage and maintain ²
Supplier 		MTC Novo UK Ltd (later MTC) ³
Term 	Contract start	5 May 2016
	Contract term	5 year + 2 year (terminated early by mutual convenience)
	Termination date	31 December 2021
Financials 	Payment arrangements	Fixed payment arrangements: Payment linked to the availability of places, so adjustments were made when any bed was unavailable. Performance mechanisms: Financial penalties called 'service credits' were applied when certain events occurred, such as the escape of a child.
	Total contract value	£50,431,652
	Annual operating costs in 2020-21	£13,597,883 ⁵
	Cost per place ⁴	£156,298 ⁵

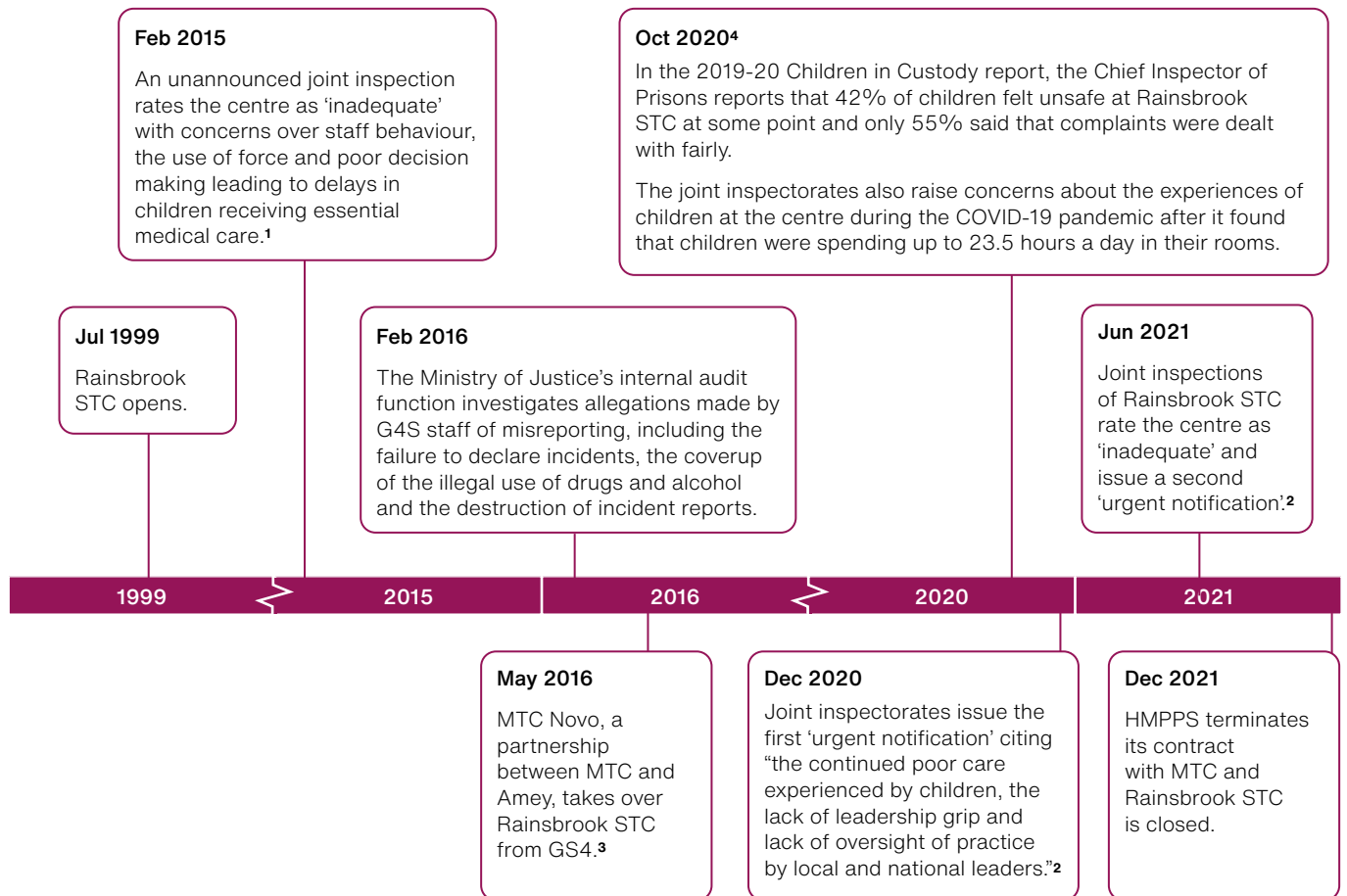
Notes

- 1 MTC Novo was a partnership between MTC and Amey. This was later dissolved and MTC took sole responsibility for managing Rainsbrook STC.
- 2 A manage and maintain contract is where a supplier takes over management of an existing asset rather than building it from scratch.
- 3 Rainsbrook STC was established in 1999 through a private finance initiative contract originally run by GSL. G4S Facilities Management UK Limited took it over in 2008 when it acquired GSL and continued to deliver the day-to-day service at Rainsbrook STC until 2016.
- 4 The cost per place has been calculated by dividing the full year financial cost by capacity (in the last full year of operation). The calculation does not factor in other costs (such as escorts and advocacy).
- 5 This figure includes VAT.
- 6 The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

Source: National Audit Office summary of Her Majesty's Prison & Probation Service's documents and data on the Rainsbrook secure training centre contract

Figure 9Key activities in the closure and inspection of Rainsbrook secure training centre (STC)¹

Her Majesty's Prison & Probation Service (HMPPS) closes Rainsbrook in December 2021, following two 'urgent notifications' by the inspectorates²

**Notes**

- 1 The Office for Standards in Education, Children's Services and Skills (Ofsted) leads joint inspections of STCs with the Care Quality Commission (CQC) and HM Inspectorate of Prisons (HMIP). The inspectorates give each STC an overall rating on the experiences and progress of children. Their ratings are on a four-point scale: 'outstanding', 'good', 'requires improvement to be good' or 'inadequate'.
- 2 The 'urgent notification' process allows the joint inspectorates to directly alert the Lord Chancellor and Secretary of State for Justice of an urgent and significant concern about the performance of a prison or secure setting for children.
- 3 This partnership was later dissolved and MTC took sole responsibility for managing Rainsbrook STC.
- 4 Ofsted, the CQC and HMIP suspended routine inspections of STCs in March 2020 due to COVID-19 restrictions and conducted assurance visits in place.

Source: National Audit Office analysis of the Ministry of Justice's and Her Majesty's Prison & Probation Service's documents, and inspection reports from the Office for Standards in Education, Children's Services and Skills (Ofsted), HM Inspectorate of Prisons and the Care Quality Commission

2.13 HMPPS's data show that, at the time of its closure, Rainsbrook STC accommodated 33 children. Of these, around one-third were released because they had served their custodial sentence and a further third were transferred to YOI provision (including some girls). A small minority were transferred to alternative provision (Oakhill STC or a secure children's home (SCH)), despite escalating concerns about Oakhill STC.

Oakhill STC

2.14 G4S managed Oakhill STC since its establishment in 2004 through a private finance initiative contract. **Figure 10** on page 30 sets out a summary of this contract.

2.15 Oakhill STC has been subject to ongoing performance concerns since 2017. At the time, a joint taskforce was established comprising representatives from the Ministry, HMPPS, the Youth Justice Board and G4S to address concerns with leadership and staff attrition. Six months after the taskforce was established, Ofsted and the joint inspectorates rated Oakhill STC provision as 'inadequate', followed by ratings of 'requires improvement to be good' in 2018 and 2019.¹⁹ In October 2021, Ofsted again rated Oakhill STC 'inadequate' citing serious concerns with the effectiveness of leaders and managers and with how children were helped and protected. The inspection triggered an urgent notification. Between 2017 and 2021, G4S had appointed nine different directors, including interim directors, to manage Oakhill STC (**Figure 11** on page 31).

2.16 HMPPS has issued four 'rectification notices' relating to G4S because of issues around consistently staffing the centre and maintaining sufficient levels of safety. In November 2021, the government stated it was considering the use of contractual levers and G4S's role running the centre. In February 2022, HMPPS produced an internal paper considering the options available to it which assessed that despite limited improvements in G4S's management of Oakhill STC, there remained a risk that these improvements may not prove sustainable.

¹⁹ The inspectorates give each STC an overall rating on the experiences and progress of children. Their ratings are on a four-point scale: 'outstanding', 'good', 'requires improvement to be good' or 'inadequate'.

Impact of STC failures on children

2.17 The Ministry and HMPPS acknowledge that STC failures have heightened pressures to place children in YOIs that it has deemed less suitable for children with complex needs, as per HMPPS's guidance. In evidence to the Justice Select Committee in July 2021, the prisons and probation minister confirmed that the children transferred to YOIs would have previously been considered too vulnerable. In March 2022, HMIP reported that the Ministry and HMPPS failed to plan effectively for the small number of girls held in custody, leaving HMYOI Wetherby accommodating girls at short notice. Despite this, the care the girls received from staff was "good", but there was room for improvement. As at April 2022, HMPPS continues to place some girls in a girls unit within HMYOI Wetherby, as well as in SCHs, and is considering other accommodation options.

Lessons learned from the failure of STCs

2.18 In March 2021, HMPPS undertook a review to understand the enablers of good-quality provision for children in secure custody, focusing on STCs. It acknowledged that irrespective of whether it was delivered in-house through HMPPS or outsourced to private providers, service provision at all its STCs failed to meet good standards of safety and care after 2017 until that point.

2.19 The review identified shortcomings in two main areas:





- **Management, governance and leadership.** Weak management structures and leadership led to poor communication between agencies, uncertainty around delivery expectations, and a poor working culture.
- **IT infrastructure, record-keeping and processes.** STCs did not have systems with up-to-date information about children and were therefore unable to tackle issues effectively and provide high-quality care.

2.20 HMPPS's analysis also identified instances where STCs had improved performance in these weak areas, which it could learn from in future. For example, it noted that Oakhill STC had improved its complaints handling processes and use of force and restraint in response to inspection findings.

Figure 10

Summary of Her Majesty's Prison & Probation Service's (HMPPS's) contract with G4S Care and Justice Services UK Limited (G4S) to manage Oakhill secure training centre (STC)

G4S has managed Oakhill STC since it was established in 2004 under a legacy Private Finance Initiative (PFI) contract

Overview 	Contract description	Legacy PFI contract ¹ (design, construct, maintain & finance)
Supplier 	G4S Care and Justice Services UK Limited	
Term 	Contract start	19 August 2004
Contract term		25 years from scheduled opening date
Termination date		27 June 2029
Financials 	Payment arrangements	Fixed payment arrangements: Payment linked to the availability of places, so adjustments were made when any bed was unavailable. Performance mechanisms: Financial penalties (known as service credits) were applied when certain events occurred, such as the escape of a child. Incentivisation payment: This is for children still in education, training or employment 12 weeks post release.
Total contract value		£471,600,000
Annual operating costs in 2020-21		£23,664,996 ³
Cost per place ²		£295,812 ³

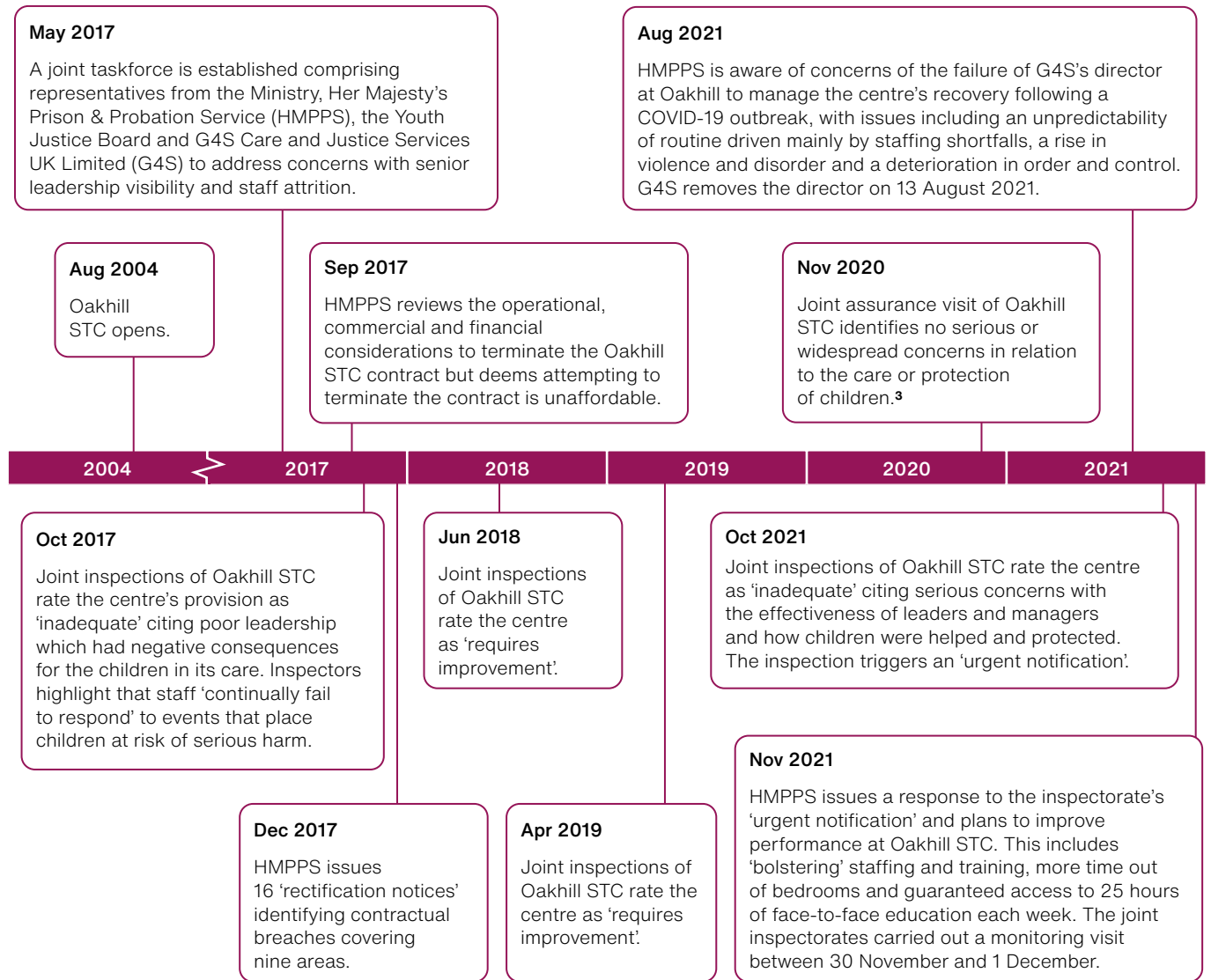
Notes

- 1 Under a PFI contract, a private finance company is set up and borrows to construct a new asset. The taxpayer then makes payments over the contract term (typically 25 to 30 years) to cover debt repayment, financing costs, maintenance and other services provided.
- 2 The cost per place has been calculated by dividing the full year financial cost by capacity (in the last full year of operation). The calculation does not factor in other costs (such as escorts and advocacy).
- 3 This figure includes VAT.
- 4 The contract was originally awarded by the Youth Justice Board. HMPPS is the current business owner for the contract.

Source: National Audit Office summary of Her Majesty's Prison & Probation Service's documents and data on the Oakhill secure training centre contract

Figure 11**Key activities in the inspection of Oakhill secure training centre (STC)¹**

In 2017, a joint taskforce is established in response to concerns about performance at Oakhill STC, but inspectors continue to identify concerns and issue an 'urgent notification' in 2021²

**Notes**

- 1 The Office for Standards in Education, Children's Services and Skills (Ofsted) leads joint inspections of STCs with the Care Quality Commission (CQC) and HM Inspectorate of Prisons (HMIP). The inspectorates give each STC an overall rating on the experiences and progress of children. Their ratings are on a four-point scale: 'outstanding', 'good', 'requires improvement to be good' or 'inadequate'.
- 2 The 'urgent notification' process allows inspectorates to directly alert the Lord Chancellor and Secretary of State for Justice of an urgent and significant concern about the performance of a prison or secure setting for children.
- 3 Ofsted, the CQC and HMIP suspended routine inspections of STCs in March 2020 due to COVID-19 restrictions and conducted assurance visits in place of full inspections.

Source: National Audit Office analysis of the Ministry of Justice's and Her Majesty's Prison & Probation Service's documents, and inspection reports from the Office for Standards in Education, Children's Services and Skills (Ofsted), HM Inspectorate of Prisons and the Care Quality Commission

2.21 In March 2021, HMPPS undertook a parallel review of failures specific to Medway STC. Prior to this, in March 2016, the Medway Improvement Board reported on lessons that needed to be learned at Medway STC in delivering suitable safeguarding standards, and performance monitoring arrangements. **Figure 12** summarises the main reasons for Medway’s failure.

Figure 12

Her Majesty’s Prison & Probation Service’s (HMPPS’s) view of the key reasons for the failure of Medway secure training centre (STC)

HMPPS identified wide-ranging reasons for the failure of Medway STC

Area of failure	Key findings
Poor and inconsistent leadership	Two significant changes in leadership “appear to have created instability in service delivery”; and poor communication contributed to staff not adhering to procedures which support good standards of care.
Issues with transferring management in-house from G4S	Staff were ill-informed about what the transition meant for operational practice, affecting their standard of care. HM Prison & Probation Service also failed to establish effective performance monitoring arrangements during the transition.
Gaps in recording, managing, and sharing information	There were no clear and consistent data on how issues – bullying, violence, self-harm and searches – were handled, leaving managers without the information they needed to stop poor practice. Information sharing between different authorities was also “patchy”.
Issues with policies and procedures	Some policies at Medway STC were outdated and applied inconsistently. For example, some staff applied the policies on rewards and sanctions differently, so children were treated unfairly.
Underinvestment in recruiting and retaining staff	Medway STC had staff shortages. It was also inconsistent in training staff and monitoring staff performance, including tackling poor performance.

Source: National Audit Office summary of Her Majesty’s Prison & Probation Service’s Medway secure training centre lessons learned analysis

Part Three

Progress with establishing secure schools and future plans

3.1 This part of the report provides an overview of the Ministry of Justice's (the Ministry's) and Her Majesty's Prison & Probation Service's (HMPPS's):

- current proposals for improving youth custody provision, following the 2016 *Review of the Youth Justice System in England and Wales (the Taylor Review)*;
- secure school programme, including progress to-date; and
- plans to reopen Rainsbrook secure training centre (STC).

Plans for youth custody

The 2016 Taylor Review and government's response

3.2 In 2015, in the context of fewer children entering custody but a decline in children's safety and outcomes (paragraphs 1.5 and 1.11), the government commissioned Charlie Taylor to lead a review of the youth justice system.²⁰ It also established a Youth Custody Improvement Board (YCIB) to review the youth custody estate and how it could be improved.

3.3 The Taylor Review published in December 2016 called for education to be central to government's response to dealing with children in custody, to prevent reoffending and improve children's life-chances. It recommended that the Ministry work with the Department for Education (DfE) and the Welsh Government to create secure schools in England and Wales. These were envisaged as small establishments, located in the region they serve, set up as schools, governed and inspected as schools, and designed to give head teachers freedom with regards to staffing and delivering services.²¹ In February 2017, the YCIB published its review of the secure estate for children in the youth justice system, concluding that existing provision required wholesale reform.

20 Charlie Taylor is a former head teacher of The Willows, a school for children with complex behavioural, emotional and social difficulties and an adviser to government on alternative provision for children excluded from mainstream schools. He chaired the Youth Justice Board between 2017 and 2020. As of April 2022, he serves as the Chief Inspector of Prisons.

21 Free schools are academies set up as all-ability state schools, and are funded directly by the Department for Education. See Comptroller and Auditor General, *Establishing Free Schools*, Session 2013-14, HC 881, National Audit Office, December 2013, paragraph 1. Available at: www.nao.org.uk/wp-content/uploads/2013/12/10314-001-Free-Schools-Book.pdf

3.4 In December 2016, the Ministry accepted the findings of the Taylor Review and committed to developing two secure schools in line with the model proposed. It planned to trial one in the South East and one in the North West because of the rates of reoffending in these areas and lack of provision in the North West. HMPPS's first school at the former Medway secure training centre (STC) site has been significantly delayed. The Ministry has not funded the progression of a second secure school.

The Ministry's and HMPPS's current proposals for improving provision and meeting increases in demand

3.5 As at January 2022, the Ministry recognises that despite some recent activities to reform the secure custodial estate, its performance is still poor. Its provision does not meet children's needs and significant work is required to improve it. It also anticipates a significant increase in the number of children in custody by 2024. As at February 2022, HMPPS estimated that it had an occupancy rate of 60% across its secure youth estate.²² As at January 2022, the Ministry's proposals to improve the secure custodial estate hinge on expanding the estate through secure schools and improving the rest of the current estate. The proposals it is considering include three main areas:

- Opening the first secure school and exploring its commitment to establish a second school when it secures sufficient funding and only considering further rollout after the first school has been evaluated. In March 2022, HMPPS had funding and initial approval to open the first school at the former Medway STC site following its refurbishment. As at April 2022, HMPPS is looking to develop a plan and secure the funding to evaluate the first secure school. Our recent report on *Evaluating government spending* highlighted that policies which are pilots (and may be repeated) can justify greater resources for evaluation.²³
- Making "swift and tangible" improvements to young offender institutions (YOIs) and STCs to create more rehabilitative settings. The Ministry proposes creating smaller units at two YOIs to help increase staff-to-child ratios and expand and evaluate workforce reforms, including training and upskilling staff.
- Reopening Rainsbrook STC at reduced capacity and increased staff-to-child ratios.

22 This includes beds occupied by those aged 18 and under, in keeping with how the Youth Custody Service reports on occupancy rates.

23 See Comptroller and Auditor General, *Evaluating government spending*, Session 2021-22, HC 860, National Audit Office, December 2021. Available at: www.nao.org.uk/wp-content/uploads/2021/12/Evaluating-government-spending.pdf

The secure school programme

3.6 The Ministry and HMPPS define secure schools as “schools with security” rather than “prisons with education”. Their objectives for the secure school programme include addressing current problems in the secure custodial estate by reducing violence, self-harm and the use of force; improving children’s behaviour, health and wellbeing; reducing reoffending; and enabling more children to take part and progress in education and training.

The secure school model

3.7 The Ministry and HMPPS needed to decide on the legal basis for secure schools, as it was a new concept. They intend to establish the first secure school as a secure 16–19 academy approved as a secure children’s home (SCH).²⁴ They believed that this legal framework would embed education in the model of provision, allow a greater level of autonomy, and replicate what it considers are successful traits of SCHs, including high staff ratios and a holistic approach to caring for children. They reflected these features in the planned operational model and inspection arrangements for secure schools (**Figure 13** overleaf).

3.8 HMPPS intends for the first secure school to provide 49 places for children. The Office for Standards in Education, Children’s Services and Skills (Ofsted) has expressed reservations about this size as it is considerably larger than any other setting registered as a SCH, where the typical size is between 12 and 20 places. In its full business case, HMPPS stated that it expected the school to have a maximum annual operational budget of £10.5 million and cost between £186,000 and £212,000 per place annually (**Figure 14** on page 37). As it is a pilot, HMPPS recognises that the required operational budget is uncertain, and its estimate may be insufficient to deliver expected standards of provision.

²⁴ An academy school must be part of an academy trust, a charitable company which manages the school’s budget and employs the staff. Most are part of multi-academy trusts that bring together groups of academy schools. See Comptroller and Auditor General, *Converting maintained schools to academies, Session 2017-19*, HC 720, 2017–19, National Audit Office, February 2018, paragraph 2. Available at: www.nao.org.uk/wp-content/uploads/2018/02/Converting-maintained-schools-to-academies.pdf

Figure 13

Planned operating and inspection approach for secure schools

The secure school model includes key roles for other government departments and other bodies

Theme	Feature
Provider arrangements	Run by charitable non-profit organisations (academy trusts) ¹
Legal framework	Registered as secure 16–19 academies and approved as secure children’s homes (SCHs) ²
Contract arrangements	Direct funding agreement with the Secretary of State for Justice, rather than a contract with the Ministry of Justice
Partnership arrangements	The Youth Custody Service and NHS England will co-commission health services. NHS England will be legally responsible for healthcare provision. ³ Department for Education legislation and processes form part of the assurance framework.
Inspection arrangements	Inspections to be led by the Office for Standards in Education, Children’s Services and Skills (Ofsted) and the Care Quality Commission, using a blend of the inspection models for SCHs and 16–19 academies. Unlike for secure training centres (STCs), there is no formal role for HM Inspectorate of Prisons. ^{4,5,6,7}

Notes

- 1 Academy trusts are charitable companies which manage an academy’s budget and employ its staff.
- 2 Secure children’s homes are small facilities that accommodate particularly vulnerable children aged 10–17 and are typically run by local authorities.
- 3 The Youth Custody Service is responsible for daily management of the youth estate. It is part of Her Majesty’s Prison & Probation Service.
- 4 Ofsted is a non-ministerial department which inspects services providing education and skills for learners of all ages and inspects and regulates services that care for children and young people, including SCHs.
- 5 The Care Quality Commission is an independent regulator of health and social care in England.
- 6 Her Majesty’s Inspectorate of Prisons is an independent inspectorate which reports on conditions for, and treatment of, those in prison, young offender institutions, STCs, and immigration detention centres.

Source: National Audit Office analysis of the Ministry of Justice’s and Her Majesty’s Prison & Probation Service’s documents

Progress with establishing the first secure school

3.9 In August 2018, the Ministry’s Investment Committee and HM Treasury approved the outline business case for the secure schools programme. This accepted the Ministry’s preferred option of turning the old Medway STC site into the first secure school.²⁵ The Ministry believed that the Medway site could be converted and that it was more affordable than building a new school on a new site. In March 2022, HMPPS received initial approval to open the first secure school. As at April 2022, it is seeking final approval for its full business case.²⁶ HMPPS acknowledges that it has reduced options for placing children given STC closures and delays to establishing the secure school (see paragraphs 3.14 to 3.16).

25 At this point in time, the Senior Responsible Owner for the programme sat within the Ministry not HMPPS.

26 By this point, the Senior Responsible Owner for the programme sat within HMPPS.

Figure 14

Her Majesty's Prison & Probation Service's (HMPPS's) estimated annual cost per place in a secure school, as at September 2021

The estimated annual cost per place is between £186,000 and £212,000, an increase of around £50,000 compared with HMPPS's original estimates

	Converting the Medway secure training centre site to a secure school (STC)		The 'do minimum' option ¹
	As at August 2018 ²	As at September 2021 ³	As at September 2021 ³
Cost per place (annual resource spend)	Between £135,000 and £165,000	Between £186,000 and £212,000	Between £171,000 and £197,000

Notes

- 1 HMPPS's 'do minimum' option is to re-open Medway as an STC managed by HMPPS.
- 2 These were HMPPS's estimated costs when it submitted its outline business case.
- 3 These were HMPPS's estimated costs when it submitted its final business case.
- 4 The average cost per place of other youth custody provision is: £273,000 for a secure children's home, £212,000 for an STC, and £120,000 for a young offender institution. These were HMPPS's estimated costs when it submitted its final business case.
- 5 All values have been reported to the nearest thousand.

Source: National Audit Office analysis of Her Majesty's Prison & Probation Service secure school programme business cases

Selecting a provider

3.10 HMPPS opened an application process to appoint a provider to run the secure school in October 2018. Because it chose to establish the secure school as a 16 – 19 academy, HMPPS followed an application process adopted by the DfE for academies (free schools), rather than use the 2015 Public Contract Regulations (PCR) that govern public procurements. It says it did so because it considered it the best option to attract the right non-profit, educationally focused provider. At the time, some providers noted concerns over pre-qualification financial tests and the lengthy and potentially expensive written tender and dialogue process under a PCR approach.

3.11 In choosing this application process, HMPPS accepted that competitive tension would be lower. Compared with a PCR-compliant procurement, its chosen approach:

- is less transparent in terms of selection criteria and evaluation methodology, allowing ministers to base their selection on recommendations from the evaluation process rather than a score;
- does not allow unsuccessful bidders to challenge or appeal the decision; and
- involves a funding agreement between the two parties rather than a contract. The agreement will not have a stated duration but include the option to terminate for convenience. HMPPS is still determining how it will manage performance under the funding agreement.

3.12 HMPPS received five applications which it assessed in consultation with NHS England and NHS Improvement and DfE. In July 2019, it appointed Oasis Charitable Trust (Oasis) to establish a Secure Academy Trust to run the first secure school. Oasis runs 52 academies in England, three-quarters of which are in deprived areas and works with homeless or vulnerably-housed young adults. Oasis has not previously provided secure accommodation for children. Oasis will have the autonomy to set the curriculum and timetable, and the freedom to recruit, train and pay staff.

3.13 The Ministry and HMPPS intend for the secure school to accept children with different levels of need. They expect girls and boys, and for all 12 to 17-year-olds, regardless of sentence length, to be eligible. As the secure school is registered as a SCH, it would have the right to refuse children if they believed they would not be able to meet the needs of the child while also meeting the needs of other children. HMPPS is considering the details of its funding agreement with Oasis on accommodating all children who need places. It has not yet worked out a mechanism to legally enforce this. Oasis (as the provider) and other government departments are reviewing the proposed funding agreement. HMPPS expects to receive formal approval for it from the Secretary of State for Justice in autumn 2022.

Delays to opening

3.14 HMPPS planned for the secure school to open by autumn 2020, but there have been repeated delays, partly due to assumptions made about timescale at the start of the project. As of April 2022, HMPPS expects the secure school to open in November 2023 (**Figure 15** on pages 40 and 41).

3.15 HMPPS faced delays in establishing the basis on which Oasis, a charity, could run a secure school. The Charity Commission told us that at the time HMPPS appointed Oasis, the law did not allow for secure schools as proposed to be run by charities. By appointing Oasis before this was resolved, HMPPS created the risk that Oasis could face regulatory action. To resolve the issue, the Ministry included clauses in the Police, Crime, Sentencing and Courts (PCSC) Bill to permit a secure school to be registered as a charity. HMPPS told us that it expects the Bill to receive Royal Assent in the coming months.

3.16 HMPPS also attributes the delay to the need to revise its designs for the secure school after Ofsted queried whether they met the specifications required for SCH registration. This also contributed to the costs of the refurbishment.

Costs of refurbishing the Medway site

3.17 The Ministry believed that the Medway site could be converted quickly and that it was more affordable than building a new school on a new site because it had lower upfront capital costs.²⁷ In its original options appraisal, it assumed £4.9 million in building and refurbishment costs for converting the former Medway STC site to a secure school, compared with £40 million to build at a new site. Refurbishing the Medway site had the second-best net present value (NPV) of all the options considered.²⁸ Still, the Ministry selected it as the preferred option because it was well located and had lower upfront capital costs by avoiding, for example, contract termination fees associated with converting an open site, and the upfront capital costs of purchasing new land.

3.18 By 2020, after HMPPS overhauled its design for the secure school, its estimated construction costs increased from £4.9 million to £23.5 million. As at April 2022, HMPPS estimates that the costs have increased to £36.5 million (excluding £7.3 million for optimism bias) due to redesigns to meet SCH specifications, such as smaller residential units, the cost of delays, and increased contingency for the construction company.²⁹ This compares with £59 million for a new build. The full estimated costs for refurbishing the site will not be known until the advanced site designs are complete. The approved advanced works at the site are due to end in June 2022. As at April 2022, it estimates a NPV of -£31 million over 30 years for opening the first secure school at the Medway STC site, excluding any wider economic and social benefits to society.³⁰ HMPPS has spent £679,000 in capital costs between 2018-19 and 2020-21 (see **Figure 16** on page 42). These costs have been incurred before HMPPS has received final approval for the secure school programme's final business case. HMPPS considers that value for money is protected because these works would still allow the site to open as an STC if the business case does not receive final approval.

27 At this point in time, the Senior Responsible Owner for the programme sat within the Ministry not HMPPS.

28 Net present value (NPV) is the value of all future cash flows (positive and negative) over the entire life of an investment discounted to the present.

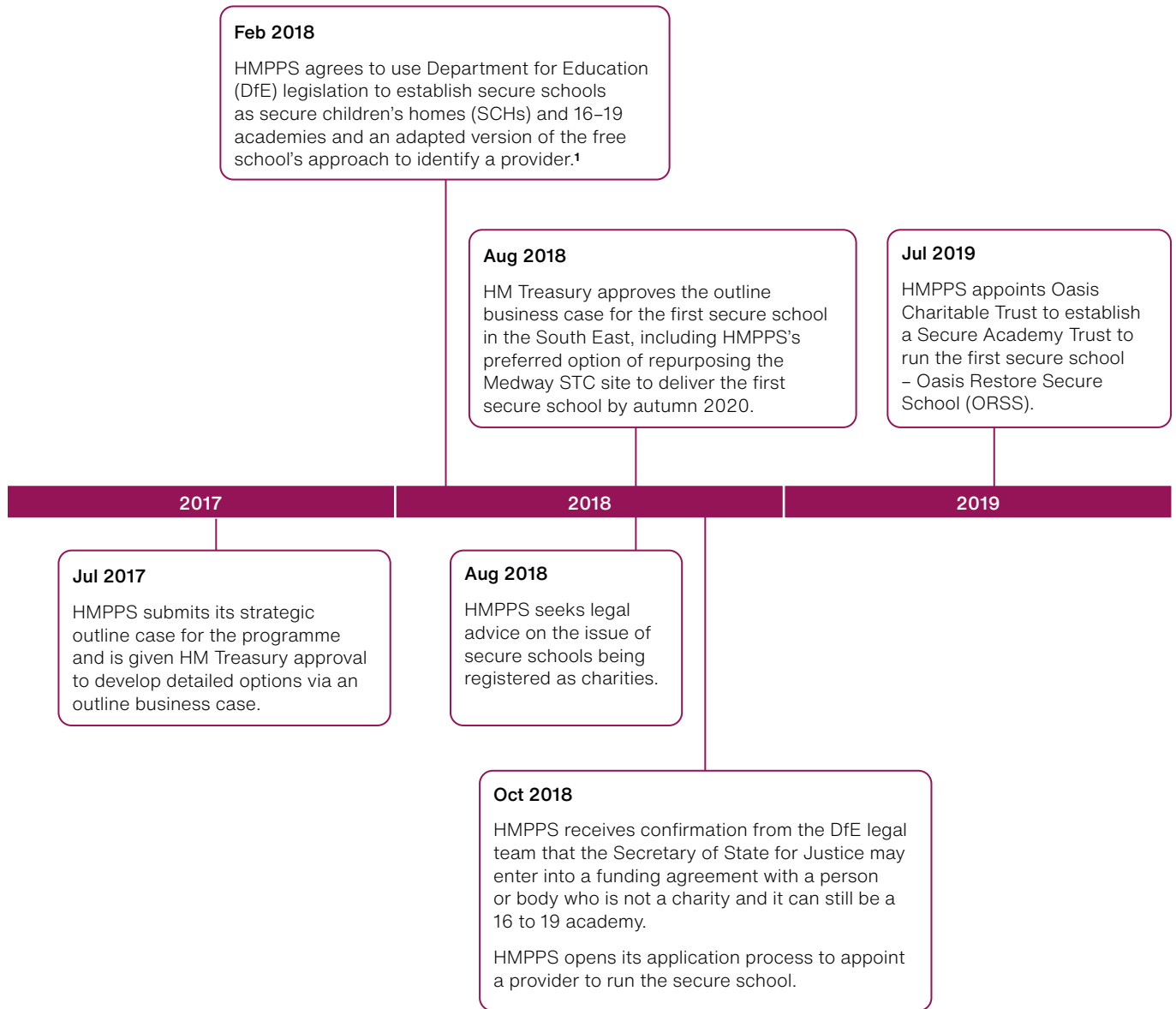
29 In the Green Book, HM Treasury describes optimism bias as "the demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters, including capital costs, operating costs, project duration and benefits delivery" and recommends building in additional costs to account for this.

30 HMPPS calculated the NPV for the secure school by taking the net present cost of the preferred option and subtracting the baseline option. In the full business case, the baseline option was renovating the Medway site and reopening it as an STC. HMPPS's NPV calculations exclude any wider economic and social benefits to society. As the secure school is an untested model, HMPPS does not have definitive evidence of the precise impact it would expect the secure school to have on outcomes.

Figure 15

Timeline of the secure schools programme

Her Majesty’s Prison & Probation Service (HMPPS) originally expected to open the first secure school by autumn 2020, but now expects it to open in November 2023



Note

1 Free schools are academies set up as all-ability state schools and funded directly by the Department for Education. An academy school must be part of an academy trust, a charitable company which manages the school’s budget and employs the staff. Most are part of multi-academy trusts that bring together groups of academy schools.

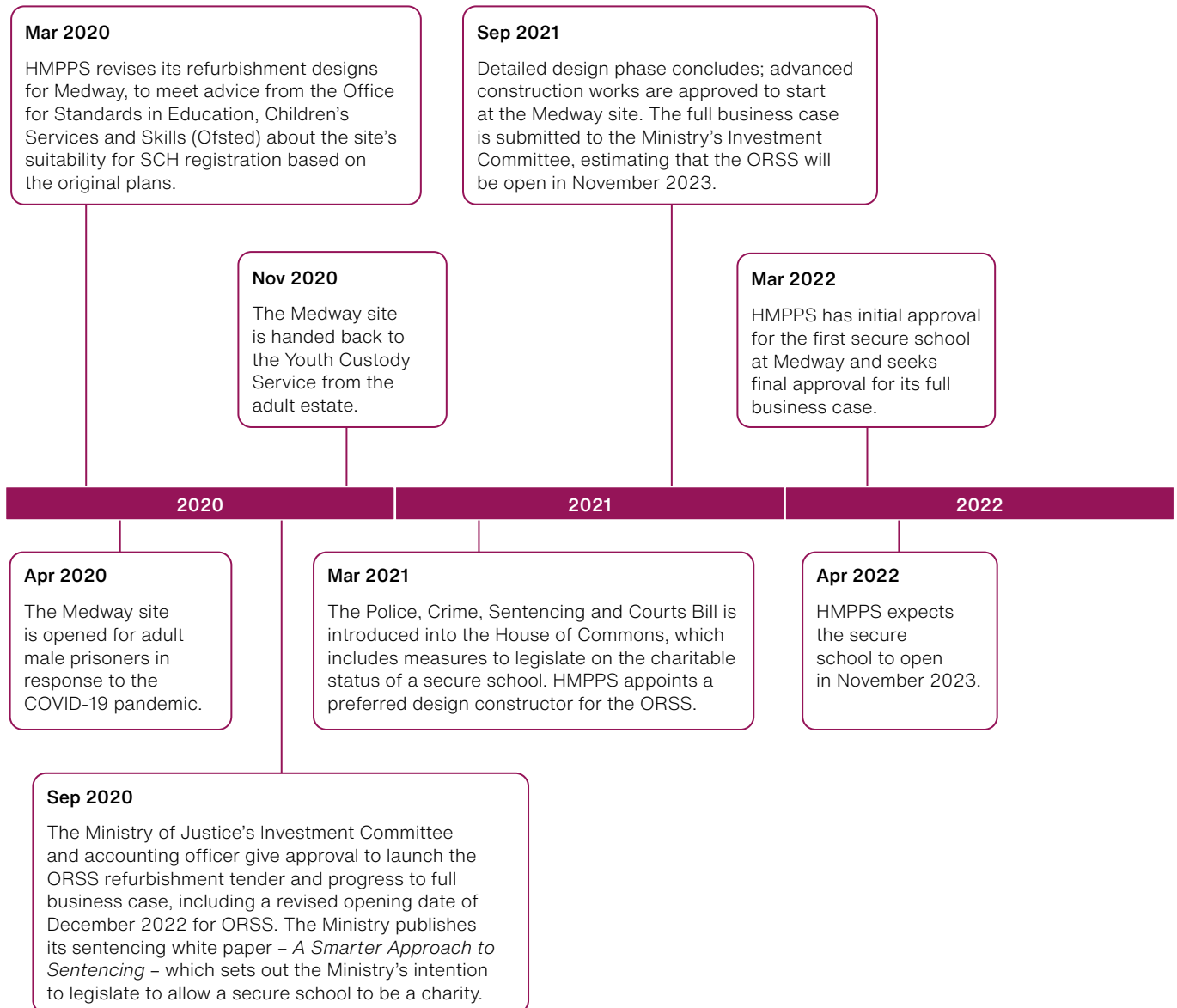


Figure 16

Her Majesty's Prison & Probation Service (HMPPS's) capital cost and net present value (NPV) calculations for the secure school programme options, and total capital spending up to 2020-21

HMPPS's anticipated capital costs for converting Medway secure training centre (STC) into a secure school have increased by more than £28 million since the original business case

Option ¹	Outline Business Case (OBC)		Full Business Case (FBC)			Total capital spending between 2018-19 and 2020-21
	Estimated capital costs	10-year NPV ⁴	Estimated capital costs	10-year NPV ⁴	30-year NPV ⁴	
	seeking approval to: proceed with the preferred option of repurposing the Medway STC site to create the first secure school baseline: 'Do Nothing' (approved August 2018)		seeking approval to: open the first secure school at the Medway STC site baseline: renovating the Medway site as an STC (pending final approval)			
1 Converting a STC site to a secure school	£4.9 million ²	–£1 million for the preferred option (Medway) ⁵	£33 million	–£23 million	–£31 million	£679,170
2 Building a new secure school	£40 million ³	Between –£46 million and –£58 million	n/a	n/a	n/a	n/a

Notes

- We have summarised HMPPS's options appraisal from its OBC and FBC. In both business cases, HMPPS calculated the NPV for the secure school by taking the net present cost of the preferred option and subtracting the baseline option. In the OBC the baseline option was a "Do Nothing" scenario. In the FBC the baseline was changed to renovating the Medway site but reopening it as an STC. We present the 10-year NPV calculations at both the OBC and FBC stage but recognise that they are not comparable because the baselines differ. We also present the 30-year NPV at FBC calculation, as HMPPS considers this a more reasonable timeframe to consider the lifetime of the investment.
- In the OBC HMPPS explored three potential sites that it could convert to a secure school, only one of which (Medway STC) had no contract termination costs.
- In the OBC HMPPS considered two new-build options: building on land already owned by the Ministry or purchasing new land.
- HMPPS's NPV calculations exclude any wider economic and social benefits to society. As the secure school is an untested model, HMPPS does not have definitive evidence of the precise impact it would expect the secure school to have on outcomes.
- In the OBC repurposing the Medway site had the second-best NPV but was cited as the preferred option because it had lower upfront capital costs and was well located geographically.

Source: National Audit Office analysis of Her Majesty's Prison & Probation Service's (HMPPS's) secure school programme business cases and financial data. The National Audit Office has not reperformed HMPPS's NPV analysis

Reopening Rainsbrook STC

3.19 As at April 2022, the Ministry is considering reopening Rainsbrook STC to help provide the capacity it forecasts it will need in 2024. HMPPS's draft proposals include re-opening Rainsbrook with reduced capacity as an STC rather than as a secure school because a secure school could take too long and cost too much, as converting a site entails significant capital costs. HMPPS's proposals are at an early stage and have not yet been agreed with the Ministry and its ministers, or with HM Treasury. However, if this goes ahead HMPPS is considering managing the recommissioned Rainsbrook STC itself. HMPPS told us it would intend to implement learning it gained from taking the management of Medway directly under its management in 2016, which it says took place too quickly at the expense of having enough time and investment to provide good-quality provision sustainably.

Appendix One

Our investigative approach

Scope

1 This investigation considers secure training centre (STC) provision and Her Majesty's Prison and Probation Service's (HMPPS's) and the Ministry of Justice's (the Ministry's) progress with delivering secure schools. We set out the facts in three areas:

- children in custody, including trends in youth offending, trends in custody rates, and the characteristics of children in custody;
- STCs, including HMPPS's management model, escalating concerns over the quality of provision, the Ministry's and HMPPS's response and lessons learned; and
- the Ministry's and HMPPS's current proposals for improving youth custody, including its secure schools programme and its plans to reopen Rainsbrook STC.

2 This investigation is non-evaluative. We have not drawn conclusions on value for money and we do not evaluate:

- the factors driving the trends in youth custody, the characteristics of children in custody, or the Ministry's understanding of the impact of its policies on children in custody;
- the value for money of HMPPS's commercial contracts to manage the STCs until their closure or to date, or the value for money of any negotiated settlement to terminate these contracts;
- HMPPS's effectiveness at managing its commercial contracts with private sector providers managing STCs or any other institutions in the youth custodial estate; and
- HMPPS's programme management of the secure school programme or the value for money of its expenditure on the programme to date.

Methods

3 In examining these issues, we drew on a variety of evidence sources, which we analysed between December 2021 and April 2022.

Interviews

4 We interviewed wider stakeholders in the youth justice sector, including independent commentators, inspectorates and other interested parties. Our questions were tailored to reflect each stakeholder's role and the areas of our audit that they would be best placed to speak to. We interviewed:

- Rob Allen (an independent researcher and justice commentator);
- The Alliance for Youth Justice (AYJ);
- The Howard League;
- The Children's Commissioner's office;
- Her Majesty's Inspectorate of Prisons;
- The Office for Standards in Education, Children's Services and Skills (Ofsted);
- The Care Quality Commission; and
- Oasis Charitable Trust.

5 We also interviewed officials in the Ministry and the Youth Custody Service (YCS), a directorate within HMPPS, which included those responsible for:

- the secure schools programme;
- STC contracts;
- youth justice statistics;
- youth justice policy; and
- plans for recommissioning Rainsbrook STC.

Document review

6 We reviewed publicly available documents for information relating to our key audit questions, including:

- reports in our back catalogue;
- STC inspection reports;
- reports by independent commentators, such as reports by the Children's Commissioner, Crest Advisory, the National Association of Youth Justice and the AYJ;
- Justice Select Committee evidence submissions; and
- independent reviews, such as the *Lammy Review*.

7 We also review published and unpublished documents from the Ministry and HMPPS. These documents included material relating to:

- analysis of youth justice trends;
- youth justice governance structures;
- STC contract arrangements and performance monitoring;
- the secure school programme (including business cases and associated programme set-up documents); and
- ministerial decision-points (including ministerial submissions for the secure schools programme, Medway STC, Rainsbrook STC, Oakhill STC and the Ministry's proposals to improve youth custody).

Data analysis

8 Our data analysis of children in custody, including trends in youth offending, trends in custody rates, and the profile of children in custody, primarily draws on the Youth Justice Statistics for England and Wales annual data series.

9 We also reviewed financial and management information from the Ministry and HMPPS, including:

- data on the capacity of STCs;
- data on the movement of children within STCs;
- contractual data for the STCs (including data on operating costs and termination fees);
- financial data pertaining to the Rainsbrook recommissioning programme; and
- financial data pertaining to the secure school programme. As part of this, we did not reperform HMPPS's net present value calculations at outline business case or full business case stage. We have presented the data and analysis as provided to us, setting out the basis of HMPPS's calculations, including any exclusions and limitations.

These data and analysis are as reported by HMPPS to us and were not independently validated.

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