



The economic efficiency of rehabilitative management in young offender institutions in England and Wales

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ABSTRACT

In the light of the UK Government's call for efficiency savings across all departments, including the Criminal Justice System, this paper attempts to shed some light on how cost savings can best be secured in the running of Young Offender Institutions (YOIs) in England and Wales. It does this by identifying 'best practice' YOIs using recently-developed Data Envelopment Analysis that caters for both good and undesirable outputs (such as assaults and testing positive for illicit drugs by inmates), thereby allowing policymakers to deliver cost savings through the spread of management techniques adopted by benchmark YOIs. The study also analyses the size–efficiency relationship for YOIs in England and Wales and finds that, although the smallest institutions are typically the most efficient, the size–efficiency relationship is quite complex. This calls into question the Government's wisdom of building 'titan' prisons in England and Wales which, perversely, might decrease the efficiency of rehabilitating young offenders.

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1. Introduction

In 2010, the newly elected Coalition Government in the United Kingdom set out an ambitious plan to eliminate the structural deficit of the country (equivalent to 11% of GDP) within four years, that is, by the end of 2014/15 [1]. At the forefront of reductions across Government departments were areas of the Criminal Justice System (CJS); for example, average police resource funding is being reduced by 14% in real terms and overall resources of the Home Office by 23% in real terms over the review period. Furthermore, the Spending Review asked for overall resource savings from The Ministry of Justice of 23% (the 2010/11 budget of £8.9 billion will fall to £7.3 billion in 2014/15) "through reforming sentencing to stem the unsustainable rise in the prison population, using innovative approaches to reduce reoffending and resolving more disputes out of court" ([1], page 55). Given the large efficiency savings that must be found over the coming four year period, it is both timely and warranted that an analysis of sectors within the CJS are again examined.

It is with this in mind that our study considers Young Offender Institutions (YOIs) in England and Wales.² Indeed, to the authors' knowledge, there have not been any recent empirical efficiency analyses of English and Welsh Prison Services, especially ones that compare 'young' and 'mixed adult and young' offender institutions/prisons and how they perform in rehabilitating offenders (as called for by the Carter Review [3] which sought to increase efficiency and value for money).³ That is, with respect to efficiency within the UK Prison service, the Carter Review [3] expressed concern at the

² It should be noted that there are three distinct youth justice jurisdictions in the United Kingdom; England and Wales, Northern Ireland and Scotland. These all report to their respective Assemblies and Parliaments but, as Goldson and Hughes [2] argue, there are 'geographical sentencing' differences for young offenders due to different sentencing guidelines. Hence there is little possibility of formulating a common UK model treating inputs and outputs as equal across the three jurisdictions, thereby explaining why we focus only on England and Wales and not the United Kingdom.

³ Under the Powers of the Criminal Courts (Sentencing) Act 2000, young offenders are either detained in Young Offender Institutions (YOIs) or in an adult prison in which they share the majority of facilities but have self-contained young adult wings. For example, the number of 18–20 year olds held in adult prisons in 2007 was 6454 (47% of all young offenders), in 2008 it was equal to 6873 (49%) and in 2009 to 6434 (47%). Whereas the total population in YOIs in 2008 was equal to 6,722, in 2009 was equal to 6879 and in 2010 to 6712 (source: Hansard, 14 February 2011, Column 590W).

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pressures within the system in relation to prison places (both adult and young offenders), with the 81,000 available places in 2007 failing to match the 100,000 demand for places anticipated in 2014.

To alleviate this problem, the Carter Review [3] argued that a process of ‘managerialism’ would need to be implemented. This would allow managers to: determine sentencing in a transparent manner to facilitate forecasting of demand for places; adopt new analyses and approaches to the benchmarking of prison performance to determine which are ‘best value’ prisons; and ‘develop and implement tools to improve efficiency and financial management of public sector prisons’. It also noted that “there is significant scope for increasing the efficiency and value for money of the prison system in the medium and long term, both in respect of the services that are delivered and the way in which they are delivered” (page 16). It is because of the Review that our sample begins in 2007 and ends with the most recent available data, that is, end 2010–11. We hope our study gives policy advisors the ability to determine benchmark institutions and thus help reduce costs to the CJS.

The process of introducing efficiency targets and managerialism across suppliers of public services can be found in other areas of the CJS. Economic analysis of this process has covered, for example: policing [4–7] (including an official review [8]); prisons [9]; and, more recently published in this journal, the Probation Service [10]. Indeed, Sullivan [11] notes that “managerialism refers to the belief that all state services do better when reconceived and restructured in terms of the business community’s values of efficiency and effectiveness” (page 307). Finally [3], noted that even across similar prisons, variations in cost per prisoner could be substantial. For example, in YOIs, in the case of medium-sized institutions (certified normal accommodation between 350 and 500 prisoners), the minimum cost per prisoner per day in 2008/09 was equal to £109 (at Rochester) and the maximum equal to £143 (at Lancaster Farms). The Carter Review concluded that “widespread differences in practice in regime provision, staff rostering, unionisation and the provision of additional accommodation at the prisons are likely to account for these variations in cost” (page 23).⁴ Hence, an analysis of which YOIs constitute ‘best practice’ or a benchmark organisation can provide information useful in determining which YOIs in England and Wales over the period 2007/08 to 2010/11 constitute value for money institutions, one of the aims of the Carter Review and a necessary process to ensure savings are met, as outlined in the Spending Review [1].⁵

The paper is structured as follows. In the next section we present a brief review of the structure of English and Welsh YOIs and their relationship with other government organisations. Section 3 reviews Data Envelopment Analysis and presents the modelling strategy used to analyse YOIs using the DEA model proposed by Liu et al. [14] that allows us to include both desirable and undesirable outputs. To the authors’ knowledge, this is the first time Liu et al.’s [14] approach has been applied

to a real data set in the first attempt to analyse the socio-economic factors behind rehabilitation in YOIs. Section 4 provides a description of the inputs and outputs used in the estimation of YOI efficiency. The results are analysed and presented in Section 5 along with policy recommendations for the YOIs and government. Finally, we conclude and summarize in Section 6.

2. The role of young offender institutions in England and Wales

In England and Wales, young offenders are split into two groups, juveniles between the ages of 10 and 17 and young adults between the ages of 18 and 20. When allocated to a custodial sentence by a court, young adults will be sent to a Young Offender Institution (YOI) until their 18th birthday (although in exceptional circumstances they could be sent to a YOI until they are 21) when they will then be transferred to an adult prison. Juveniles will be sent either to a YOI, a Secure Training Unit, or a Secure Children’s Home dependent upon an assessment of the young person’s age, needs, and risks, rather than anything to do with the offence.⁶ The allocation of young offenders to these institutions is made by the Youth Justice Board (YJB), an executive non-departmental public body of the Ministry of Justice. Furthermore, the National Offender Management Service (NOMS), which is also an executive agency of the Ministry of Justice, is commissioned by the Youth Justice Board (which pays the costs) to provide secure accommodation for young people in YOIs as well as providing services, such as escort and electronic monitoring attendance centres. The YJB funds over 30% of the costs of 157 Youth Offending Teams (YOTs), with the remaining funds coming from local police forces, probation services, health, social services, education, the Crown Prosecution Service, and the courts and judiciary.⁷ Finally, the strategic aims of the YJB are to prevent offending, reduce reoffending, increase victim and public confidence, and ensure the safe and effective use of custody. Indeed, with respect to the last strategic objective, they will “continue to manage and monitor contracts and service level agreements with providers to ensure quality, safety and value for money” and “that the economic climate means that, more than ever, we need to ensure value for money in every area of our work, and that our staff and systems operate at their maximum capability to support the youth justice system” [16], page 10.

The concept of a YOT first appeared in the Youth Justice and Criminal Evidence Act 1999 where a new interventionist sentence, the ‘referral order’, was introduced for almost all children and

⁴ The Carter Review [3] also notes that “HM Prison Service has developed a number of financial analysis tools such as the Prisons’ Cost Analysis and Comparative Cost Workbook, however the use of benchmarking and best value comparators within NOMS and HM Prison Service would benefit from further improvement. For example, the Review found significant differentials in the costs of handling prisoners’ mail with annual costs equating to £384 per prison place at one prison and £199 per prison place at another” (page 23).

⁵ For example, in England and Wales a recent Government Report estimated that the cost of 127,197 young offenders in 2009 to the criminal justice system was equal to just under £1 billion (spread across the police, prison, probation services, etc), with over half of those whose first offence was committed in 2000 offending again in 2004–05 [12]. Furthermore, a Ministry of Justice Report recently reported that, assuming 17% of all crime is committed by young offenders, the estimated cost of youth crime in 2009 is around £8.5 - £11 billion, with the youth justice system costing an additional £800 million in 2009 – including £306 million spent on custodial provision [13].

⁶ The age of criminal responsibility across Europe is not standardised; indeed, in England and Wales, the ‘minimum age of criminal responsibility’ is 10, in France 13 (but educational measures can be imposed from the age of 10), Germany 14, and up to 18 years old (16 for serious offences) in Belgium! Furthermore, in 1998 the new Labour government abolished the presumption of ‘doli incapax’ for 10–14 year olds (incapable of distinguishing between acts which are merely naughty or mischievous and those which are seriously wrong) (Crime and Disorder Act 1998). As the Howard League for Penal Reform [15] commented, “The political decision to abolish doli incapax in England and Wales is symptomatic of a rigid and inflexible attitude to penal policy for children in recent years. It is ironic that the same act that abolished the presumption of doli incapax also provided that the principal aim of the youth justice system is to prevent offending by children and young persons and bodies carrying out functions in relation to the youth justice system to have a duty to have a regard to that aim” (ibid. page 7).

⁷ The main funding for YOTs in England and Wales comes from health authorities, local authorities, police forces, the Welsh Assembly government and the Youth Justice Board. The total funding for YOTs in 2006/07 equalled £254 million, in 2007/08 £265 million, in 2008/09 £276 million and in 2009/10 £281 million, with the majority of funding (over 70%) coming from Local Authorities.

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