

Office of the  
Public Guardian



**Annual Report  
and Accounts  
2010/11**



## April 2010 – March 2011

### Office of the Public Guardian Annual Report and Accounts

Annual report presented to Parliament pursuant to Section 60 of the Mental Capacity Act 2005

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Accounts presented to the House of Lords by Command of Her Majesty

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## Foreword

In the foreword to the Office of the Public Guardian's (OPG) business plan for 2011/2012, I reflected on the vagaries of seeking to predict confidently the future. This Annual Report and Accounts reflects the many successes, and challenges, OPG has charted during the course of the 2010/2011 financial year. In many respects it highlights the need to maintain efforts to change and improve even while events – and, in our case again this year, demand for services – make that harder. It also recognises, going forward, that maintaining delivery and meeting customer expectations will continue to be a challenge.

I'm mindful that this foreword can be written from two different perspectives – that of Chief Executive (which would have a particular slant as Accounting Officer); or that of Public Guardian (with the slightly different slant of statutory office holder). In reality my role is a coherent combination of the two, and rarely is there call for me to take a position that is at one margin or the other. Over the course of the year this report covers, there have been circumstances in which the distinction has been highlighted - particularly regarding the challenges OPG has faced.

As Chief Executive, OPG's role as part of the wider Ministry of Justice has been important: whether in the context of changes to the Ministry's operating model; whether ensuring OPG keeps engaged with, and supported by, those services provided on a shared basis; or whether ensuring OPG's agenda of change remains consistent with departmental strategic aims. Of course, the financial climate for the Ministry has also been a key factor. OPG has continued to contribute to the prudent management of the Ministry's finances through delivery of its own financial objectives, as well as through observing the enhanced controls on the nature and scale of spending.

This has, at times, meant that planned activities or initiatives have had to be deferred or re-shaped. However, we have continued to prioritise our resources to the services we provide to customers. In terms of delivery, this has meant much increased activity over the year. OPG again saw a 50% increase in demand for the registration of Lasting and Enduring Powers of Attorney (LPAs/EPAs). Registration output increased by 55%. In our core supervision case review work, we delivered 25% more reviews than in the last financial year. And in our crucial compliance activity, we delivered our commitments to completing investigations, even though referrals to OPG hit a record high.

But having delivered more, we still have much to do to build and maintain the confidence of our users and customers – particularly in LPA/EPA registration. We were not able to deliver all our services in the time and manner that our customers should expect. For that I am sorry. Our moves to transform OPG are central to being able to meet and exceed customer expectations while also managing the demand that we expect in future. I am in no doubt that these moves will make for a tough year ahead.

As Public Guardian, the year has demonstrated further the boundaries of my statutory powers. It is not always straightforward to reconcile customers' views of what I should be able to do, with what I can actually do. This shows itself in the context of receiving and handling allegations of abuse, but also in the handling of applications to register Lasting and Enduring Powers of Attorney. Ambiguities can arise when an adult's capacity fluctuates; or when an adult has mental capacity but is vulnerable in their surroundings or as a result of relationships. Our compliance activity continues to throw up new scenarios to analyse and new judgements to make as to jurisdiction, to capacity and to best interests. That has extended to OPG's developing approach to Court of Protection applications. So at times OPG, as an agency, has wanted to pursue actions in support of a broader safeguarding or best interests agenda, but as Public Guardian I have had to recognise that in law I cannot.

The Public Guardian Board has again, in its independent role, been a source of positive support and constructive challenge. This is particularly worthy of recognition, given its proposed abolition under the Public Bodies Bill and the extended period from announcement to potential future effect. The Board has recognised that its advisory role is out of step with financial constraints across Government and supports the proposal. In the meantime I am very grateful for the positive relationship and close engagement my team and I have enjoyed with the Board.

Finally, it is important to recognise that changing the shape and approach of OPG is not only central to our delivery to customers, but is also a significant challenge to our people. Staff across the organisation have shown tremendous resilience over what has been a tough and demanding year. And for London-based teams, there has been the added uncertainty that comes with OPG's ongoing relocation to the Midlands. It is to everyone's credit that they have continued to develop and deliver in such an environment and I am confident we can continue to do so going forward.



**Martin John**  
Chief Executive and Public Guardian  
13 July 2011



## Introduction to what we do

### The Role of the Public Guardian

The Public Guardian is appointed by the Lord Chancellor under Section 57 of the Mental Capacity Act, 2005 (MCA). As the Chief Executive of the Office of the Public Guardian (OPG) and Accounting Officer, the Public Guardian is responsible to the Lord Chancellor and Secretary of State for Justice for the effective operation of the agency.

### OPG Activities

The OPG supports the Public Guardian in the delivery of his statutory functions under the MCA and is an executive agency of the Ministry of Justice (MoJ). The OPG's core functions are to:

- register Lasting Powers of Attorney (LPAs) and Enduring Powers of Attorney (EPAs);
- supervise Deputies appointed by the Court of Protection;
- maintain the registers of Deputies, LPAs and EPAs, and respond to requests to search the registers; and
- investigate complaints, or allegations of abuse, made against Deputies or Attorneys acting under registered Powers.

### Our Vision

To encourage everyone to prepare for a possible lack of mental capacity and to empower and safeguard those who lack mental capacity now.

### Our Mission Statements

- To deliver excellent services to attorneys and deputies, and those they represent in order that actions are taken or decisions made, optimally and quickly.
- To seek constantly to develop innovative ways of improving the way that we deliver services to all of our customers.
- To create a customer-focused, proficient and motivated workforce with the skills to carry out their roles effectively.
- To improve our mechanisms for building knowledge of our customers and their needs, and developing robust mechanisms for using that knowledge proactively to deliver better customer outcomes.
- To develop effective relationships with partner organisations in order to support the delivery of OPG services and increase the impact of the MCA.

## Improving Service

We have continued throughout the year to strike a balance between developing and transforming OPG, while maintaining and improving the services we deliver. But that has been a major challenge and we know we have not delivered to the best of our abilities.

Volumes of applications to register an LPA or EPA continued to rise throughout the year. This year 190,000 applications for LPA or EPA registration were received compared to 127,000 in 2009/10:

	2009/10	2010/11	% Difference
EPA	20,000	19,000	-5%
LPA	107,000	170,000	+59%
TOTAL	127,000	190,000	+50%

(Figures rounded to nearest 1000)

Instruments registered totalled 180,200 compared to 116,000 in 2009/10:

Registered	2009/10	2010/11	% Difference
EPA	17,600	18,200	+3%
LPA	98,400	162,000	+65%
TOTAL	116,000	180,200	+55%

(Figures rounded to nearest 100)

Though a 'twilight' working shift was introduced in Birmingham in March 2010 to meet demand, the size of the shift has almost doubled since its launch. Our Birmingham office is now staffed from 07:00 until 22:00 Monday to Friday, and this will continue in line with relocation to Birmingham later in 2011.

In January 2010 we received an average of 600 daily applications for the registration of a Power of Attorney; by March 2011 daily average receipts had risen to an average of 850. The resilience of both our staff and our systems has been tested throughout – staff were challenged to consider smarter ways to process their workload, and to take responsibility for the training and coaching of new staff – and it is very much to their credit that they were able to process and dispatch the majority of applications to register LPA/EPAs in 11 weeks over 2010/11. While we regret not being able to meet our published target (see Appendices), customers and stakeholders have told us they prefer our communications to be honest and realistic so that we can set and seek to meet expectations. This is something we have worked very hard to achieve: our website maintained up-to-date information about current processing times, and callers to our contact centre will be told the most current processing information. We recognise there is more to do and that will be a key theme going forward.

As the volume of Power of Attorney applications continued to grow, so too did the number of calls received by the OPG contact centre. The centre is based in our Nottingham office, having transferred from our London site just before the start of the financial year. The newly appointed team has grown – in size and skill – over the past year, and they have strived to meet the service standard set for them; 85% of telephone calls to the Contact Centre to be answered within 60 seconds. Over the year, performance improved from 36% to 78% in March 2011. The spotlight has also been on the quality of the service call agents provide because OPG recognises the speed with which a call is answered must be balanced with the responsiveness and accuracy of the resolution of the caller’s question or request. We have relied on learning and development techniques to equip staff and have also listened to what our users have told us about our areas for improvement. We invited Caroline Bielanska, Chief Executive of Solicitors for the Elderly (SFE), to meet with contact centre staff and share the benefit of her members’ experiences of dealing with the OPG’s telephone staff. We are enormously grateful to Caroline that she and SFE supported our learning in this way. Daily performance of calls answered is now a good deal closer to the target we set out to achieve.

Throughout the year the number of Deputyship Orders made by the Court of Protection fluctuated. Our target – to notify 95% of new Deputies of their supervision level within 20 working days of the OPG receiving the Court Order – was met consistently month on month. This achievement enabled us to release resource from this part of our business to others; with a continued focus on balancing performance across the business rather than exceeding in one area and missing targeted performance in another. Not only did this support service delivery, but it also gave some staff the opportunity to test their skills and knowledge across different parts of the organisation.

The number of cases requiring supervision by the Public Guardian has grown in year, and our team in Nottingham has continued to develop systems to ensure these cases are managed proportionately. The key performance indicator (see Appendices) was met. This target equated to 15,312 cases, which we surpassed, reviewing 15,675 cases (102%). Staff have challenged themselves to consider the position of those they serve to establish more supportive approaches as they discharge their case management duties. For example, we have trialled the telephoning of Deputies rather than writing to them, to gather information from them as part of their regular review with us. We have also sought to improve the information we offer in the OPG’s Deputy Support Guide based on feedback we have received from Deputies across England and Wales.

### Testing our resilience

As the teams in each of our new locations became more familiar with the work of the organisation, that afforded us the opportunity to put to test our business continuity arrangements. We have done so in a number of different ways throughout the year. One way was the creation of a contingency contact centre in London to ensure that we could continue to deliver a customer telephone service in the event of a halt to services in Nottingham (where our contact centre is now located) because of, for example, a building evacuation. The contingency arrangements have worked well and training is now underway to enable us to construct a similar contingency team in our office in Birmingham.

Another focus for us has been to ensure a transfer of knowledge and processes to staff in our Midlands offices in readiness for the point when the majority of our business will be transacted from our Nottingham and Birmingham locations. A small casework team (focusing on LPA applications) was formed in Birmingham, to add to and complement work undertaken by staff in London. The arrangement has worked well, and has been well-received.

While work continues to develop a more robust IT system to underpin the entire organisation, each part of our business has challenged itself to consider how it would continue to process work in the unlikely event that IT were to fail. Consequently, manual processes have been settled and – while there would be an inevitable slowing of the service that could be delivered if this were to happen – staff now understand their responsibilities in the event of an IT outage.

## Complaints

Unfortunately our service has not been as we would have liked, particularly in processing LPA applications, and we saw a significant increase in complaints over the year. We received 9,227 complaints in 2010/11, around 40% of which related to delays in our service delivery. However we have recognised these issues and have taken measures to identify and monitor trends. We continue to take steps to address both the cause and the impact of these complaints. Of the complaints received, broadly 2% of these were escalated to the Chief Executive, in line with the OPG's complaints procedure. In 2010/11, 8 cases were taken on by the Parliamentary and Health Service Ombudsman (PHSO).

In the past year we have carried out a review of our complaints handling processes and have put in place new measures to ensure that complaints are handled consistently, such as improved templates for drafting and enhanced quality checks. We have also improved the way we capture complaints information by introducing a standard data capture process across the organisation. This will ensure that we are tracking and monitoring complaints more effectively and will enable more accurate and sophisticated trend analysis over the next year.

To track progress and to maintain the impetus for continuous improvement, we have established a Complaints and Improvement Network consisting of staff representatives from key operational areas. This is intended to reinforce our previous work to ensure that accountability and ownership rests in the business area where the complaint originated. This Network will also enable the regular exchange of best practice and will provide a cross-organisational scrutiny of trends in complaints. (We are continually looking for new ways to review and improve our processes.)

## Feedback from users

Over the past year we have worked to make better use of customer intelligence in improving business processes. Due to constraints on government marketing and communications expenditure we have not been able to carry out a customer survey this year. However, we have made good use of existing management information, such as complaints trends, and of internal forums to identify areas for improvement within

our processes. One such piece of feedback is the results of the reader survey for our newsletter for Court-appointed Deputies, In Touch. The survey carried out in January 2011 found that over 77% of respondents stated that they were satisfied with the overall service they received from the OPG.

We have started to identify initiatives we could undertake and forums in which to promote continuous improvement. We have also taken steps to formalise existing feedback loops. The work we have undertaken over the past year is with the aim of establishing a firm base on which we can continue our work to embed customer intelligence functions across the business and integrate feedback loops into business as usual processes. Ultimately we intend this work to enable the OPG to be more sensitive and responsive to our customers' needs.

### The Public Guardian Board

As provided by the MCA 2005, the discharge of the Public Guardian's functions is scrutinised and reviewed by an independent Public Guardian Board. The Public Guardian Board, chaired by Rosie Varley OBE, has been a welcome critical friend, providing constructive support, advice and challenge to the Public Guardian. The Board seeks to engage with a range of stakeholders in England and Wales and publishes its own report and recommendations to the Lord Chancellor each year. Rosie Varley comments:

"Given the current financial constraints and the Government's obligation to concentrate public expenditure on essential functions, we agree that an advisory board such as ours cannot continue into the future, and we support the proposal in the Public Bodies Bill, that we should be one of the bodies that ceases to exist. The Public Guardian Board, which was set up as a result of a Lords' amendment, has meant that Ministers have been kept informed by an independent 'watch dog' about the roll out and effect of legislative change. After our demise it will be even more important that the Government is alive to the provisions of the Act and its role in promoting active citizenship and protecting the vulnerable. We pay tribute to Martin John, the Public Guardian, for the spirit with which he has actively engaged with us and positively encouraged our scrutiny. When the board ceases to exist, new governance arrangements for the OPG will be introduced. We are firmly of the view that the OPG should be governed by a Board, led by a Chair of the standing and experience to influence across the MCA landscape and to champion the rights embodied in the Act. Such independent leadership is, in our view, critical to accountability and supporting the continued transformation of the Office"

The Public Guardian Board Annual Report 2010/11 can be found at:

<http://www.justice.gov.uk/about/pgboard.htm>

## Change

### OPG Transformation

In order for us to meet higher and consistently increasing levels of demand, over the last year we have re-examined all aspects of our operations, including capacity, capability, process, estate and technology.

The OPG requires a new operating model and the development of an organisational design which focuses on efficient delivery. The scale of change required, and the desired timescale to do so, has resulted in a structured and focused multi-year programme of change.

The OPG Transformation Programme brings together current and future elements of the OPG's Transformation activities into a strategically-aligned, prioritised and achievable change programme.

The original Transformation agenda was developed prior to the spending review. We have re-visited our objectives to reflect wider government initiatives and to ensure they are aligned to the MoJ corporate business plan.

We have refined our approach into five projects:

- Relocation (incorporating workforce change);
- IT Systems replacement and Process improvement;
- Strategic Partnerships;
- Customer Strategy; and
- People and Culture.

All projects are expected to be implemented over the next three years with the relocation project already at an advanced stage and the other four projects beginning.

### Relocation

Last year's annual report covered our progress in moving our business functions out of London to new offices in the Midlands. This year we will be completing the last of our phased moves when we transfer the bulk of our remaining London work to premises in Birmingham. The move is due to be completed by 30 March 2012. At the same time our "core" London presence, consisting of approximately 30 posts, will leave Archway Tower and move to MoJ estate elsewhere in central London.

The key benefits we aim to deliver through our relocation activity are:

- an increase in OPG's capacity to meet the projected demand for its services;

- the co-location of our key operational teams in the Midlands thereby providing us with greater capacity to flex our workforce and improve business performance and continuity;
- a reduction in ongoing operational costs and accommodation costs;
- the potential to employ surplus MoJ and other government departments' staff displaced by wider organisational change; and
- delivery in line with the estates drivers for efficiency outlined by the Government Property Unit, the MoJ Estates Transformation Programme and successive Government reviews.

Refurbishment work at the Axis building in Birmingham has progressed well and the phased arrival of staff has already begun.

New teams will comprise partly of existing OPG staff transferring from London with their posts, and of newly recruited staff, some from other parts of MoJ and other Government Departments. With a significant number of new staff expected to join us, good quality induction training will be critical and our training plans are being carefully developed and tested to help ensure new entrants receive the right level of support, not only when they first join us, but on an ongoing basis.

As with the earlier phases of our relocation, we will retain teams in London on a “dual running” basis to help ensure our service to customers is not compromised while our new teams are undergoing training.

We expect that a number of our London people will elect not to relocate with their posts. We have plans in place to provide help and support to those staff, be it in exploring opportunities to take up alternative posts in MoJ or pursuing other options.

## IT Systems

Work launched during 2010 to develop and implement – with input from the MoJ, and from our suppliers – a tactical disaster recovery system for MERIS (the IT system on which the organisation relies to process applications to register LPAs and EPAs). The disaster recovery system ensures the organisation's resilience in the event that a fault develops with our main operating server, or the building in which the server sits is out of action for any reason. Staff helped with user testing of the recovery system, which became operational in November 2010.

In parallel with our efforts to improve business continuity arrangements, we have also continued apace with work to develop a new and more robust strategic IT solution that will enable us to meet our service delivery commitments going forward. Again, working with colleagues from MoJ, and with suppliers, we have involved staff in deciding both our working and policy requirements for the new system. In step with the Civil Service generally, activity paused for a short time while we familiarised ourselves with new IT Procurement requirements set for us by the new Coalition



Government, but as soon as the governance approach became clear we ensured our transformation ambitions began to be realised. Development and implementation of a new system of the scope envisaged by OPG will take us into next year, but we remain confident that we are on track to ensure more resilient IT.

The requirements of the new system include the ability:

- for users to engage with a range of our services online;
- for users to establish progress of their case via electronic tools rather than needing to contact us via the telephone or correspondence; and
- for the delivery of a system that is wholly scalable so that the organisation is confident it can cope with projected increases in demand, however large, in the future.

## Panel Deputies

On 1 April 2011 the OPG announced the membership of the new Panel of Deputies to act in cases of 'last resort' - that is, cases where the Court of Protection determines that there is no one around the person lacking capacity suitable or willing to become their Deputy. The announcement marked the conclusion of a process which began in 2009 with a review of the Panel conducted by the OPG. The review concluded that to be effective the Panel should be more diverse and more available to the public with a closer relationship with the OPG. The review also found that at 180 members the Panel was too large in proportion to the number of cases coming through the Court. It determined that roughly 60 members were needed.

The OPG drew up a new Service Level Agreement (SLA) to redefine membership of the Panel. A crucial finding of the review was that the old Panel was too ready to decline difficult or low value cases which, given the nature of last resort cases, comprised a large proportion of referrals. This would lead to people, sometimes vulnerable, being left exposed with no Deputy to manage their affairs. The new SLA presumes that members will take such cases unless there is a compelling reason not to, a conflict of interest for example, and indeed membership of the Panel is now conditional on this. The skill sets and application criteria were also refreshed to bring them in line with changes in the legislative and policy environment.

After running a publicity campaign in 2010, OPG embarked on the difficult task of selecting the new Panel from the 600 plus applications it received. We had hoped for a greater response from non-legal organisations however some modest gains have been made in improving the diversity of the Panel: third sector makeup of the Panel has increased from 1% to 7%. Membership of the Panel can now be viewed at [www.justice.gov.uk/about/opg.htm](http://www.justice.gov.uk/about/opg.htm).

The OPG designed and built a bespoke search engine to match cases to Deputies via criteria such as geographical location, type of client and the specialist skills, including cultural knowledge and languages they require. Forty different languages are now catered for by the Panel.

The SLA will be reviewed in 2014 for its effectiveness, at which point it will be decided whether a new competition needs to be run.



## Raising Awareness

Over the last 25 years, the population aged 65 and over has increased by 1.5 million. By 2033, 23% of the population will be aged 65 and over. The Alzheimer's Society predicts that there will be over a million people with dementia by 2025 and that the proportion of people with dementia doubles for every 5 year age group.

The OPG therefore has an important role to play in ensuring that people plan for a time in the future when they are no longer able to make decisions for themselves.

Throughout the past year, we have been working on awareness raising activity in two key areas: communications and stakeholder engagement.

### Communications

Our aim is that people plan for a time in the future when they may no longer be able to make decisions for themselves and our communications activity is focused on that aim.

There has been a reasonable level of media coverage over the year, focused on the value of making LPAs. Coverage also included the difficulties some customers have faced with banks in relation to LPAs and what steps OPG is taking to help banks improve their systems so they can appropriately support customers acting as Attorneys or Deputies. The Public Guardian has also taken part in interviews in the press and on the radio to raise awareness of the role and function of the OPG.

We also produce a newsletter for Court appointed Deputies - In Touch. The purpose of this is to keep Deputies well-informed and up-to-date so they are fully equipped for their role. We also have an electronic bulletin for stakeholders - MCA update. This provides an informative view of OPG and Court of Protection news. Stakeholders are also invited to contribute relevant articles.

### Stakeholder Engagement

We are changing the way we engage with stakeholders. Stakeholder engagement is crucial for the OPG, to maximise the support and commitment of key organisations and individuals, in achieving our objectives to increase the number of people applying for and registering LPAs. We also need to ensure that our limited resources are used in the most effective way and that we are sharper about how we engage with stakeholders.

We have established strategic and operational policy stakeholder groups to support us in meeting these objectives. The strategic group will help provide a clear strategic view of the mental capacity landscape and how the functions and duties of the OPG fit into that landscape. The operational policy group will enable the OPG to share and discuss possible changes to the MCA's rules and regulations, forms, or approach to policy and to gather evidence and feedback. The first set of meetings received extremely positive feedback from the stakeholders involved and we expect collective agendas to develop and evolve in 2011/12.

As part of this agenda OPG has engaged, in concert with legal and third sector stakeholders, the banking and building society associations to seek specifically to address the issues experienced by Deputies and Attorneys. Early discussions have been positive and work will continue over the 2011/12 financial year, focused on achieving consistent standards across the sectors.

## Protecting the Vulnerable

### Protection and Intervention

In January 2010 the OPG's Investigations and Type 1 Supervision teams merged to become the Compliance Unit. The Unit deals with complex cases and, in particular, concerns about Deputies and Attorneys, which continued to grow in 2010/11. We received 2,566 referrals in 2010/11, compared to 902 in 2009/10 with 422 new cases progressed for a full investigation and report to the Public Guardian. During the year, 447 investigation cases were concluded. The merger of the teams has enabled us to provide a more consistent response and focus to handling and progressing concerns and a simpler route for escalating Deputyship cases internally.

Approximately half the referrals received fell outside the Public Guardian's jurisdiction. As well as liaising with the relevant bodies to ensure all concerns are followed up, we monitor these to inform future development of policy.

The vast majority of investigations undertaken continue to be into allegations of financial abuse, with a relatively small number of investigations into personal welfare matters.

Of the referrals received by the Unit, 44% were received from concerned relatives or friends, 18% from Local Authorities, 10% from solicitors and 9% were received from Attorneys and Deputies (usually to report concerns about a co-Deputy/Attorney or about a third party). Referrals were received in smaller numbers from banks, doctors, advocates, carers and the police. The OPG does not reveal the identity of whistleblowers unless written permission to do so is given and where it is felt that this would assist with an investigation.

Outcomes from investigations include:

- 142 Public Guardian applications to the Court of Protection to discharge Deputies or to revoke an EPA/LPA;
- 127 cases where the investigation found no evidence that the Deputy/Attorney was acting inappropriately;
- 41 other types of Court application, for example, to freeze bank accounts or to obtain an Order directing the Deputy/Attorney to account to the Public Guardian;
- 20 cases where the supervision level of the Deputy was increased on an ongoing basis; and
- 10 cases where the Public Guardian has written a formal instruction to Deputies/Attorneys to comply with the requirements of their role or face further action.

### Public Guardian Applications to Court

The Compliance Unit is responsible for making applications to Court on behalf of the Public Guardian. Such applications normally arise as a result of an investigation into

the conduct of an Attorney or Deputy, or from the Public Guardian's supervision of a Deputy. This year the Public Guardian made 183 applications to Court, a rise from 80 in 2009/10. July 2010 saw the introduction of a dedicated caseworker for court applications and hearings who, with support from colleagues, represented the Public Guardian at 48 attended hearings. Using learning from attending hearings to inform staff training and the production of guidance material she has been able to improve continually the quality, creativity and rigour of the applications being made by the Public Guardian.

The Public Guardian has achieved successful outcomes in the vast majority of applications to the Court of Protection made this year. However, not all of the Public Guardian's applications have resulted in an attended hearing. In many cases it has been possible to negotiate a Consent Order between the Parties, which has then been submitted to the Court to be considered and approved by the judge. This has often resulted in better outcomes for clients in terms of reducing legal costs and being able to retain family members in charge of their affairs. No party has the stress of having to travel to attend a hearing and of course, the time of the Court is not wasted. At the other end of the spectrum, where assets have been at risk of misappropriation the Public Guardian has not shied away from making emergency 'without notice' applications under Court of Protection Rule 81. In a number of cases the Deputy/Attorney had been suspended, and/or bank accounts frozen, pending the completion of OPG or in some cases, police investigation.

Of course, in order to act swiftly to make an emergency application, or to negotiate a Consent Order, it is essential that different parts of the organisation work together. Staff in the Post & Scanning teams in Birmingham, the Small Systems team who support the OPG's IT, and the Compliance team in London have worked co-operatively to improve the identification and handling of correspondence received by the OPG in respect of both safeguarding concerns and the Public Guardian's Court applications.

### Safeguarding Engagement Events

During 2010 the OPG Compliance Unit, in partnership with local authorities and staff from the Court of Protection, arranged two safeguarding engagement events covering both the Yorkshire & Humber and London and South East regions.

The participants for both events were from a broad catchment made up of Social Workers, Adult Safeguarding leads, NHS staff and Police dealing with safeguarding issues on a day to day basis.

Through a series of presentations, staff from the OPG and the Court of Protection updated participants on the role of the Public Guardian and the Court of Protection following the implementation and review of the MCA. It was also an opportunity for the OPG to listen to and learn from the experiences of social workers and other safeguarding professionals to ensure we achieve our joint objective in safeguarding vulnerable adults.

The general consensus was that those who attended found that the events were a valuable and informative exercise. Future events for 2011/12 are planned.

## Corporate Governance

The OPG governance structure consists of an Executive Board supported by five sub-boards: Delivery, Customer and Policy, People, IT, and Change. Non-executive input supports each sub-board. The Executive Board and its sub-boards have accountability for strategy, management overview, and operational control of the OPG in supporting the Chief Executive.

The Public Guardian Board continues to fulfil its statutory role in scrutinising and reviewing the way in which the Public Guardian discharges his functions as provided by the MCA and, where appropriate, in making recommendations to the Lord Chancellor and Secretary of State for Justice. The Public Guardian Board also supports and provides guidance to the Chief Executive of the OPG.

### Executive Board

The Executive Board comprised six executive staff members, all permanent civil servants throughout the period as follows:

**Martin John**

Chief Executive and Public Guardian

**Stephen Taylor**

Head of Corporate Services

**Jo Weaver**

Head of Operations

**Angela Johnson**

Head of Practice & Compliance

**Steve Wade**

Head of Strategy and Business Development

**Sandra Hodgson (to 21 November 2010)**

Head of Change and Development

### Sub-boards

As at the year-end, the sub-boards include the following chairpersons and non-executive members from the Public Guardian Board:

#### Delivery Board

**Chair:** Angela Johnson

**Non-Exec:** Maurice Rumbold

#### Customer and Policy Board

**Chair:** Steve Wade

**Non-Exec:** Suzanne McCarthy

### People Board (to September 2010)

**Chair:** Steve Rider

**Non-Exec:** Sue Whittaker

### Change Board

**Chair:** Martin John

**Non-Exec:** Sarah Wood

### IT Delivery Board

**Chair:** Jo Weaver

**Attended by:** MoJ ICT and Supplier representatives

## Governance Framework

The OPG Framework Document (revised) laid before Parliament on 1 April 2009, sets out the financial and organisational framework within which the OPG operates as an executive agency of the MoJ and the responsibilities of those involved.

The Secretary of State for Justice and Lord Chancellor is the Minister accountable to Parliament for the activities and performance of the OPG. The Chief Executive is appointed to manage the OPG and the Secretary of State delegates to him responsibility for the exercise of its functions as set out in the Framework Document and for its day-to-day performance.

The Permanent Secretary for the MoJ is the Department's Principal Accounting Officer and is the principal adviser to the Secretary of State on matters affecting the MoJ as a whole, including allocation of resources to the OPG, expenditure and finance. The Permanent Secretary, as Principal Accounting Officer, must be satisfied that the OPG has adequate financial systems and procedures in place both to promote the efficient and economical conduct of its business and to safeguard public and client funds.

The Permanent Secretary designated the Chief Executive as Agency Accounting Officer for the Agency's administrative expenditure by letter, in a form approved by HM Treasury, which defined the Chief Executive's responsibilities and the relationship between the role of Agency Accounting Officer and the role of Principal Accounting Officer.

## The Chief Executive

The Chief Executive is responsible for the management of the OPG. He is directly accountable to the Secretary of State for the effective, efficient and economic operation of the OPG. In particular, he is responsible for:

- ensuring proper management and propriety in handling public and client funds;
- carrying out the functions entrusted to him by the courts or by statute;
- the quality of the service provided to clients;
- setting operational policy and strategy;
- managing the OPG's resources efficiently, effectively and economically;

- risk management and corporate governance within the OPG;
- preparing the OPG's corporate and business plans, and proposed key performance measures;
- submitting quarterly performance reports to the MoJ;
- achieving the OPG's agreed key targets;
- preparing accounts and signing audited accounts;
- operating an effective complaints procedure;
- the leadership of staff; and
- ensuring effective consultation with the OPG's clients and stakeholder groups.

The Chief Executive, as Agency Accounting Officer, is responsible for the proper and economical use of resources and expenditure of money voted by Parliament and for ensuring that correct procedures are followed for securing the propriety and regularity of public and client funds for which he is responsible. He is responsible for ensuring that the requirements of Managing Public Money as notified to him are met, and observes any general guidance on accounting matters issued to him by HM Treasury and the Cabinet Office.

The Chief Executive ensures that any recommendations of the Public Accounts Committee, other Parliamentary Select Committees or other Parliamentary Authority accepted by the Government and notified to him are put into effect and provides regular reports to the Permanent Secretary on progress in compliance with such recommendations.

## Complaints

The Chief Executive is responsible for maintaining an open, fair and responsive complaints procedure in relation to the administrative work of OPG staff. The Agency monitors all comments and complaints it receives and aims to respond constructively in line with the complaints procedure. Information on the OPG complaints procedure was published and made available to its clients on request and via the Directgov website. It will be reviewed to ensure it is published in a manner that is clear and accessible to all users.

We aim to resolve all complaints without the need for them to be referred to an independent body. However, should a customer remain dissatisfied, following completion of the internal process, he/she can ask a Member of Parliament to request the Parliamentary and Health Service Ombudsman (PHSO) to consider the complaint (please see page 12 for further detail).

## External Auditor

The financial statements have been audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. No further audit services were received aside

from that of Statutory Audit by the NAO. The cost of audit work was £47,000 which is solely related to audit services and is a non cash charge (see note 6 of the financial statements). So far as the Accounting Officer is aware, there is no relevant audit information of which the OPG's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the OPG's auditors are aware of that information.

### Internal Audit

The Chief Executive has established and maintains arrangements for the provision of internal audit services from MoJ within the OPG in accordance with the objectives and standards for internal audit set out in the Government Internal Audit Standards (published by HM Treasury) which include periodic peer reviews. The MoJ is provided with copies of the results of the peer reviews.

The MoJ Internal Assurance Division has a right of access to the OPG in support of the Permanent Secretary's responsibilities as Principal Accounting Officer that includes access to all books, records, data, assets, personnel and premises of the OPG as may be considered desirable or necessary to discharge the Department's responsibilities. MoJ receives copies of the OPG's annual internal audit plans and annual report from the Chief Executive. MoJ is notified of any fraud or irregularity within the definition set out in Government Accounting.

### Audit Committee

The OPG Audit Committee provides support to the Accounting Officer in the discharge of his responsibilities for governance, risk management, control and assurance. It is an advisory body and has no executive powers.

The members of the OPG's Audit Committee during the period were:

**Sarah Wood**

Chairman (Non-Executive Director)

**Deep Sagar**

(Non-Executive Director)

**Kate Ivers**

(Independent member)

The Chief Executive of the OPG is an attendee. The Audit Committee met four times during the period; internal and external auditors attended all meetings.

No Audit Committee member had any other directorship or significant interest, which conflicted with their responsibilities as a member of the OPG Audit Committee.



## Management Commentary

The OPG is funded by the MoJ, from its Parliamentary Supply, and by income derived from fees and charges from external customers.

In common with other Government agencies future funding has to be approved by our sponsor department, the MoJ, and by Parliament.

Such approval has already been given for 2011/2012 and there is no reason to question future funding. The financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

### Financial Summary

The OPG had a net cost of operation of £3.8m, £5.2m less than the previous year (2009/10 Net Operating Cost was £9m). A breakdown of income and expenditure is as follows:

	2010/11	2009/10	Difference	
	£m	£m	£m	%
<b>Total Income</b>	-30.6	-22.1	-8.5	38%
<b>Expenditure</b>				
Staff Costs	15.1	14.9	0.2	1%
Other Operating Costs	6.1	5.9	0.2	3%
Non Cash Charges	6.8	7.1	-0.3	-4%
Fee Exemptions and Remissions	6.4	3.2	3.2	100%
Total Expenditure	34.4	31.1	3.3	11%
<b>Net Operating Cost</b>	<b>3.8</b>	<b>9.0</b>	<b>-5.2</b>	<b>-58%</b>

As is shown above, income from fees and charges increased by 38% set against a marginal increase in operational costs, due to growth in demand for Powers of Attorney where registrations for EPA and LPA showed a 50% increase in volume as a result of greater public awareness of the Mental Capacity Act and the OPG products. There was an increase in fee exemption and remissions from 15% of fee income to 21%, both volume generated and a result of the commitment to communicate the fees exemptions and remissions policy so that people find our services affordable and accessible.

	£m	£m
Fee Income	30.2	21.6
Fee Exemption and Remission	6.3	3.2
	21%	15%

### Full Cost Recovery

The financial objective agreed with HM Treasury to achieve full cost recovery, excluding fee exemptions and remissions, is achieved at 117% (see Note 7 Fees and Charges). Additional recovery was due to the economic climate of restraint on spending and the last quarter of the financial year having the highest number of Attorneyship applications.

### Looking ahead

The financial outlook for the OPG for 2011/12 is continued growth as demand for our services is expected to increase.

### Charity Summary

Staff across all three OPG sites have run various events to raise money for local and national charities. These events are planned and executed by staff members collecting over £2,500 in total.

The first major event of the year was a united one with a key stakeholder, Headway. Archway managed to raise a sum of £257 by paying £1 to wear a hat to work, and contributions from the Birmingham and Nottingham offices raised the total to well over £300. Other charities helped by Archway during the year were Save the Children and Help for Heroes; the total raised was over £610.

Birmingham expanded the dressing-up theme by 'Wearing it Pink' for breast cancer research (raising £435), wearing uniform for Help for Heroes, and a 'mystical beings' day for Children in Need. The total collected by Birmingham was over £860.

Nottingham's main event was a Christmas tombola and buffet, with all the prizes and food donated by the staff. This raised £200 for Alzheimer's research. Other charities helped by Nottingham include MIND, Children with Leukaemia, the Nottingham Hospice, and MacMillan Cancer Support, all chosen by staff members who have a personal interest in them. Nottingham raising nearly £1,100 during the year.

### Equal Opportunities

The OPG is an equal opportunity employer. Our aim is to be fair to everybody, to ensure that no eligible job applicant, or employee, receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origins; age; gender; sexual orientation; marital status; disability; religion or religious affiliation; or is disadvantaged by conditions or requirements which cannot be shown as justifiable.

Our Equality and Diversity Strategy will continue to embed positive values into the business, ensuring the Equality Act 2010 and the new general equality duty on public

sector bodies is fully realised within our work and services. In doing so, we support the MoJ by contributing to the Equality Objectives, the Equality Action Plan, and supporting the wider Civil Service Diversity Strategy.

### Employee Engagement

Ensuring that our employees are engaged is a key objective of the OPG. We ensure that our employees are kept up-to-date on all issues, including performance of the OPG. During this financial year we have managed this through use of the intranet, a fortnightly newsletter, organisational briefings and office notices. Response rates to the staff engagement survey were encouraging with 82 per cent of staff responding compared to the 61 percent response rate across the Civil Service, generally. However, the results reflected an organisation undergoing significant, difficult and challenging transformation, and highlighted where we need to improve in order to fully realise equality issues within our work, respecting diversity and difference. Following on from the results of the staff engagement survey, all divisions have produced their own action plan, designed to address areas where teams, and the OPG as a whole, can improve levels of engagement. This work feeds into the wider MoJ 'Engaging our People' programme, part of the Transforming Justice agenda to improve our services.

### Learning and Development

Between April 2010 and March 2011 the Learning & Development Team focused on providing support for our newest teams in Nottingham, and preparing for further relocation.

This involved training a dedicated arrears team in Nottingham (which worked on a discrete quantity of arrears), providing refresher training for our Contact Centre and supporting people outside that team to provide contingency cover. It also included planning for relocation to the Axis building in Birmingham: building career planning support for displaced London staff, and designing training for our new teams with a greater focus on leadership.

OPG's existing leadership team participated in a leadership assessment, which supported them to identify and take up development opportunities.

### Creditor Payment, Policy and Performance

The OPG pays all supplier invoices in accordance with the Government payment performance targets. These require us to pay all invoices not in dispute within 30 days or within the agreed contractual terms. They also require us to pay 100 per cent of invoices, including disputed invoices once the dispute has been settled, on time within these terms. From 1 April 2010 to 31 March 2011, we paid 100 per cent of invoices within this time span. Payments are only made once they have been properly authorised under the terms of our scheme of financial delegation. No interest was paid under the Late Payment of Commercial Debt (Interest) Act 1998.

The OPG, in keeping with public sector organisations, aims to pay suppliers within 10 days, and in this year we paid 99 per cent of invoices within this time span.

## Health and Safety

The OPG acknowledges its legal responsibilities in relation to the health, safety and welfare of its employees and for all people using its premises. We comply with the Health and Safety at Work Act 1974 and all other legislation as appropriate.

In maintaining health and safety, a Health and Safety Committee meets quarterly to discuss relevant matters and to ensure key staff are kept informed of changes in legislation, practices and procedures. Relevant training for staff and managers is provided to ensure compliance. We remain committed to continual improvement in this field, in consultation with staff and trade union representatives who have played a constructive part throughout.

Wellbeing measures continue with weekly delivery of fruit for staff at all OPG premises during the period and surgical hand gel available throughout all premises and at the entrances to each floor.

Reported staff sickness for 2010/11 was an average of 4.29 days' sick leave per employee, compared to 3.5 days in 2009/10.

This year saw the successful formation of three separate specialised Health and Safety groups (First Aiders, Desk Assessors, and Fire Wardens). Each group has met four times over the past year, enabling more decision making at the front line level. This has allowed all staff involved with each area to keep their level of expertise up to date.

The First Aider's Group have, over the year, successfully managed the purchase of Automatic External Defibrillators (following approval from the Health and Safety Committee) for both London and Nottingham offices, as well as specialised training.

## Sustainability

The OPG is committed to meeting the Greening Government commitments on sustainability. To support these commitments the OPG has implemented the following policies.

- In line with its 2010 business plan the OPG has improved its management information. The OPG monitors its CO2 emissions from its buildings, its waste and water usage. It also monitors its travel costs in terms of carbon expenditure and will be able to report on these areas in 2011/2012.
- OPG has shown a 7% (77 tonnes) decrease in carbon usage in 2010/2011 from its 2009/2010 figures.
- The OPG has sought to increase recycling of waste throughout its estate and monitors the amount of waste generated and recycled to ensure that it can support government commitments.
- The OPG has continued to remind staff of the importance of switching off equipment every night. It has continued to expand its use of recycled paper throughout the organisation.

- Travel is closely monitored in terms of cost and the use of video conferencing is encouraged to lower the requirement to travel between offices.
- Information on OPG and wider sustainability initiatives is communicated to all staff via the intranet which is a well-used medium within the organisation.

## Remuneration Report

### Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on senior salaries.

The salaries for the members of the Executive Board are determined by the Permanent Secretary of the MoJ, in accordance with the rules set out in Chapter 7.1 Annex A of the Civil Service Management Code.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

### Salary

'Salary' includes:

- Gross salary;
- Performance pay or bonuses;
- Overtime;
- Reserved rights to London weighting or London allowances;
- Recruitment and retention allowances;
- Private office allowances; and
- Any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department on behalf of OPG and thus recorded in these accounts. The tables in this remuneration report have been subject to audit.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

### Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Non-executive Directors were appointed on a four year fixed contract.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the members of the Executive Board. Bonuses are disclosed in the year in which payment is made.

## Remuneration

Members	2010-11			2009-10		
	Salary £'000	Bonus payments £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus payments £'000	Benefits in kind (to nearest £100)
<b>Martin John</b> Chief Executive and Public Guardian	75-80	5-10	-	75-80	5-10	-
<b>Stephen Taylor</b> Head of Corporate Services	65-70	0-5	-	65-70	0-5	-
<b>Angela Johnson</b> Head of Practice and Compliance	55-60	-	-	50-55	0-5	-
<b>Jo Weaver</b> Head of Operations	50-55	0-5	-	25-30 (50-55 full year equivalent)	-	-
<b>Steve Wade</b> Head of Strategy and Business Developments	50-55	-	-	45-50	-	-
<b>Sandra Hodgson</b> Head of Change and Development (to 21 November 2010)	30-35 (45-50 full year equivalent)	0-5	-	45-50	0-5	-
<b>Sarah Wood</b> Chair of Audit Committee	5-10)	-	-	0-5 (from 1 February 2010)	-	-
<b>Deep Sagar</b> Non-Executive Director	0-5*	-	-	5-10	-	-
<b>Rosie Varley</b> Non-Executive Director	15-20*	-	-	15-20	-	-
<b>Maurice Rumbold</b> Non-Executive Director	5-10*	-	-	5-10	-	-
<b>Lionel Joyce</b> Non-Executive Director	5-10*	-	-	5-10	-	-
<b>Suzanne McCarthy</b> Non-Executive Director	0-5*	-	-	0-5	-	-
<b>Sue Whittaker</b> Non-Executive Director	5-10*	-	-	5-10	-	-
<b>Steve Rider</b> Head of Applications (to 13 September 2009)	-	-	-	20-25 (50-55 full year equivalent)	-	-
<b>Bob Niven</b> (retired 28 February 2010)	0-5*	-	-	5-10	-	-



\* In order to increase the independence of the Public Guardian Board and its Secretariat, and to provide another route through which the Board could access the senior management team in the MoJ, the Secretariat function moved from OPG to the (then) Access to Justice Sponsorship and Performance Unit for the financial year 2010/11. The support function for the Board now sits with the sponsorship team in MoJ's Corporate Performance Group.

## Audit

The information shown in the table of remuneration is subject to audit.

## Pension Benefits

Members	Accrued pension at age 60 as at 31/3/11 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/11	CETV at 31/3/10*	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
<b>Martin John</b> Chief Executive and Public Guardian	15-20 plus lump sum of 55-60	0- 2.5 plus lump sum of 0-2.5	214	183	4	-
<b>Stephen Taylor</b> Head of Corporate Services	5-10 plus lump sum of 25-30	0-2.5 plus lump sum of 2.5-5.0	150	118	16	-
<b>Angela Johnson</b> Head of Practice and Compliance	15-20 -	0-2.5 -	329	276	14	-
<b>Jo Weaver</b> Head of Operations	10-15 plus lump sum of 35-40	0-2.5 plus lump sum of 2.5-5.0	142	115	10	-
<b>Steve Wade</b> Head of Strategy and Business Development	5-10 plus lump sum of 15-20	0-2.5 plus lump sum of 0-2.5	67	51	8	-
<b>Sandra Hodgson</b> Head of Change and Development (to 21 November 2010)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5 -	360	327	7	-

There is no pension arrangement made for the non-executive directors.

\*The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

## Audit

The information above in the table of pension benefits is subject to audit.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### **Martin John**

Chief Executive and Public Guardian  
13 July 2011

## Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000 HM Treasury has directed the agency to prepare a statement of accounts for each financial year in the form and on the basis set out in their Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the agency's state of affairs at the year-end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

The Principal Accounting Officer for the MoJ has designated the Chief Executive of the OPG as the Accounting Officer for the agency, with responsibility for preparing the agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the *2010/11 Government Financial Reporting Manual (FReM)* issued by HM Treasury that follows International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector, and in particular to:

observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the agency's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

## Statement on Internal Control

As Accounting Officer and Chief Executive, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of the Public Guardian (OPG) policies, aims and objectives. In doing so I safeguard the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Principal Accounting Officer of the Ministry of Justice (MoJ), following the principles set out in *Managing Public Money*.

The OPG is an executive agency of MoJ and benefits from wider departmental internal control and assurance mechanisms, many of which have been refreshed during 2010/2011 in the light of changes to the MoJ operating model. The Secretary of State is the Minister accountable to Parliament for the activities and performance of the OPG. The agency has an Executive Board. Sub-boards support the Executive Board and include executive and non-executive membership. Non-executive input serves to provide strategic oversight, guidance and constructive challenge to the work of OPG in support of the Chief Executive.

In addition, a statutory Public Guardian Board (PGB) exists which has seven members independent of the OPG. The Board's duty is set out in the Mental Capacity Act 2005 and, in summary, its remit is to scrutinise and review the way in which the Public Guardian discharges his statutory functions and to make recommendations to the Lord Chancellor as it thinks appropriate.

During times of increased workloads and changes to our working environment my responsibility similarly increases so that awareness, and learning and development, of effective controls and compliance has intensified. Delivering our services across three locations in London, Birmingham and Nottingham during this period has meant an emphasis not only on induction for new staff, but also on selected training that has incorporated compliance and control matters together with risk management and information assurance.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the OPG's policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.

The system of internal control has been in place in the OPG for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

### Capacity to Handle Risk

I acknowledge my overall responsibility for the effective management of risk throughout my business area. I can confirm that registers identifying, assessing and setting out mitigating actions to significant risks are in place across my business area and are regularly reviewed at management boards. Risk management is incorporated into the planning and decision-making processes, with assessment of risk to business objectives documented, along with mitigating actions, and reported on through risk registers and other means that are (regularly) reviewed and updated:

- risk is addressed monthly at the OPG Executive Board and Delivery Board meetings and OPG Audit Committee meetings as an agenda item. Key risks are elevated to MoJ Corporate Risk Register as appropriate;
- risk management is used in business plans. The Register details risks associated with achievement of objectives in the OPG Business Plan. Business performance is reviewed monthly by the OPG Executive Board and quarterly by MoJ;
- programme and project risks and status are reviewed by the OPG Change Board as appropriate;
- the Risk Co-ordinator who is a member of the Institute of Operational Risk is responsible for maintenance of a Corporate Risk Register by calling for and collating updates from risk owners, liaising with MoJ Risk Management Branch, and organising an annual risk workshop; and
- the OPG provides information for the MoJ fraud risk assessment.

Public stakeholders are involved in the management of risks that impact on them. Key elements of this include Partnership Forums that exist for key groups of stakeholders to maintain ongoing involvement of service users and stakeholder groups.

### The Risk and Control Framework

A risk and control framework is in place to identify, monitor, manage and report the risks or threats to the achievement of the agency's objectives. The key features of this are:

- a governance structure consisting of the Executive Board and Audit Committee;
- a risk management strategy and policy consistent with that in operation throughout MoJ, including OPG's attitude to risk and risk appetite;
- a corporate risk register approved and reviewed by the Executive Board monthly and Audit Committee quarterly, with risks accepted by senior managers;
- a defined reporting process that ensures risks are communicated within OPG and to MoJ where appropriate;

- an assurance and internal control framework to support risk management; and
- the development of an OPG assurance map, assurance directory and assurance register of key policies.

The OPG is not a stand-alone organisation and the maintenance of internal controls is reliant on the MoJ, which provides a number of key services to the Agency including Human Resources; Payroll; Information Technology; Facilities and Estates Management; Internal Audit; and Procurement.

The top risk priority for this period, which continues to be a prominent risk to focus on for 2011/12, is sustaining appropriate IT to meet increasing demand for the services provided by the OPG. The inadequacy of IT applications and maintenance thereof has led to downtime and difficulties with disaster recovery. The latter has been rectified, though the legacy systems still provide challenges in sustaining operational capability while an IT replacement system is being sought.

## Security

The security regime continues to address risks to assets and internal security, including maintenance of a fixed asset register. The agency follows the MoJ security policy.

## Information Assurance

An OPG-appointed Assurance Executive Lead (IAEL) performs the role of Senior Information Risk Owner supported by a designated Information Manager. The OPG approach is consistent with good practice and Government policy and has a Security of Information policy, asset register; information risk register and post-incident response plan, including:

- a management control system with controls specifically covering security of information procedures and responsibilities;
- all staff during the year receiving mandatory training in the security of information;
- managers with specific security of information responsibilities attaining a Certificate in Information Security Management Principles;
- an intranet, available to all staff, providing an Information Assurance and Security section, which provides additional guidance on how to apply protective marking, and a guide on how protective marking works;
- information risk assessments completed in respect of all its key IT systems; and
- a clear desk policy.

The OPG has identified a significant control issue (see page 42) relating to the high number of unauthorised disclosures of personal information as a result of information/documents being lost or compromised in transit from the OPG to its clients.

At an executive level, senior management have focused on this problem as a serious control weakness and considerable effort has been made to eliminate the number of unauthorised disclosures. At an organisational level additional quality checks have been put in place, refreshed information assurance training and disciplinary action has been taken against some individual members of staff.

### Anti Fraud

The OPG has a fraud response plan that underpins the MoJ Fraud Policy. The Agency has a trained fraud investigator, who is a member of the Institute of Counter Fraud Specialists and MoJ Counter Fraud Co-ordination Group, and is able to draw more widely across the Department if necessary. Fraud investigations are carried out by the OPG Fraud Investigator, as appropriate, with MoJ Internal Audit and Assurance. The agency has completed a fraud risk assessment that, in turn, feeds into the MoJ fraud risk assessment. Fraud awareness seminars are provided to all new staff on induction and via a rolling programme to existing staff.

### Business Continuity

The OPG has a Business Continuity Policy and Business Continuity Plan in line with the British Standard of Business Continuity BS25999 and best practice. The agency has a Business Continuity Manager, who is a member of the Business Continuity Institute. Steps to ensure business continuity include:

- a business impact analysis to determine that OPG's key processes were undertaken, with the move to a multi-site organisation;
- an Incident Management Plan, to support the delivery of key processes in the event of an unplanned incident; and
- providing the MoJ with a quarterly business continuity self-assessment and action plan in line with BS25999.

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive and senior managers within the OPG, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.



More specifically my review has been informed by:

- monthly budgetary reporting to the Executive Board;
- the stewardship reporting process in which Executive Board members and senior managers have completed a statement confirming compliance with prescribed internal controls throughout the period, including the reporting of exceptions and remedial actions and linked to significant risks;
- the oversight and challenge of the Audit Committee including the annual report from the Chair of the Audit Committee 2010/11; and
- the annual report from the Head of Internal Audit and Assurance for 2010/2011.

### Audit Committee

The Audit Committee met quarterly in 2010/11, which included overseeing the production of the Annual Report and Accounts for the year. It has continuously discussed the system of internal control, stressed its importance and ensured that issues arising are followed through and appropriate action taken. The Committee received and reviewed reports from MoJ Internal Assurance Division (IAD) and, as appropriate, the National Audit Office (NAO). The Committee is chaired by a Non-Executive Director and the Committee's terms of reference and membership are in accordance with the HM Treasury publication 'The Audit Committee Handbook'. The Chair of the Audit Committee presents an Annual Report to the Accounting Officer and Chief Executive.

The Chair of the Audit Committee presents an Annual Report to the Accounting Officer and Chief Executive.

### Internal Audit

MoJ Internal Audit and Assurance provides a comprehensive programme of internal audit across the activities of the agency operating to Government Internal Audit Standards. MoJ Internal Audit and Assurance submits regular reports, including the Head of Internal Audit and Assurance's independent opinion on the adequacy and effectiveness of the OPG's governance, control and risk management arrangements, together with recommendations for improvements. It works closely with OPG management and staff to help to ensure that robust systems of prevention, detection, correction and reporting are in place to assist the effective management of the agency.

Internal audit accorded OPG "reasonable assurance status" of "green/amber" and confirmed that arrangements for governance, risk management and control frameworks are generally adequate and effective in the OPG for the financial year 2010/11.

## Significant Internal Control Issues

During this period there have been breaches of security of information, indicative of the need to improve internal process controls. In 655 instances across OPG's business, this involved the sending of personal information to the wrong recipient. No individual breach was sufficiently significant to warrant OPG referral to the Information Commissioner.

In accordance with the Government's Security Policy framework the OPG has reported each incident to the MoJ Senior Information Risk Officer. There are two main reasons for the significant number of unauthorised disclosures recorded this financial year:

- There has been an increased awareness of information assurance and the importance of properly capturing and reporting security incidents. As part of the transformation and relocation programme the OPG in setting up its Customer Contact Centre in the Nottingham office, took the opportunity to review and update the security incident reporting procedure and to train the new staff how to report these types of incident.
- The OPG has experienced a significant increase in workload, which has led to a corresponding increase in mistakes being made.

While the number of instances represents only a very small fraction of the 600,000 plus customer interactions over the year, robust remedial action is in train to improve process controls to minimise the incidence of further breaches.

### **Martin John**

Chief Executive and Public Guardian

13 July 2011

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Office of the Public Guardian for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and Auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on the financial statements**

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2011, and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the annual report sections headed *Change, OPG Policies, Corporate Governance and Financial Activity* is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

14 July 2011

## Financial Statements

Statement of Comprehensive Net Expenditure	2010/11			2009/10	
	Note	Staff Costs	Other Costs	Income	
		£'000	£'000	£'000	£'000
Programme costs					
Request for Resources 1					
Staff costs	4	15,076	-	-	14,879
Expenditure	5/6	-	12,883	-	13,006
Income	3	-	-	(24,189)	(18,901)
<b>Total</b>		15,076	12,883	(24,189)	-
<b>Net Operating cost</b>		-	-	3,770	8,984

Other Comprehensive Net Expenditure	2010/11	2009/10
	£'000	£'000
Net (gain)/loss on revaluation of Property, Plant and Equipment	(174)	76
Net (gain)/loss on revaluation of Intangibles	(85)	(904)
Net (gain)/loss on revaluation of available for sales financial assets	-	-
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2011</b>	<b>3,511</b>	<b>8,156</b>

Statement of Financial Position as at 31 March 2011	Note	31-Mar-11		31-Mar-10		01-Apr-09	
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current Assets:</b>							
Property, plant and equipment	9		820	1,240		1,327	
Intangible assets	9a		1,736	2,364		2,543	
Total non-current assets			2,556	3,604		3,870	
<b>Current assets:</b>							
Trade and other receivables	10	12,712		6,373		9,129	
Cash and cash equivalents	11	387		1,429		668	
Total current assets			13,099	7,802		9,797	
Total Assets			15,655	11,406		13,667	
<b>Current Liabilities</b>							
Trade and other payables	12	(3,816)		(2,035)		(2,871)	
			(3,816)	(2,035)		(2,871)	
Total current liabilities			(3,816)	(2,035)		(2,871)	
<b>Non-current assets/less net current assets</b>			11,839	9,371		10,796	
<b>Non-current liabilities</b>							
Provisions	13		(4,392)	(3,157)		(1,051)	
Total non-current liabilities			(4,392)	(3,157)		(1,051)	
Assets less liabilities			7,447	6,214		9,745	
<b>Taxpayers' equity:</b>							
General fund			7,052	5,686		9,545	
Revaluation reserve			395	528		200	
Total taxpayers' equity			7,447	6,214		9,745	

**Martin John**

Chief Executive and Public Guardian

13 July 2011

OPG - Statement of Cash Flows For the period ended 31 March 2011	Restated		
	Note	2010/11	2009/10
		£000	£'000
<b>Cash Flows from operating activities</b>			
Deficit for the year		(3,770)	(8,984)
<b>Adjustments for non-cash transactions</b>			
Other income	3	(317)	(482)
Non-cash charges	6	6,630	6,923
Other operating costs	5	1,722	2,475
Capitalisation of expenditure	5	(16)	-
		8,019	8,916
Other		22	-
(Increase) / Decrease in trade and other receivables	10	(6,339)	2,756
Increase / (decrease) in trade payables	12	1,310	(454)
Use of provisions	13	(108)	(99)
Non cash adjustment		-	(219)
<b>Net cash outflows from operating activities</b>		<b>(866)</b>	<b>1,916</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9/12	(43)	(483)
Purchase of Intangible asset	9a/12	(133)	(672)
<b>Net cash outflow from investing activities</b>		<b>(176)</b>	<b>(1,155)</b>
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net financing</b>		<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash</b>		<b>(1,042)</b>	<b>761</b>
<b>Cash and cash equivalent at the beginning of the period</b>	11	<b>1,429</b>	<b>668</b>
<b>Cash and cash equivalent at the end of the period</b>	11	<b>387</b>	<b>1,429</b>

Statement of changes in Taxpayers' Equity For the period ended 31 March 2011	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2010</b>		5,686	528
<b>Net gain / (loss) on revaluation of:</b>			
Property, plant, equipment upward (downward) revaluation during the year			174
Intangible assets upward (downward) revaluation during the year			85
Property, plant, equipment (Backlog depreciation)			(176)
Intangibles (Backlog depreciation)			(61)
Realised element of Revaluation Reserve Transfer		155	(155)
<b>Non-cash charges</b>			
Auditor's remuneration	6	47	
Corporate overhead charges	3	(317)	
	5	1,722	
	6	3,529	
<b>Net deficit for the year</b>		(3,770)	
<b>Balance at 31 March 2011</b>		7,052	395



Statement of changes in Taxpayers' Equity For the period ended 31 March 2010		Restated	
	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2009</b>		9,545	200
<b>Net gain / (loss) on revaluation of:</b>			
Property, plant, equipment upward (downward) revaluation during the year			328
Property, plant, equipment (impairment during the year)			
<b>Non-cash charges</b>			
Auditor's remuneration		53	
Corporate overhead charges	3	(397)	
	5	2,073	
	6	3,459	
<b>Transfers</b>			
Property, plant and equipment		(63)	
Net deficit for the year		(8,984)	
<b>Balance at 31 March 2010</b>		5,686	528

## Notes to the Accounts

For the period ended 31 March 2011

### **1. Statement of Accounting Policies**

#### **1.1 Basis of preparation**

The financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follows International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view, has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act and the accounting standards issued or adopted by the Accounting Standards Board and HM Treasury, so far as those requirements are appropriate.

The Statement of Comprehensive Net Expenditure is not split between administration and programme net expenditure as OPG net expenditure is classified as 100% programme, based on assessment of the work carried out by the OPG, which is mainly front-line services. This classification has been agreed with HM Treasury.

The Agency is funded by the MoJ, from its Parliamentary Supply and by income derived from fees and charges from external customers (see note 3). In common with other government agencies, future funding has to be approved by our sponsor department, the MoJ and by Parliament.

Such approval has already been given for 2011/12. The financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

#### **1.2 Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of non-current assets at their value to the business by reference to their current costs.

#### **1.3 Income recognition**

##### **Operating income**

Operating income is income which relates directly to the operating activities of

the Agency. It principally comprises fees and charges for services provided on a full-cost basis to external customers, net of fees remitted (see note 1.4) and net of VAT.

### **Other income**

Other income covers services received by CAF/CASS, which is the sub-under lessee of the Agency's rented accommodation at Archway Tower (see note 3).

The Mental Capacity Act 2005 provides for fees to be charged in relation to proceedings brought in relation to the functions carried out by the Public Guardian. The levels of charges are contained in two Statutory Instruments, Lasting Powers of Attorney, Enduring Powers of Attorney and Public Guardian Regulations 2007 and The Public Guardian (Fees etc) Regulations 2007.

### **Public Guardian fees**

The Regulations replace the range of fees that were payable by receivers appointed by the court with a single set up fee, payable when a new deputyship is initially assessed for supervision; and a single annual administration fee. Cases are placed into one of three categories of supervision and bring in annual fees according to the level allocated. The majority of cases fall into the Type II supervision category. Income is recognised through supervision fees calculated on pro rata basis if:

- there has been more than one type of supervision applied in a one-year period; or
- supervision has been in place for less than one year; or
- the person lacking capacity or the Deputy dies. Fees are payable up to the date of death.

### **EPA and LPA registration fees**

Income is recognised when the application is made and the registration fee is payable with the application. A separate registration fee is payable for Property and Affairs LPAs and Personal Welfare LPAs when each application is made.

#### **1.4 Exemption and remission of fees**

Both instruments provide for exemption and remission from fees. Exemptions apply to people in receipt of qualifying benefits who have not received a damages award in excess of £16,000, which has been disregarded for the purposes of eligibility for these benefits. The instruments also provide for fees to be waived or reduced, where, due to the exceptional circumstances of the case, payment would cause undue hardship.

The Office of Public Guardian Finance Branch is responsible for authorising exemption from payment of fees and for approving applications to waive fees on exceptional grounds.

An application for a fee exemption or remission can be made with the initial application form on which income is recognised and invoice raised in the month of receipt.

In those cases where an application for an exemption or remission is not made with the original LPA application there is a proviso that a completed exemption or remission application must be received within six months of the invoice being raised.

Where a fee is paid and a subsequent exemption or remission is agreed a refund is issued.

Income is recognised at the point at which a valid form is received by OPG. Exemptions and remissions are recognised as a reduction in income on the same basis, i.e. on receipt of valid forms received in year. Income is shown net of exemptions and remissions on the Statement of Comprehensive Net Expenditure, and on a more detailed gross basis at note 3.

### **1.5 Deferred income**

Where payment represented contributions to the funding of non-current assets, the income was realised to the Income and Expenditure account over the period of the underlying contract which terminated on 31 December 2009 in respect of CAFcASS contributions.

### **1.6 Pensions**

The provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described in note 4.2 and the Remuneration Report, cover past and present employees. The defined benefit schemes are unfunded and non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the financial year.

### **1.7 Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments, discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure account over the period of the lease, at a constant rate in relation to the balance outstanding.

Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure account on a straight-line basis over the term of the lease.

### **1.8 Non cash charges**

Non cash charges are included in the Income and Expenditure account to reflect the full cost of the Agency's services, in line with the FReM and Managing Public Money. These charges include:

**MoJ headquarters' support charges**

The MoJ Recharge Methodology Calculations is the documented basis applied transparently and consistently to apportion overheads including HR and ICT to all MoJ departments and agencies on a non cash basis.

**External auditor's remuneration**

The non-cash charge for the statutory audit of the accounts carried out by the National Audit Office (NAO).

**1.9 Bad debts**

Bad debts are written off when identified. A provision for doubtful debts is made based on a specific review of the individual cases, which is netted off the trade receivables balance and is then presented on a net basis.

**1.10 Property, plant and equipment**

Property, plant and equipment are stated at cost, including any costs such as installation directly attributable to bringing the asset into working condition. Expenditure on property, plant and equipment over £1,000 is capitalised. Where an item costs less than the prescribed limit, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is recognised as an asset under property, plant and equipment.

Non-current assets are carried at fair value. Non-current assets are deemed to be low value assets and are therefore valued on the basis of depreciated historic cost as a proxy for fair value. Property, plant and equipment have been revalued using appropriate indices published by the Office of National Statistics (Business Monitor MM22) as a proxy for fair value. This is based on the modified historical cost accounting convention, which requires the revaluation of certain fixed assets in line with HM Treasury's FReM.

Revaluations of Property, plant and equipment above the depreciated historic cost are credited to a revaluation reserve. Amounts equivalent to the depreciation charge on the revaluation element are then credited to the Income and Expenditure account to offset the total depreciation charge on that asset based on the revalued amount. Any downward revaluation below the depreciated historic cost is charged directly to the Income and Expenditure account. Otherwise, it is offset against any balance in the revaluation reserve relating to that particular asset.

**1.11 Intangible assets**

The OPG recognises intangible assets only where it controls identifiable resources expected embodying future service potential, i.e. the ability to contribute to OPG's public delivery or to reduce its administration costs. The OPG's intangible assets comprise internally developed software and purchased software.

### **Purchased software**

Purchased software is recognised at its historic cost. Since it is deemed to have a finite life, it is subsequently amortised as discussed below. As for property, plant and equipment, software assets are revalued annually according to published indices as a proxy for fair value.

### **Internally developed software**

Expenditure on internally developed software is capitalised only when it meets the criteria of IAS 38 as interpreted by the FReM's "service potential" principle. This includes all expenditure relating to the development phase of the asset which represents a direct marginal cost for OPG (so excluding, for instance, the costs of paying OPG's own staff). This software is deemed to have a finite life and not to have an active market, so each year is amortised as discussed below, subjected to an impairment review and revalued according to appropriate indices in order to arrive at a fair value.

## **1.12 Depreciation and amortisation**

Property, plant and equipment are depreciated at rates calculated to write them down to their estimated residual value on a straight-line basis over their estimated useful lives.

The useful lives of intangible assets are assessed to be finite. As there is no active market for the OPG's intangible assets, their fair value is assessed at cost less accumulated amortisation and accumulated impairment losses. The OPG's intangible assets are amortised using a straight-line method over their anticipated useful lives.

The OPG have implemented a new fixed asset register based on latest application software and by the scrutiny of physical assets on data capture prior to loading has effectively scrutinised all assets for impairment.

Payments on Accounts and Assets under construction are not depreciated until the asset is brought into use or reverts to the Agency respectively.

Estimated useful lives are as follows:

- |                                 |                        |
|---------------------------------|------------------------|
| ● Leasehold improvements        | Remaining lease period |
| ● Furniture & Fittings          | 10 years               |
| ● Plant & Equipment             | 5 to 7 years           |
| ● Information Technology        | 5 to 7 years           |
| ● Software licences             | 5 to 7 years           |
| ● Internally generated software | 5 to 7 years           |

**1.13 Value Added Tax (VAT)**

The Agency does not have an individual VAT registration with HM Revenue and Customs, but falls under the MoJ's registration, which advises the Agency of any recoverable input VAT.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of tangible fixed assets. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

**1.14 Provisions**

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

**1.15 Segmental reporting**

Segmental reporting is performed in monthly management accounts on the basis of Directorates, but not applied to annual financial accounts. Since OPG essentially has one operating activity and one operating segment, an analysis by Directorate would not provide a meaningful analysis of the sort intended by IFRS 8.

**1.16 Court of Protection**

The Court of Protection is a separate entity which has now become part of HMCTS. However, both entities have interacting responsibilities under the Mental Capacity Act 2005 (MCA) and occupy the same premises for which only the OPG is charged. Services provided by one entity to the other are recharged on a non cash basis.

**2. Restatement of Comparatives**

Under the Clear Line of Sight Project (CLOS) removal of the cost of capital charge amounts to a change of accounting policy requiring restatement of comparatives in the 2010/11 accounts. The restatement has involved changes to the 2009/10 net operating cost, from £9,203,000 to £8,984,000. Additional changes to the Statement of Changes in Taxpayers' Equity for 2009/10 are: net deficit from £9,203,000 to £8,984,000 and General Fund transfer from nil to £219,000. The accounting for cost of capital is contained in the General Fund and there is no net impact on Statement of Financial Position.

<b>3</b>	<b>Income</b>	<b>2010/11</b>	<b>2009/10</b>
<b>3.1</b>	<b>Operating income</b>	<b>£'000</b>	<b>£'000</b>
	OPG fee income	(30,224)	(21,578)
	Exemptions and remissions	6,352	3,159
	Net fee income	(23,872)	(18,419)
<b>3.2</b>	<b>Other income</b>		
	Charges for services provided to CAFCASS	(211)	(277)
	CAFCASS deferred income	-	(36)
	Miscellaneous	-	(48)
	Rental income	(106)	(121)
		(317)	(482)
	<b>Total Income</b>	<b>(24,189)</b>	<b>(18,901)</b>

**Operating Income is detailed below:**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating income</b>		
Lasting Powers of Attorney	16,318	10,981
Enduring Powers of Attorney	2,020	2,184
Supervision	4,756	4,436
Appointment of Deputy	786	841
Other	(8)	(23)
	23,872	18,419
<b>Fees remitted</b>		
Lasting Powers of Attorney	4,159	1,813
Enduring Powers of Attorney	292	222
Supervision	1,569	799
Appointment of Deputy	328	320
Other	4	5
	6,352	3,159
<b>Total Income</b>	<b>30,224</b>	<b>21,578</b>



<b>4 Staff Numbers and Costs</b>							
<b>4.1 Staff costs:</b>		<b>Total</b>	<b>2010/11</b>		<b>Total</b>	<b>2009/10</b>	
			<b>£'000</b>			<b>£'000</b>	
			<b>Permanently employed staff</b>	<b>Others</b>		<b>Permanently employed staff</b>	<b>Others</b>
	Wages and salaries	12,842	11,022	1,820	12,818	9,279	3,539
	Social security costs	658	658	-	585	585	-
	Other pension costs	1,576	1,576	-	1,476	1,476	-
	Sub Total	15,076	13,256	1,820	14,879	11,340	3,539
	Less recoveries in respect of outward secondments	-	-	-	-	-	-
	Total net costs	15,076	13,256	1,820	14,879	11,340	3,539

**4.2** The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the OPG is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2010/11, employers' contributions of £1,576,000 (2009/10: £1,476,000) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2010/11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

**4.3** The average number of whole-time equivalent persons employed during the year was as follows:

Number	2010/11			2009/10
	Total	Permanent staff	Other	
Directly employed	421	421	-	370
Other	74	-	74	111
Staff engaged on capital projects	-	-	-	-
<b>Total</b>	<b>495</b>	<b>421</b>	<b>74</b>	<b>481</b>

#### 4.4 Reporting of Civil Service and other compensation schemes – exit packages

OPG year ended 31st March 2011				
Disclosure of compensation information for 2010-11				
	2010-11	2010-11	2009-10	2009-10
	Number of other departures agreed	Total number of exit packages by cost band	Number of other departures agreed	Total number of exit packages by cost band
Exit package				
cost band				
<£10000	1	1	3	3
£10000				
to £25000	2	2	0	0
£25000				
to £50000	9	9	4	4
£50000				
to £100000	6	6	3	3
£100000				
to £150000	0	0	1	1
£150000				
to £200000	1	1	0	0
Total number of exit packages	19	19	11	11
	£000s	£000s	£000s	£000s
Total resource cost	£939	£939	£449	£449

For both 2010/11 and 2009/10 there were no compulsory redundancies.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Staff costs included £0.9m (2009-10: £0.4m) of early departure costs for staff who opted to volunteer for an early exit under a Ministry of Justice Voluntary Early Departure (VED) scheme that was offered to employees as a redundancy avoidance measure with OPG's ongoing relocation to the Midlands as part of the transformation of the Office.

## 5. Other operating costs

	OPG	MoJ	2010/11	2009/10
	£'000	£'000	£'000	£'000
Cash losses and ex-gratia payments	45	-	45	88
Consumables	173	-	173	536
Maintenance	149	403	552	652
Other running costs	1,623	-	1,623	1,427
Capitalisation of expenditure	(16)	-	(16)	-
Postage	944	-	944	876
Rates	136	293	429	356
Rental of accommodation	544	785	1,329	1,067
Utilities	19	241	260	324
Visitor services (assessment of client needs)	727	-	727	579
	4,344	1,722	6,066	5,905

The MoJ recharges are shown separately in order to make clear their effect in the Statement of Cash Flows.

## 6. Non-cash charges

	Restated	
	2010/11	2009/10
	£'000	£'000
MoJ Headquarters support charges:		
ICT	2,179	1,819
Facilities Management Group	838	996
Human Resources Division	224	427
Other	288	217
	<b>3,529</b>	<b>3,459</b>
Depreciation - Property, plant & equipment	398	432
Amortisation – Intangible assets	926	868
Downward revaluation of assets below depreciated historic costs	172	-
Assets written off	173	-
External auditor's remuneration	47	53
Increase/(decrease) in provision for doubtful debts	-	(94)
Loss on disposal of fixed assets	42	-
Provision for Liabilities:		
Provided in the year	1,343	2,275
Provisions written back	-	(70)
Bad debts written off	6,630	6,923
	187	178
	<b>6,817</b>	<b>7,101</b>

## 7. Fees and Charges

The Agency is required, in accordance with Managing Public Money, to disclose results for the areas of its activities undertaken throughout the financial year, where fees and charges were made. This information is provided for fees and charges purposes, not for IFRS 8 purposes.

Ministers and HM Treasury agreed a financial objective for the OPG at 100% full cost recovery for the OPG, excluding fee exemptions and remissions. A public subsidy was provided as planned in line with HM Treasury policy to ensure clients are not denied access to services through inability to pay the requisite fees by way of fee exemptions and remissions.

	Note	£'000	£'000
OPG Fee Income	3.1		(30,224)
Expenditure			
Staff Cost	4.1	15,076	
Other Operating Costs	5	6,066	
Non Cash Charges	6	6,817	27,959
Fee Related Adjustments			
Non fee income	3.2	(317)	
Court of Protection Apportionment*		(1,761)	(2,078)
Fee Related Expenditure			25,881
Surplus			(4,343)
Cost Recovery (%)			116.7%
Reconciliation to Statement Of Comprehensive Net Expenditure			
Fee Surplus			(4,343)
Fee Related Adjustments			2,078
Fee Exemptions and Remissions	3.1		6,352
Non Fee Income	3.2		(317)
Net Operating Cost			3,770

\* This adjustment constitutes an apportionment of indirect costs incurred by OPG which relate to the Court of Protection. These costs are included in the accounts but eliminated in the fees and charges analysis above for the purposes of analysing performance against the target set by HM Treasury. The estimate comprises apportionments of standard operating costs, £466,000 and of non cash recharges from the MoJ, £1,295,000 giving a total of £1,761,000.

## 8. Analysis by administration and programme

OPG income and expenditure is classified as 100% Programme, based on an assessment of the work carried out by the OPG, which is mainly front-line services; this classification has been agreed with HM Treasury.

## 9. Property, Plant and Equipment

Cost or Valuation	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Information Technology	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	4,956	704	733	498	176	7,067
Adjustment	-	-	-	-	(4)	(4)
Additions	-	71	4	5	294	374
Disposals	-	(61)	(11)	-	-	(72)
Write off	-	-	-	-	(173)	(173)
Reclassification	-	10	10	1	(21)	-
Revaluation	212	(6)	3	(35)	-	174
Impairment	-	(287)	(105)	-	-	(392)
<b>At 31 March 2011</b>	<b>5,168</b>	<b>431</b>	<b>634</b>	<b>469</b>	<b>272</b>	<b>6,974</b>
<b>Depreciation</b>						
At 1 April 2010	(4,514)	(526)	(542)	(245)	-	(5,827)
Provided in year	(206)	(58)	(39)	(95)	-	(398)
Disposals	-	22	8	-	-	30
Revaluation	(202)	5	(3)	24	-	(176)
Impairment	6	189	25	-	-	220
Adjustment	-	2	(3)	(2)	-	(3)
<b>At 31 March 2011</b>	<b>(4,916)</b>	<b>(366)</b>	<b>(554)</b>	<b>(318)</b>	<b>-</b>	<b>(6,154)</b>
<b>Net book value at 31 March 2011</b>	<b>252</b>	<b>65</b>	<b>80</b>	<b>151</b>	<b>272</b>	<b>820</b>
<b>Net book value at 31 March 2010</b>	<b>442</b>	<b>178</b>	<b>191</b>	<b>253</b>	<b>176</b>	<b>1,240</b>

All property, plant and equipment disclosed above are owned outright by OPG.

Assets under Construction are comprised of Furniture and Fittings: £253,000; and Information Technology: £19,000.

## 9. Property, Plant and Equipment

Cost or Valuation	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Information Technology	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2009	4,900	657	679	1,270	127	7,633
Additions	192	48	83	54	49	426
Revaluation	(136)	(1)	(29)	90	-	(76)
Transfers	-	-	-	(916)	-	(916)
<b>At 31 March 2010</b>	<b>4,956</b>	<b>704</b>	<b>733</b>	<b>498</b>	<b>176</b>	<b>7,067</b>
<b>Depreciation</b>						
At 1 April 2009	(4,425)	(481)	(469)	(931)	-	(6,306)
Provided in year	(212)	(46)	(97)	(77)	-	(432)
Revaluation	123	1	24	(48)	-	100
Transfers	-	-	-	811	-	811
<b>At 31 March 2010</b>	<b>(4,514)</b>	<b>(526)</b>	<b>(542)</b>	<b>(245)</b>	<b>-</b>	<b>(5,827)</b>
<b>Net book value at 31 March 2010</b>	<b>442</b>	<b>178</b>	<b>191</b>	<b>253</b>	<b>176</b>	<b>1,240</b>
<b>Net book value at 31 March 2009</b>	<b>475</b>	<b>176</b>	<b>210</b>	<b>339</b>	<b>127</b>	<b>1,327</b>

All property, plant and equipment disclosed above are owned outright by OPG.



**9a. Intangible assets**

	<b>Software Licences</b>	<b>Internally Generated Software</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2010	704	4,774	-	5,478
Additions	-	-	273	273
Reclassification	-	153	(153)	-
Revaluation	11	74	-	85
Impairment	-	-	-	-
Adjustment	1	2	-	3
<b>At 31 March 2011</b>	<b>716</b>	<b>5,003</b>	<b>120</b>	<b>5,839</b>
<b>Amortisation</b>				
At 1 April 2010	(296)	(2,818)	-	(3,114)
Provided in year	(141)	(785)	-	(926)
Revaluation	(6)	(55)	-	(61)
Impairment	-	-	-	-
Adjustment	(1)	(1)	-	(2)
<b>At 31 March 2011</b>	<b>(444)</b>	<b>(3,659)</b>	<b>-</b>	<b>(4,103)</b>
<b>Net book value at 31 March 2011</b>	<b>272</b>	<b>1,344</b>	<b>120</b>	<b>1,736</b>
<b>Net book value at 31 March 2010</b>	<b>408</b>	<b>1,956</b>	<b>-</b>	<b>2,364</b>

All Intangible Assets disclosed above are owned outright by OPG.

Assets under construction are comprised of software licences.

**9a. Intangible assets**

Cost or Valuation	Software Licences	Internally Generated Software	Assets under construction	Total
	£'000	£'000	£'000	£'000
At 1 April 2009	429	3,101	659	4,189
Additions	165	877	(659)	383
Revaluation	110	796	-	906
<b>At 31 March 2010</b>	<b>704</b>	<b>4,774</b>	<b>-</b>	<b>5,478</b>
<b>Amortisation</b>				
At 1 April 2010	(136)	(1,510)	-	(1,646)
Provided in year	(103)	(765)	-	(868)
Revaluation	(57)	(543)	-	(600)
<b>At 31 March 2010</b>	<b>(296)</b>	<b>(2,818)</b>	<b>-</b>	<b>(3,114)</b>
<b>Net book value at 31 March 2010</b>	<b>408</b>	<b>1,956</b>	<b>-</b>	<b>2,364</b>
<b>Net book value at 31 March 2009</b>	<b>293</b>	<b>1,591</b>	<b>659</b>	<b>2,543</b>

All Intangible Assets disclosed above are owned outright by OPG.

**10. Trade receivables and other current assets**

Amounts falling due within one year	31 March 2011	31 March 2010
	£'000	£'000
Balances with other central Government bodies		
Amount due from other central Government bodies	7,407	1,683
Input VAT recoverable	70	50
Sub total: balances with other central Government bodies	7,477	1,733
Balances with bodies external to Government		
Prepayments	79	90
Staff receivables	26	19
Trade receivables	4,900	4,499
Accrued income	230	32
Sub total: balances with bodies external to Government	5,235	4,640
<b>Total receivables</b>	<b>12,712</b>	<b>6,373</b>

Trade receivables are shown net of a provision for doubtful debts of £97,500 (2009/10: £97,500).

Amount due from other central Government bodies is significantly larger this year due to cash transfer from OPG to MoJ HQ.

**11. Cash and cash equivalent**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	1,429	668
Net cash (outflow)/Inflow	(1,042)	761
Balance at 31 March	387	1,429
The following balances at 31 March are held at:		
Gov't Banking Service	387	1,429

**12. Trade payables and other current liabilities**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Amount due to other central Government bodies	665	408
Sub total: amount due to other central Government bodies	665	408
Accruals	2,594	1,556
Trade payables	86	71
Sub total: balances with bodies external to Government	2,680	1,627
<b>Non-current asset payables</b>		
Property, Plant and Equipment	331	-
Intangible assets	140	-
Total payables	3,816	2,035

### 13. Provisions for liabilities and charges

	Early Retirement	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2010	243	2,914	3,157
Provided in the period	33	1,308	1,341
Provisions not required written back	-	2	2
Provisions utilised in the period	(87)	(21)	(108)
Balance at 31 March 2011	189	4,203	4,392
<b>Analysis of expected timings of discounted flows</b>			
In the remainder of the Spending review period (to March 2012)	71	-	71
Between April 2012 and March 2017 (1-5 years)	85	4,203	4,288
Between April 2017 and March 2022 (6-10 years)	33	-	33
Thereafter	-	-	-
Balance as at 31 March 2011	189	4,203	4,392

#### Early departure costs

The Agency meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Agency provides for this in full when the early retirement programme becomes binding on the Agency by establishing a provision for estimated payments.

#### Other

The above provision represents potential liabilities that the Agency, in accordance with IAS 37, considers should be recognised at the balance sheet date, (including financial losses - see Statement on Internal Control), where there is a present obligation that probably requires an outflow of resources.

#### 14. Commitments Under Operating Leases

The total of future minimum lease payments under operating leases in the period in which they are non-cancellable are given in the table below, analysed according to the period in which the payments fall due.

	31 March 2011 Land & Buildings	31 March 2010 Land & Buildings	31 March 2011 Other	31 March 2010 Other
Expiry within one year	800	800	-	-
Expiry within two to five years	-	-	-	-
Expiry thereafter	-	-	-	-
Total	800	800	-	-

#### 15. Contingent Liabilities

The agency does not recognise any further liabilities over and above those provided for in the accounts, (see note 13).

#### 16. Related Party Transactions

The Agency is an executive agency of the MoJ. The MoJ is regarded as a related party. During the period the agency had various material transactions with the MoJ. In particular the agency's payroll cash flow (and accounting for advances and recoveries of salaries) was managed by the MoJ. In addition, the MoJ also provides internal audit services to the agency.

The MoJ Recharge Methodology Calculations is the documented basis applied transparently and consistently to apportion overheads including HR and ICT to all MoJ departments and agencies on a non-cash basis.

The agency funds the Public Guardian Board (PGB), which has seven members independent of the OPG. There is no significant influence relating to financial or operating decisions. Costs are recorded in the financial statements and are included in the Remuneration Report where appropriate.

The agency also had transactions with other government departments and entities.

Most of these transactions have been with CAF/CASS, which is the sub-under lessee of the Agency's rented accommodation at Archway Tower.

None of the members of the Board of the agency, key managerial staff or other related parties has undertaken any material transactions with the agency during the financial year.

## **17. Events after the Reporting Period**

Events after the reporting period are considered up to and including the date of the Comptroller and Auditor General's certificate and report. The lease on two and a half floors of the Axis building in Birmingham was signed on 4 April 2011.

## **18. Financial Instruments**

As OPG's cash requirements are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts and non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk. All financial assets and liabilities are stated at their fair value.

## **19. Accountability**

### **Fees remitted**

There were 53,196 cases where fees were remitted. The total value was £6,352,000 (2009/10: 23,259 cases – £3,159,000). This is the result of our commitment to communicate the fees exemptions and remissions policy so that people find our services affordable and accessible.

### **Cash losses**

There were no cash losses this year (2009/10: 5 cases, £7,000).

### **Special payments**

There were 314 special payments totalling £66,000 (2009/10: 607 special payments, totalling £136,000).

### **Payments exceeding £250,000**

There were no payments exceeding £250,000 (2009/10: there were no payments exceeding £250,000).

## Appendices

### Four year Financial Record

	2007/08 (six months)	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000
<b>Operating income</b>				
Lasting Powers of Attorney		10,981	10,865	16,318
Enduring Powers of Attorney	1,292	2,184	2,203	2,020
Supervision*	4,282	5,277	5,318	5,542
Other	8	28	(23)	8
	6,885	15,262	18,419	23,872
<b>Fees remitted</b>				
Lasting Powers of Attorney	63	892	1,813	4,159
Enduring Powers of Attorney	42	143	222	292
Supervision*	202	816	1,119	1,897
Other	0	2	5	4
	307	1,853	3,159	6,352
Total income	7,192	17,115	21,578	30,224
Total expenditure	7,184	16,935	21,286	25,881
(Deficit) / Surplus	8	180	(1,708)	4,343
Cost recovery	100%	101%	93%	117%
<i>* includes Appointment of Deputy</i>				



<b>Fee Volumes</b>	<b>2007/08 (six months)</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
LPA fees	9,109	59,244	106,106	171,259
EPA fees	11,116	20,623	20,053	19,356
Search fees	332	760	884	1,364
Appointment of Deputy fees	21,469	10,913	11,587	11,165
Type 1 supervision fees	484	1,539	1,520	448
Type 2A supervision fees	-	-	5,977	6,289
Type 2 supervision fees	19,419	26,652	25,435	23,196
<b>Remissions Volumes</b>	<b>2007/08 (six months)</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
LPA fees	566	6,267	14,447	37,498
EPA fees	434	1,278	1,829	2,561
Search fees	2	22	27	16
Appointment of Deputy fees	1,541	3,199	2,913	3,351
Type 1 supervision fees	-	65	204	1,030
Type 2A supervision fees	-	-	460	2,257
Type 2 supervision fees	15	2,947	3,379	6,455
<b>Payment methods - Volumes</b>	<b>2007/08 (six months)</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Cheque	43,307	108,679	123,292	167,096
Credit Card	-	392	1,002	3,269
Direct Debit	1,775	8,536	8,707	7,525
<b>Total</b>	<b>45,082</b>	<b>117,607</b>	<b>133,001</b>	<b>177,890</b>

<b>KPI 1: Powers of Attorney</b>				
EPAs must be registered when the Donor loses capacity. LPAs, although similar in principle, require the Public Guardian to have a more active role in the notification process. There is a 42-day statutory waiting period for the registration of an LPA, once the OPG sends out notification to the party or parties who did not make the application.				
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>
Register and return 90% of applications for registration of Attorneyship (LPA/EPA) within 9 weeks of receipt.* *Where an application is incapable of registration (invalid, contains significant errors, or an objection is received) it is excluded.	Data will be collected through the MERIS casework system, drawing on the following inputs in order to deliver the relevant reports. 'Date of receipt' is taken from the post room stamp, i.e. the day of receipt by the OPG. 'Date notices sent' is the date they are sent by caseworkers when they check the application (unless application is invalid). Status of case. 'Date of dispatch' is the dispatch of the registered EPA/LPA as the last part of the process in an application. Imperfect status – relating to either significant or insignificant errors. MERIS tells us how many applications capable of registration were received. For KPI calculation purposes insignificant <i>imperfects</i> are included and <i>invalids</i> are excluded, as are objections. MERIS then calculates how many were dispatched, in working days.	A monthly report from MERIS.	We will register 90% of applications within 9 weeks of receipt.	<b>Target not met</b> However there is a time lag in the data. On the basis of applications received to the end of February, we were achieving 11% over the period.

<b>KPI 2: Supervision</b>				
All Deputyship cases require a supervision regime based on a risk assessment. Risk criteria include whether a Deputy is an un-discharged bankrupt; whether the Deputy has any financial interests that conflict with those of the client; the value of the client's estate; and any concerns about the Deputy's handling of the case.				
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>
To ensure the appropriate monitoring of the Deputy in his duties.	The data will be extracted from CASREC each month using CyberQuery.	Supervision record on CASREC – an internal data management system - when a new Deputy order is received in supervision, and when a letter notifying the Deputy of the supervision type has been produced.	Notify 95% of new Deputies of the supervision level assigned to their case within 20 working days of the OPG receiving the Court Order.	<b>Target met:</b> 98%
To ensure Deputies are notified of their responsibilities within a specified timescale, and to ensure that the clients' interests are being protected as soon as possible.	The difference between the receipt date of the order and the date of contact with the deputy will be calculated in Microsoft Excel.  The percentage of deputies contacted within the target can then be calculated, also using Excel.  This will be calculated as: the number of Deputies notified within 20 working days / total number of Deputies notified (or due to be notified) x 100.	Responsibility for recording these dates lies with the Allocations team.  These dates can be validated if necessary by retrieving the relevant documents from LiveLink.		

<b>KPI 3:</b>					
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>	
<p>We will carry out a full case review of all Deputyship cases subject to supervision within 3 years, and this year we will review a minimum of 40% of cases, target is 15,312 cases.</p> <p>A case review will be generated following one or more of the following activities:</p> <ol style="list-style-type: none"> <li>1. A visit to the Deputy or incapacitated person.</li> <li>2. A detailed review of the Deputy's annual report/account.</li> <li>3. An audit of a panel, professional or local authority Deputy</li> <li>4. Case management activity in a case subject to close (Type 1) or intermediate (Type 2A) supervision.</li> <li>5. An investigation into the actions or conduct of a Deputy.</li> <li>6. Short term intervention on a case subject to lighter touch (Type 2) or minimal (Type 3) supervision.</li> <li>7. A review of a case with a time limited Order.</li> </ol>		Case data held on internal data management system – CASREC.	We will carry out a full case review of all Deputyship cases subject to supervision within 3 years, and this year we will review a minimum of 40% of cases; target is calculated at 15,312 cases.	<p><b>Target met:</b></p> <p>102%: 15,675 cases reviewed.</p>	
<p>To review all Deputyship cases and ensure any potential problems are resolved; to provide a deterrent against financial abuse; and to recommend to the Court of Protection any action that may be required.</p> <p>This will ensure that no case is left unsupervised and that each case is reviewed using a systematic rolling programme of contact.</p> <p>A proportionate approach will be taken to make sure that cases which have been assessed as needing a closer regime of supervision will be reviewed more quickly, but that all cases will be looked at as a minimum every three years.</p>	<p>Targets will be set in line with the projected caseload for 2010/11, and monitored monthly.</p> <p>Targets will then be adjusted during the year in line with the actual caseload.</p> <p>For example, if the target number of reviews that month is 100 and 90 have been completed, the calculation will be <math>90/100 \times 100 = 90\%</math> in month. If the actual caseload that month is 10,000 the YTD figure calculation will be <math>90/10,000 \times 100 = 9\%</math>.</p> <p>The annual achievement figure will be based on the total caseload at 28/02/11 x 40% divided by the total number of reviews completed by 31/3/11.</p> <p>CyberQuery will be used to produce the reports of the number of annual reports, visits and reviews of supervision level recorded on CASREC.</p> <p>This data will be collated using Excel.</p> <p>The data will be cross-referenced to ensure that any cases that have been subject to more than one review in the year are only counted once.</p>				

<b>KPI 4:</b>				
The Public Guardian has an important role in the safeguarding of vulnerable adults. A significant part of this is the investigation of concerns that are raised, either directly with the Public Guardian or via the Court of Protection, about the way in which registered Attorneys or Court-appointed Deputies are exercising their powers in respect of the vulnerable adults for whom they act.				
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>
The swift risk assessment of concerns that are raised about Deputies and Attorneys is central to ensuring that appropriate and timely safeguarding action is taken.	<p><b>2 Working Days (Risk Assessment)</b></p> <ul style="list-style-type: none"> <li>The 2 working day target starts from the date that the concern is received in the OPG.</li> <li>Day 1 will be the next working day after the concern is received.</li> <li>For example, if a concern is received in the OPG on 19 April 2010, day 1 will be 20 April and day 2 will be 21 April 2010.</li> </ul>	Managers log target dates and completion dates as they arise. The following data is logged: <ul style="list-style-type: none"> <li>KPI type;</li> <li>the date the concern/S49 Order was received in the OPG; and</li> <li>the date the risk assessment was carried out.</li> </ul>	Where concerns are raised about actions of an Attorney or Deputy we will assess risk in 95% within 2 working days.	<p><b>Target not met:</b></p> <p>84%</p> <p>This reflects time taken to refer cases to the Investigations Unit.</p>
The formal investigation target is crucial in ensuring that where a full investigation is required it is undertaken in a timely fashion to ensure that the vulnerable adult is protected where required.	<p><b>3 Months (Completed Investigations)</b></p> <ul style="list-style-type: none"> <li>The 3 month target start from the date that the concern, which leads to the commencement of an investigation, is received in the OPG.</li> <li>Day 1 will be the next day after the concern is received.</li> <li>e.g. if a concern within the Public Guardian's jurisdiction is received on 22 April 2010 it is dealt with within the 3 month target as long as one of the above conclusions is met by 21 July 2010 (or next working day).</li> </ul>	Formal reporting is carried out monthly by completion of the monthly KPI stats return and Balanced Scorecard return.	We will conclude 75% of investigations within 3 months.	<p><b>Target met:</b></p> <p>81%</p>
	<p><b>6 months (Completed Investigations)</b></p> <ul style="list-style-type: none"> <li>The 6 month targets start from the date that the concern, which leads to the commencement of an investigation, is received in the OPG.</li> <li>Day 1 will be the next day after the concern is received.</li> <li>e.g. if a concern within the Public Guardian's jurisdiction is received on 22 April 2010 it is dealt with within the 6 month target as long as one of the above conclusions is met by 21 October 2010 (or next working day).</li> </ul>		We will conclude 95% of investigations within 6 months.	<p><b>Target met:</b></p> <p>95%</p>

<b>KPI 5:</b>				
Achieve 100% cost recovery				
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>
<p>The KPI target is set to ensure that OPG clients receive value for money through effective and efficient service delivery.</p> <p>Full cost is defined as: the total cost of providing services to the taxpayer, before social subsidy/fee exemption and remission; financial losses over and above a yearly notional premium; and any bad debts or exceptional items.</p>	<p>The model is driven by ratios and staff numbers.</p> <p>For service areas e.g. Finance, Performance and Change, Post Room etc. a set of ratios is used to allocate their cost to an operational area.</p> <p>The following data is incorporated in the model:</p> <ul style="list-style-type: none"> <li>• full forecast outturn from monthly Management Accounts;</li> <li>• staff numbers from the monthly staffing returns from Heads of Division; and</li> <li>• HQ recharges.</li> </ul>	<p>The cost recovery outturn is calculated using a full cost model to compare the income and expenditure streams of the OPG.</p> <p>The cost estimates used in the model are based upon the full year forecast outturn for the OPG as taken from the Management Accounts each period.</p> <p>This represents the full resource-based cost of the agency including non-cash items and HQ recharges.</p>	<p>Achieve 100% cost recovery.</p>	<p><b>Target met:</b> 117%</p>

<b>KPI 6:</b>				
Achieve 70% customer satisfaction with OPG service delivery.				
<b>KPI Purpose</b>	<b>Calculation Method</b>	<b>Data Source</b>	<b>Target 10/11</b>	<b>Achieved to 31 March 2011</b>
<p>This KPI fulfils a commitment for the OPG to set a customer satisfaction target for 2010/11.</p> <p>It offers a broad but concrete measure of how the OPG is fulfilling its customers' needs across the range of services that it offers.</p>	<p>This will be done by customer survey. A specialist survey company was previously employed to despatch, collect and process any data received. In recent years we have used Ipsos MORI.</p> <p>Current proposals are to follow a similar process to previous years and to commission a specialist surveying / research company to carry out this year's survey on behalf of the OPG.</p> <p>The research company will work closely to create a suitable questionnaire. The Deputies will be sent to Deputies along with a letter of explanation containing instructions and a 'reply by date', and a reply paid envelope.</p> <p>The research company will process the data received and report their findings/ results back to the OPG by an agreed date.</p>	<p>The figure will be calculated as an average percentage of the scores from returned surveys declaring themselves satisfied or very satisfied with the OPG.</p>	<p>To achieve 70% customer satisfaction with OPG service delivery.</p>	<p><b>Target not met:</b> due to moratorium on customer surveying, this KPI was suspended.</p>









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