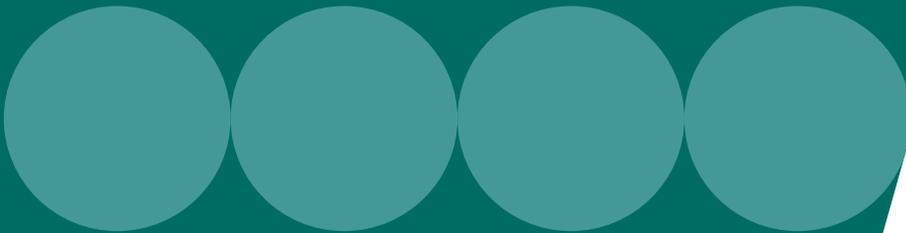


April – September

2007

Final Report & Accounts



public
guardianship
office

Protecting

Registering Enduring Powers of Attorney and appointing and supervising Receivers – we provided services that protect the financial well-being of people who lack mental capacity.

Supporting

Help, guidance and support for families, friends and advisers of people mentally unable to look after their own financial affairs.

Empowering

Implementation of the Mental Capacity Act will provide a statutory framework to empower and protect vulnerable people who may not be able to make their own decisions.

April – September 2007

Final Report & Accounts



Report by the Chief Executive and Public Guardian to the Lord Chancellor on the work of the Public Guardianship Office for the period April to September 2007.

Report and accounts of the Public Guardianship Office prepared pursuant to Section 7(2) of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed 14 March 2008



2007 Highlights

- The PGO has met or exceeded 15 of its 22 key performance targets.
- Registration of Enduring Powers of Attorney up 15%.
- Percentage of effective visits at its highest level at 90%.
- Improved cost recovery at 96%.
- The Welsh Language Scheme given final approval by the Welsh Language Board on 14 September.

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Richard Brook
*Chief Executive and Public
 Guardian Designate*

Final Report

Chief Executive's Foreword

I am pleased to present the Public Guardianship Office (PGO) Final Report and Accounts for April to September 2007. The PGO was replaced by the Office of the Public Guardian (OPG) on 1 October 2007 with the implementation of the Mental Capacity Act 2005 (MCA).

Since 2001 the PGO has been responsible for providing services to help protect the financial well-being of people who lack capacity and to provide help, support and advice to their relatives, friends and carers. There has been continued improvement in the Agency's performance since its inception, which has provided a solid foundation upon which to build the new Office of the Public Guardian.

The months leading up to October 2007 saw an increased awareness of existing PGO services, particularly that the impending MCA would end the present legislation for future planning with EPAs. The perception that the new LPA arrangements would be more complicated and expensive saw a drive from some users to make and register EPAs prior to October which created some operational problems.

The Court of Protection faced similar circumstances, especially where there were prospective clients who may have needed a receiver appointed in the near future having matters brought forward or expedited to ensure they were dealt with under existing and well known legislation rather than the new procedures to be introduced post October, resulting in a significant increase in the number of applications to the Court being made.

A team was set up to review existing cases and provide receivers with new orders conferring authority in line with the coming deputyship orders. This was resourced by staff from other sections of the PGO so all staff were called on to strive to maintain the service provided by the agency. The preparation of the PGO for the implementation of the MCA undoubtedly created pressures in our last months of operation although the agency's staff responded positively to this.

Financial Stability

The result for the six months April – September 2007 was an operating deficit, after exceptional items, of £2,072,00 on net income of £8,954,000. The PGO's net assets at 30 September amounted to £9,608,000 and included working capital of £5,527,000. All the assets and liabilities have been transferred to the OPG.

During this period the PGO had grown its business, again improving its progress towards full cost recovery achieving 96%.

During the term of the PGO, 1 April 2001 to 30 September 2007, the PGO continually endeavoured to provide value for money by increasing efficiency and quality of service for reasonable cost with a financial objective to recover costs through charging for its services. This resulted in the organisation moving from recovering only 43% of its cost from fees to 96%. This was achieved through a 64% increase in fee income and minimal increase in costs.

Thus, the PGO during its six and a half year history has met increasing operational requirements and at the same time managed increased demand for its services with minimal increase to the cost base providing efficacy to its customers.

Our Performance April to September 2007

This has been a challenging six months for the PGO. We made a commitment to maintain the service we provide while working towards the implementation of the MCA and preparing for the launch of the OPG on 1 October. Staff training in new work progresses, extensive planning and preparation has been undertaken while striving to meet the challenging targets set following the PGO's most successful year in 2006/07.

In the six months from April to September we achieved 15 of the 22 measured performance targets that made up our key performance indicators. Two of the seven missed fell only narrowly short of the target. Particular note should be made of the performance of our visiting service which achieved the highest percentage of effective visits since 2001.

There have been inevitable tensions in achieving significant change within available resources whilst working to continue the level of performance achieved in 2006/07. It is disappointing that we have not managed to attain the high standards we aim towards. We have experienced particular problems in maintaining satisfaction among new customers which we will be working towards improving as the OPG. As part of the preparation for the MCA we established a Customer Contact Centre to act as a central point of communication for all customers. This inevitably led to some disruption and difficulty for clients.

The change programme is now complete and the OPG has taken on its new areas of responsibility. Over the next few months we expect there to be some uncertainty and there may be teething problems as we develop our new working processes, however as staff transfer to the new organisation we will also transfer their strong commitment to provide services to those who lack capacity.

Machinery of Government Changes

The Ministry of Justice (MoJ) was created on 9 May 2007 bringing together the functions and activities of the Department for Constitutional Affairs (DCA), including the PGO, and those of

the National Offender Management Service, the Office for Criminal Justice Reform and related bodies from the Home Office. The aim of the Ministry is to improve the ability of the justice system to serve the public. The PGO (and subsequently the OPG) played an important role in ensuring that vulnerable members of society receive justice by working to protect their affairs and empowering them to make their own decisions where appropriate.

The Cabinet re-shuffle in June 2007 saw the Rt Hon Jack Straw MP take over the role of Lord Chancellor and Secretary of State for Justice from Lord Falconer and Bridget Prentice MP replaced Baroness Ashton as the PGO's Minister. We look forward to building our working relationship with our new Ministers.

Stakeholder Communication

As part of our preparation for the implementation of the MCA the PGO attended over 40 events between April and September 2007. These ranged from holding stalls at exhibitions such as Learning Disability Today and the Retirement Show and giving presentations at events including the Safeguarding Vulnerable Adults Conference and the Dementia Advocacy Network. These events were aimed at raising awareness of the Act and the forthcoming OPG among the general public as well as among care workers, homeowners and other professionals affected by the Act.

Preparing for the Future

We have made steady progress towards implementation during these six months. We have continued to build upon the work undertaken in 2006/07 and events of note since April include:

- the Public Guardian Board Regulations laid in Parliament on 21 June;
- the Court of Protection Rules laid in Parliament on 4 July;
- the Public Guardian Fees Regulations laid in Parliament on 19 July;
- three district judges joined the Court of Protection in July;
- essential staff training took place in August and September;
- the Framework Document was laid in Parliament along with the OPG's key performance indicators on 17 September; and
- working with the departmental programme team.

Corporate Services has been managing the construction of the extended Court of Protection, new Customer Contact Centre and associated staff moves to create the new OPG organisational structure.

- the HR team managed recruitment campaigns to fill vacant posts in readiness for the launch of the OPG, introduction of the new performance management system and action required to support the new MoJ pay and conditions arrangements.
- the ICT team supported implementation of new telephony software for the Centre.
- the Governance team advised on the changes to risk management, business continuity, and management control systems necessary to support the new OPG.

The Public Guardian Board was formally appointed in June 2007 and has been running in shadow format for nine months prior to the implementation of the MCA. The Board has seven members, including a member of the judiciary, and is chaired by Rosie Varley OBE. The members all have relevant experience or knowledge in the areas covered by the statutory role of Public Guardian and the Board's duty is to scrutinise and review the way in which the Public Guardian discharges his functions and to make such recommendations to the Lord Chancellor as it thinks appropriate.

As I sign off the final report of the PGO and look towards the OPG I extend my thanks to the Non-executive Directors of the PGO, Jane May, Bryan Thompson and David Flinter, who have made a significant contribution to the Agency during its lifetime. I would also like to take this opportunity to thank the Audit Committee for their work with the PGO. Finally, I thank the PGO staff and my senior management team, all of whom have worked to make the PGO the success that it became and who will be the key to the future of the OPG.

A handwritten signature in black ink, appearing to read 'R Brook', with a stylized flourish extending from the end.

Richard Brook

Chief Executive and Public Guardian

5 March 2008

Background Information

The PGO was established as an Executive Agency of the Department for Constitutional Affairs (DCA) on 1 April 2001, to support the Department's overall aim to build fair, effective and accessible justice services. On 9 May 2007 the DCA, including the PGO, became part of the new Ministry of Justice (MoJ).

About the Court of Protection

The Court of Protection carried out legal functions under the Mental Health Act 1983 and the Enduring Powers of Attorney Act 1985, concerning the property and affairs of people who lack mental capacity and who are living in or hold assets based in England and Wales.

These functions included:

- appointing and supervising Receivers under the Mental Health Act 1983;
- making once only orders under the Mental Health Act 1983, appointing approved applicants (known as Receivers) to manage the finances of people with minimal assets;
- dealing with contested applications for the appointment of a Receiver or the registration of Enduring Powers of Attorney (EPAs);
- registering EPAs;
- making statutory wills for clients who lack the capacity to make valid wills themselves;
- making substantial gifts for tax planning purposes; and
- approving settlements in proceedings for damages for personal injury or clinical negligence.

The Court of Protection was supported by the PGO, which implemented its orders and decisions. The Chief Executive of the PGO and certain staff were nominated officers of the Court of Protection and carried out some functions under the Mental Health Act 1983, subject to directions given by the Master of the Court of Protection pursuant to section 94 (1) of that Act. There is a review of the work of the Court of Protection for 2007 on page 25.

The Public Guardianship Office

The PGO was responsible for ensuring the financial well-being of people who lack the capacity to manage their own financial affairs. It did this by supporting the Court of Protection in the appointment of Receivers, and through the registration of Enduring Powers of Attorney. We also undertook checks to establish that appointed Receivers were carrying out their duties in an appropriate manner. Exceptionally, when no suitable relative or friend wished to act as a Receiver, we tried to find someone else to take on this role such as a Local Authority or a panel Receiver.¹

PGO Strategic Objectives

The aim of the PGO was to promote and protect the financial well-being of people with mental incapacity by providing a seamless service responsive to their needs.

¹ A panel Receiver is a Receiver appointed to a special panel by the Court of Protection to act as Receiver in cases where there is nobody else identified to act.

We had four strategic objectives:

- to provide a forward-looking, accessible service which consulted on, understood and met PGO's clients' diverse and developing needs;
- to develop new ways of working with PGO Receivers and in partnership with the public and other agencies, which were focussed on clients' total needs;
- to ensure the PGO had the capability, skills and flexibility to meet the changing needs of its clients; and
- to provide best value for the PGO's clients and the taxpayer.

The Minister responsible for the Agency was the Secretary of State for Justice and Lord Chancellor, to whom the Chief Executive was directly answerable for the day-to-day management of the Agency and its financial affairs.

The Agency employed 401 whole-time equivalent staff (2006/07: 406) and was responsible for the supervision of around £3 billion (2006/07: £2.5 billion) of clients' funds.

Ministers

Ministers with responsibility for the Agency during the financial year were as follows:

Lord Falconer of Thoroton followed by the Rt Hon Jack Straw MP from June 2007

The Secretary of State for Justice and Lord Chancellor

Baroness Ashton of Upholland followed by Bridget Prentice MP from June 2007

Parliamentary Under Secretary of State

Management Board

The Management Board as at 30 September 2007 consisted of six executive staff members and two external representatives (non-executives). Their roles were to develop the strategic direction of the Agency. Each staff member had responsibility for overseeing a particular division and reported on the performance of that division to the Management Board. In addition, the Management Board monitored the financial and business performance of the Agency and identified and managed risks. The Chief Executive of the Agency, supported by senior staff, was responsible for operational activity including the Agency's commitment to equality in its activities.

The members of the Management Board (excluding Non-executive Directors) during the financial period were all civil servants.

As at 30 September 2007 the Management Board comprised:

Richard Brook *(Chief Executive and Public Guardian)*

Louise Lawrence *(Head of Performance and Change/MCIP OPG1 Implementation Manager)*

Steve Rider *(Acting Head of Customer Contact Centre)*

Craig McIlwrath *(Director of Operations and Head of Applications and Processing Designate)*

Stephen Taylor *(Head of Finance and Resources)*

Angela Johnson *(Head of Supervision)*

Jane May *(Non-executive Director)*

Bryan Thompson *(Non-executive Director)*

David Flinter was a Non-executive Director of the Agency, a member of the Audit Committee and Ministerial Advisory Board but was not a member of the Management Board.

Equal Opportunities Policy

The PGO was an equal opportunity employer. The aim was to be fair to everybody; to ensure that no eligible job applicant or employee received less favourable treatment on the grounds of race, colour, nationality or ethnic or national origins, age, gender, sexual orientation, marital status, disability, religion or religious affiliation, or was disadvantaged by conditions or requirements which could not be shown as justifiable. The PGO's policy built on the Civil Service Code of Practice on Employment of Disabled People and the statutory obligations of employers under the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995, the Race Relations (Amendment) Act 2000, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Religion or Belief) Regulations 2003 and the Employment Equality (Age) Regulations 2006.

Learning and Development

During the period April to September 2007 the PGO continued to give high priority to training and developing all our staff to enhance their professionalism to support the PGO's objectives and in preparation for the implementation of the MCA.

Employee Involvement

The Agency attached considerable importance to ensuring the fullest involvement of employees in delivering its aims and objectives. It therefore continued its practice of keeping employees informed on matters affecting them and on the performance of the Agency. This was achieved through the Agency's intranet, a regular two-weekly newsletter and circulation of press releases, annual reports and office notices. Formal and informal meetings were also held with employees, serving the purpose of consultation and feedback, as well as regular meetings with recognised trade unions.

Creditor Payment, Policy and Performance

The PGO paid all supplier invoices in accordance with the Government's payment performance targets. These required us to pay all invoices not in dispute within 30 days or within the agreed contractual terms. They also required us to pay 100% of invoices, including disputed invoices once the dispute had been settled, on time within these terms. From 1 April to 30 September 2007 the PGO paid 98% of invoices within this time span (2006/07: 98%). Payments are only made once they have been properly authorised under the terms of the PGO's scheme of financial delegation. No interest was paid under the Late Payment of Commercial Debt (Interest) Act 1998.

Health and Safety

The PGO recognised and accepted its legal responsibilities in relation to the health, safety and welfare of its employees and for all people using its premises. The PGO complied 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 met quarterly to discuss relevant matters together with representation at the departmental Health and Safety Committee to keep informed of changes in legislation, practices, and procedures. Relevant training for staff and managers was provided to ensure compliance.

The PGO remained committed to continual improvement in this field, in consultation with staff and trade union representatives, who have played a constructive part throughout.

Management Commentary

Financial Activity

The Agency was 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 2007/08 and there is no reason to believe that future funding to the Agency's successor the Office of the Public Guardian will not be forthcoming. The financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

On implementation of the MCA on 1 October 2007 the functions of the Court of Protection and PGO transferred to the new Court of Protection and the Office of the Public Guardian. The Public Guardian has responsibility for the functions of the OPG and administrative functions for the Court of Protection and therefore the assets and liabilities of the PGO transferred to the OPG on a going concern basis.

The result for the six months April – September 2007 was an operating deficit, after exceptional items, of £2,072,000 on net income of £8,954,000. The PGO's net assets at 30th September amounted to £9,608,000 and included working capital of £5,527,000.

During this period the PGO had grown its business, again improving its progress towards full cost recovery and achieving 96%.

Fees and charges for the period 1 April to 30 September remained those that came into force on 1 April 2006. A new fees regime for the CoP and OPG came in to force on 1 October 2007.

During the term of the PGO, 1 April 2001 to 30 September 2007, it continually endeavoured to provide value for money by increasing efficiency and quality of service for reasonable cost with a financial objective to recover costs through charging for its services.

Appendix 1 provides the key financial record during the tenure of the PGO with supporting statistics. The financial data shown are published figures from the PGO's Annual Report and Accounts for each year.

The PGO was supported with £3.2m investment to de-merge activities from the former Public Trust Office and £2.1m investment to implement legislative changes introduced by the Mental Capacity Act 2005.

An adverse write-off of £3.8m in 2003/04 was the result of a decision to reduce the scope of an IT project, taking into account the corporate landscape in terms of project funding and IS strategy, but primarily based on the costs and timescales of the project itself and other associated risks against the Agency's changing business at that time.

Staffing expenditure has reduced since 2001 through reducing a reliance on agency staff towards a target establishment of 377 trained permanent staff by 31 March 2007.

Overall staffing, permanent and agency, has reduced by 24% since 2001 resulting in a streamlined efficient workforce meeting the majority of key performance targets with a few performance measures marginally being missed. Contractors have been employed to support the Agency mainly during change programmes, in required skills not held by staff.

In the first year of operation the PGO reported a £13.4m operational deficit, which has reduced significantly to £1.1m for the six months ended 30 September 2007. This resulted in the organisation moving from recovering only 43% of its costs from fees in 2001 to 96%. This was achieved through a 64% increase in fee income and minimal increase in costs.

Fee income increase was based on several changes to the fee regime throughout the years, aligning costs to discrete activities and increased demand for services through a progressive awareness campaign of services provided by the PGO. Additionally, changes to work practices and the introduction of improved IT processes increased the utilisation of resources. In particular, increased efficiency in the registration of EPAs resulted in a reduction of the registration fee from £220 to £120 on 1 April 2005 and has remained at this level to date.

The ending of Receivership of Last Resort activity played a part in reducing resource cost and a high reliance on fee remission.

Workload and the resulting fee volumes increased as registering of EPAs increased by 15%.

In summary, the PGO during its six and a half year history has grown its business and at the same time managed increased demand for its services with minimal increase to the cost base providing efficacy to its customers.



In the period April to September 2007 we registered and returned 100% of all correctly lodged EPAs within five working days of the notification period. This exceeds our target of 98%.

Operational Activity

Protecting

Enduring Power of Attorney

Most people look after their own money every day and may take this ability for granted. However, it is important for them to consider what would happen if they lost the ability – due to dementia, illness or accident – to make their own financial decisions. This is a real risk for everyone.

Prior to the implementation of the Mental Capacity Act, if someone lost the capacity to make decisions and no Enduring Power of Attorney (EPA) was in place, then an application would have to be made to the Court for the appointment of a person called a Receiver to make these decisions. This process could be complicated, time-consuming and expensive and the Court decided who to appoint as Receiver.

Creating an EPA gives a person (called a donor) the opportunity of choosing someone they trust (called an attorney) in advance to manage their finances in the event that they lose the mental capacity to do so in the future. Creating an EPA is simple and costs nothing to make. In the six months from April to September 2007 we registered 10,757 EPAs.

We become involved in this process only when the donor has lost or is losing their mental capacity and is no longer able to manage their own financial affairs. At this point, the attorney is required to register the EPA with the Court of Protection so that they have the legal authority to start or to continue managing the donor's finances.

A registered EPA provides protection to the donor as the appointed attorney then becomes accountable to the Court of Protection.

We provide the necessary forms and guidance for registration and provide information and support to the attorney during the registration process. We also deal with any concerns raised with us about the way an attorney is exercising their powers.

The provisions of the Enduring Power of Attorney Act 1985 mean that an EPA cannot be registered for 35 days (the notification period) from the date the attorney formally gives

notice to all those entitled to receive it. Notification is usually given to family members of the donor.

The purpose of this notification is to make family members aware of the EPA and its proposed registration. This notification provides a further level of protection as it gives those people notified an opportunity to object to the registration should they believe that the chosen attorney is inappropriate.

Supporting the Court of Protection, our aim was to register and return an EPA within five days of the end of the notification period where no objections have been raised. In the period April to September 2007 we registered and returned 100% of all correctly lodged EPAs within five working days of the notification period. This exceeded our target of 98%. EPAs were replaced by Lasting Powers of Attorney from October 2007.

The Appointment of a Receiver

Some people may not have been aware of the benefits of making an EPA or they may have felt that an EPA was not right for them. If this was the case and they lost capacity to manage their financial affairs in the future, a relative, friend or professional could apply to the Court of Protection to be appointed as a Receiver.

Where the Court had jurisdiction it had the power to do whatever was required to ensure the maintenance of the client (the person who lacks capacity) and their family. For example, the Court may make an urgent order to release funds from the client's bank account to pay their outstanding nursing home fees.

Once a Receiver was appointed they were responsible, with the Court's supervision, for managing the day-to-day finances of the client. This could include receiving pensions and benefits, paying bills, buying clothes and providing extra comforts, and generally acting in the client's best interests.

There were a number of targets² set for each part of the process of appointing a Receiver. One of the most important targets in the process was issuing the first general order³, or a short order⁴ to the applicant as soon as possible following the Court hearing. This enabled them to begin managing the client's financial affairs as soon as possible.

In the period April to September 2007, 94.5% of orders appointing a Receiver were sent out within ten days of the Court making the order (where we received all information and documents required).

This figure is comparable to 2006/07 (94.6%) and despite narrowly missing our 95% target demonstrates a maintained level of performance following the significant improvement on the previous three years see Figure 1.

² See Appendix 2 for full details of KPI targets.

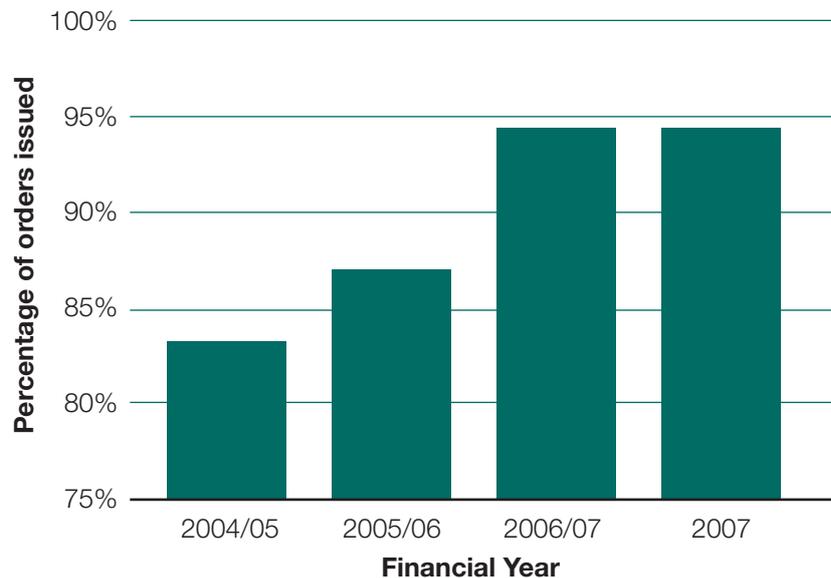
³ A first general order is the document issued appointing a Receiver.

⁴ A short order gives an appointed person access to finances in cases where there are not sufficient assets to warrant the appointment of a Receiver; currently this limit is £16,000.



We support Receivers in carrying out their duties effectively, whilst at the same time monitoring their actions to make sure that they are acting in the best interests of the client.

Figure 1 Orders issued within ten working days in 95% of cases where all information and documents have been received (the target is 95%)



Anyone appointed as a Receiver was normally required by the Court to take out a form of insurance called a security bond. This bond was to protect the client from any financial loss in a situation where a Receiver failed in their duties.

We supported Receivers in carrying out their duties effectively, whilst at the same time monitoring their actions to make sure that they were acting in the best interests of the client.

This monitoring was conducted in a number of ways such as commissioning Lord Chancellor's Visitors to visit and report on the client, through the collection and review of annual accounts and through investigating allegations of Receivers failing in their duties from whistleblowers, adult protection officers and Social Services.

Providing Protection through Visits

From April to September 2007 the primary focus for the visiting service was on preparation for the implementation of the Mental Capacity Act and developing a visiting process that would work effectively post-enactment.

Visitors are independent, self-employed and have knowledge of mental health legislation and how it affects our clients. The visitors work on behalf of the Court to ensure that the Receiver is acting in the client's best interest and that their needs are being met. The visitor may also make suggestions,

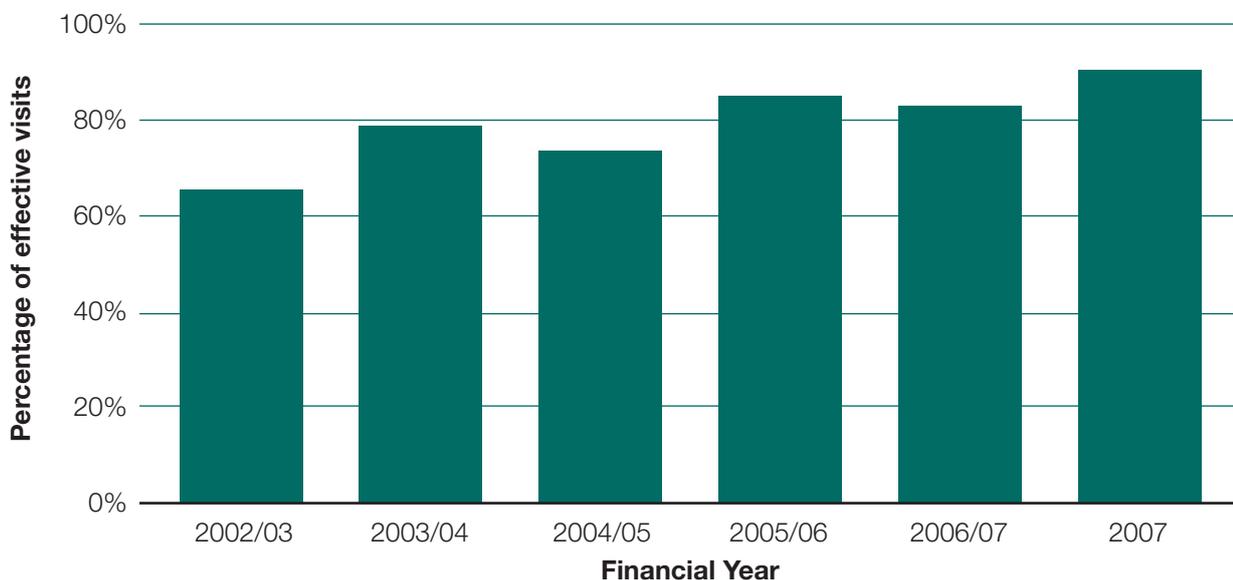
where appropriate, on how to improve the client's quality of life, for example, the recommendation to purchase a new type of bed or wheelchair.

During this time of change and development for the visiting service, our target was to visit 4,000 clients in the six-month period. We exceeded this target by making 4,607 visits. The key aim is to ensure that each visit undertaken is effective and meets its objectives. We measure effectiveness by:

- ensuring that the visit is carried out within six months of the PGO or Court requesting it; and
- initiating action recommended by the visitor within one calendar month of the visit.

Of the visits conducted in the period April to September 2007, 90% were effective against these criteria. This figure represents the peak of performance in this area see Figure 2.

Figure 2 Percentage of effective visits



The Accounts Collection Process

One of the key processes in monitoring the work of a Receiver was the collection of the annual account. The annual account provided the Court with a breakdown of monies received and payments made by the Receiver, on behalf of the client. This information was reviewed to ensure accuracy and to assess whether or not the Receiver had been operating the finances in the client's best interests.

The timely collection and review of accounts is therefore essential to ensure that the interests of the client are maintained.

Our targets for this work included aiming to have 95% of all accounts collected within six months of the due date. In the period April to September 2007 we collected 74.1% within two months and 91% in four months although we narrowly missed the six-month target, achieving 94.7% collected.⁵

⁵ See appendix 2 for full details of KPI target for accounts collection.

In the period April to September we reviewed 100% of accounts within 20 working days of receipt. This figure demonstrates sustained performance over a five-year period.

The accounts also allowed us to undertake other quality checks such as ensuring that the Receiver visited the client throughout the year and that any costs charged to the client by a professional Receiver have been agreed by the PGO.

The Financial Investigations Unit

The Financial Investigations Unit (FIU) was formally introduced in 2005 following a successful pilot throughout 2004.

The FIU was created to co-ordinate PGO investigations into allegations of financial abuse and misappropriation of existing clients' funds by Receivers, Attorneys and people not under the supervision of the Court.

An investigation can be conducted by:

- **Third parties** (e.g. Receivers who are not the subject of the allegation) with the unit adopting a monitoring, advisory and support role. These are known as monitoring only cases; and
- **Investigations Unit Caseworkers.** In cases where there is no third party available or suitable to conduct the investigation an Investigations Unit caseworker will take on this role. These are known as full investigation cases.

The unit continued to work to recover clients assets. We had a good response from the Adjudicator's Office in their 2006/07 annual report. In the period April to September six cases were taken up by the Adjudicator's Office. We received six previous Adjudicator and two previous Ombudsman cases back. Of these, the Adjudicator partially upheld two complaints and the rest were not upheld. No cases were taken up by the Parliamentary Ombudsman during this period.

Supporting

After Appointment

One of the main roles of the PGO and its staff was the continued support we provided to Receivers in their role throughout the time that they remain a Receiver. When a Receiver contacted us for advice about a matter relating to the client's finances we aimed to ensure that they receive a prompt and accurate response from our case-working teams.



Contacting the PGO

Most of the contact with the PGO was via letter, fax or email and from April to September we responded to over 62,400 pieces of correspondence.

Many of the queries we received were complex and sometimes needed to be referred to one or more specialists within the organisation, or to the Court.

Our aim was to provide prompt⁶, relevant and accurate responses to all correspondence received. From April to September we responded to 66.9% of correspondence within five working days of receipt and 81.7% within ten days. This was slightly lower than in 2006/07.

Disappointingly we missed our 98% target for responding to correspondence within 15 working days of receipt, achieving 92.2% against the target.

Access to Capital

One of the Receiver's main duties was to ensure that sufficient money was always available for the maintenance of the client, ensuring that any bills can be paid and their ongoing needs could be met.

To help ensure this we offered all Receivers the option of receiving regular monthly payments. Where this method was not appropriate the Receiver was required to write to the PGO to seek authorisation for the use and release of the required funds.

Upon receipt of a written request from a Receiver we aimed to give directions to the Court Funds Office, or dispatched directions to the Receiver allowing them to access the client's money as soon as possible, or explain why we had not agreed to their request.

This year overall satisfaction with the service we provided across all customer groups was 74% against a target of 75%.

⁶ See Appendix 2 for full details of KPI target for correspondence.

In the six months ended 30 September 2007 we achieved our KPI⁷ target for responding to 80% of requests for release of funds within five working days, achieving 83.4%; however we narrowly missed the 95% target for release of funds within ten working days, achieving 93.9%.

Customer Satisfaction with the PGO

Over 2,000 customers took part in the PGO customer satisfaction survey between December 2006 and May 2007. The overall satisfaction with the service we provided across all customer groups was 74% against a target of 75%.

Satisfaction amongst each of the customer groups remained consistent, except with the new lay Receivers, where there was a 10% drop from 2006 in respect to responsiveness i.e. the time taken to process an application and the time taken to respond to letters.

During the six-month period, we continued to work hard on achieving the performance targets set for 2007 whilst also working towards implementation of the OPG. We have therefore remained consistent in many areas, including:

- keeping customers informed of the changes that affect them;
- the time taken to answer the telephone;
- courtesy and helpfulness of staff;
- ease of getting through to someone who can deal with customer queries; and
- doing what has been promised.

Despite the improvements we have seen, there is still scope to do better, and as the OPG, we will be focussing on the following areas:

- responsiveness to clients;
- helpfulness of staff;
- doing what has been promised;
- improving the time taken to respond to letters; and
- solving problems/issues/complaints.

Signposting

We know that mental incapacity can strike anyone at any stage of his or her life and that when it does, life for both the person affected and those closest to them or caring for them can change totally. Those affected become more vulnerable, can become excluded from society and can be significantly more at risk of abuse. It is therefore important for people to know what to do if they want to make arrangements to deal with such a situation or if they need to protect and support a friend or relative who is affected.

Awareness Activities

During the six months from April to September we continued to raise awareness of the services provided by the PGO as well as increasing awareness of the Mental Capacity Act and the changes it brings.

⁷ See appendix 2 for full details of KPI targets for accessing capital.

Marketing and Publicity

- We distributed 240,000 information leaflets on the Mental Capacity Act and 120,000 information leaflets on planning ahead for the future via 6,000 GP surgeries in England and Wales.
- We had articles published in:
 - **Touchbase** – A Department for Work and Pensions publication distributed to 80,000 professionals in the health, legal and welfare fields;
 - **Journal of Adult Protection** – A publication providing access to research and service innovation in the field of adult protection;
 - **Elderly Client Adviser** – A publication for professionals who advise older people.

Public Relations

We also implemented a media campaign which focuses on increasing awareness of the Act, the new safeguards it introduces and the opportunities and choices it offers to people to plan ahead for the future. Its purpose was also to raise awareness of the Office of the Public Guardian and promote our website and Customer Contact Centre as key points of contact for more information.

Since 1 October there has been an increase in media coverage of the Mental Capacity Act. In particular, 85% of coverage in the month of October was positive to neutral. This compares favourably with coverage prior to 1 October and the launch of our media campaign where the levels were at 7% positive and 47% neutral.⁸

Highlights in October included the launch of a media enquiries microsite and a promotional film on the Mental Capacity Act on our website. We also achieved positive coverage in a range of national and regional media including:

- The Times
- The Guardian
- Law Society Gazette
- The Nursing Standard
- Community Care
- Social Care Sentinel
- Mature Times
- BBC Radios Newcastle, Hereford & Worcester and Leicester
- Radio 4 Moneybox and Radio 5 Live
- Newton Abbot & Mid-Devon Advertiser
- Western Daily Mail
- Northants Evening Telegraph
- Yorkshire Post

⁸ Analysis of media coverage by Amazon PR.

PGO Attendance at External Events

The PGO had a presence at 44 events during this six-month period.

Attendance at exhibitions included:

- Royal College of Nursing (RCN) Congress & Exhibition
- National Pensioner's Convention: Pensioners Parliament
- The Retirement Show

Presentations included:

- Elder Abuse Awareness Day at The Peabody Trust's Darwin Court
- Association of Public Authority Receivers (APAR now called APAD) AGM and regional events
- Safeguarding Vulnerable Adults Conference
- Royal British Legion Conference for British Legion Care Home Managers
- Surrey Social Services & Learning Disabilities Team
- Torbay Care Trust
- Law Society Worthing Regional Group
- Dementia Advocacy Network
- National Family Carer Network / Valuing People Support Team

The PGO attended eight regional events as part of the Care Services Improvement Partnership (CSIP), which were attended by over 500 local authority officers, voluntary group representatives, health and welfare, care and medical providers. The PGO gave presentations on the OPG, Court of Protection and Lasting Powers of Attorney.

Supporting Our Staff

The PGO's greatest asset is its staff and we are proud of our diverse workforce. Of those staff who identified their ethnicity, 34% declare themselves as being from an ethnic minority group. The PGO has an almost equal number of male and female staff and just fewer than 5% of staff who have declared themselves as disabled.

We provide access to various support networks for staff such as:

- **PROUD** – People from Diverse Racial Origins Uniting the Department – supporting staff networks that enable the views of staff from different sections of society to be expressed directly to senior management;
- **Rainbow** – To enable staff to share experiences and ideas on lesbian, gay, bisexual and transsexual issues more effectively and make it easier to support other staff in remote parts of the country;
- **Carers Network** – To support all staff in the MoJ, Court Service and associated offices with caring responsibilities;
- **Disability Network** – To significantly improve the level of attainment and working conditions of people with disabilities in the Civil Service;

- **Women’s Issues Network** – To address women’s issues and concerns within the MoJ with the aim of bringing individual benefits for women, business improvement and long-term cultural change; and
- **Faith Forum** – To develop a better shared understanding of faith in relationship to daily life, particularly in the work place.

We recognise that staff who are committed and happy in their roles strive to deliver good customer service and this in turn helps to improve customer satisfaction.

We therefore have a number of approaches in place to support our staff:

- **Work life balance** – We strongly promote work life balance throughout the PGO and approximately 18% of our staff work reduced hours or alternative working patterns, enabling them to balance both their working and domestic/caring commitments;
- **The Continuous Improvement Scheme** – In July the staff suggestion scheme called ‘Why Don’t We?’ was replaced by the Continuous Improvement Scheme. The scheme is designed to focus primarily on suggestions that:
 - improve service to our customers, either internally or externally;
 - reduce costs, improve efficiency; and
 - simplify procedures and reduce ‘red tape’.

Any staff member can make a suggestion, either as an individual or a team and suggestions are evaluated by the Continuous Improvement Forum.

- **Reward and Recognition** – The Reward and Recognition Scheme is available to all staff and provides the opportunity to immediately recognise a colleague’s contribution by either giving them a ‘thank you’ card or, if the colleague has given ‘that little bit extra’, a gift voucher (the maximum single gift voucher award is £50). Awards exceeding £50 can be made through the small and special bonus scheme where staff can nominate a colleague for a bonus, which is made through the payroll system. Such awards require evidence submitted to senior management.

Historically there has been one annual staff award, the Claire People Employee of the Year Award, which has been voted for anonymously by all staff following a nomination from one of their peers. To mark the end of the PGO, three additional awards were created: Championing Innovation, Significant Contribution to the PGO and Developing an Inclusive Organisation. The winners were decided by a panel of five staff from across the organisation who judged the anonymous applications against pre-set criteria.

Communicating with Staff

To address the findings that staff did not feel informed enough about the Act and its implications, the PGO has delivered more communication to staff in this area, including:

- **Organisational briefings** – These are mandatory briefings held bi-monthly which provide information on what is happening at the PGO and in particular with implementation of the Act. The briefings are delivered by senior management and give staff the opportunity to ask questions and provide feedback on the work around implementation;
- **Update** – Once a month Update, a special edition of our staff newsletter, is issued which covers all recent work undertaken on the implementation programme; and

- **Team meetings** – Team meetings are held monthly to disseminate important information about the PGO and the work taking place on implementation.

Equality and Diversity

As part of our obligations under law, an equality impact assessment was undertaken for both the Mental Capacity Act and its implementation programme, to examine the potential impacts of the Act on the diverse groups of people affected by it. Impacts were assessed on the grounds of race, disability, gender, sexual orientation, age, religion or belief, and caring responsibilities.

The equality impact assessment identifies the overall impact the Act is expected to have on the specific diverse groups. Where potential adverse impacts have been identified, the impact assessment sets out the steps which have been taken to mitigate them.

An area where much work has been done to meet the needs of diverse groups is in that of making our communications products available in a range of accessible formats. These include easy read, audiotape and in different languages.

Towards the end of the reporting period, new approaches were being considered in taking forward equality and diversity issues with the launch of the OPG. This includes the review and re-launch of the PGO's Equality and Diversity Group, as well as developing links with groups representing minority communities.

Welsh Language Scheme

In preparation for the implementation of the Mental Capacity Act, a Welsh Language Scheme was drafted for the OPG and the Court of Protection. The scheme is based on the principle that the English and Welsh languages will be treated on an equal basis in the conduct of public business within Wales.

The scheme went through public consultation, and was given final approval by the Welsh Language Board on 14 September, with an implementation date of 1 October 2007.

The scheme is available to view on the new OPG website.

Empowering

During 2007, as part of the MCA implementation process, we began reviewing existing Receivership cases with the objective of giving Receivers new Orders with the authority to undertake their duties without repeated referrals to the Court and the PGO. This process of reviewing cases and issuing new Orders is called transition.



Two types of Transition Orders are being issued:

- **Extended General Order:** Under this Order, the Receiver has access to all of the client's assets.
- **Restricted General Order:** Under this Order, the Receiver has access to a specified annual sum.

Both types of Transitional Order give Receivers greater control over the affairs of the client for whom they have been appointed and follow the principles of the new Act. They are designed so that Receivers can access client funds without the need to seek permission from the Public Guardianship Office and supplement the authority of any existing Order they have. The new Orders also give Receivers similar powers to those that will be granted to Deputies appointed after October 2007.

Our target for reviewing lay Receiver cases for the new Transition Orders was to complete the review of no less than 12,000 cases by 30 September 2007. We exceeded this target, reviewing 13,369 cases and issuing 9,136 orders.⁹

Work up to Implementation

During the six months to September 2007 the following achievements have been made in preparing for the implementation of the Mental Capacity Act.

Processes

- Detailed work processes were developed from the high-level processes in existence prior to April 2007. Process maps and guidance were uploaded to the OPG intranet from the first week of October enabling all staff to have access to them.
- The assessment-based approach for the supervision of deputies has been developed which will result in greater empowerment for the majority of deputyships compared to the PGO arrangements for Receivers.

⁹ See Appendix 2 for full details of KPI targets.

OPG guidance

- A full range of guidance material on the services provided by the Office of the Public Guardian and the Court of Protection has been produced and is available from the OPG Contact Centre, website and on CD Rom for all customers who require it.
- The external Learning & Development team have started to devise opportunities to assist deputies in their new role.

Information Technology

- Staff training continued on the use of the new IT systems for Lasting Powers of Attorney (MERIS) and casework support (CASREC).
- Sections of the new IT systems were introduced for use prior to the implementation of the MCA in order for staff to become familiar with the systems and to identify any problems.

Staff training

- Essential staff training took place in August and September and continues as staff make their moves to their final positions within the OPG.

Engaging customers, staff and stakeholders

- The Welsh Language Scheme received final approval in September.
- The OPG's intranet site for staff was launched and live in the last week of September and the OPG website was live from 1 October.

The Court of Protection Review

The main focus of the Court of Protection over the past six months has been preparation for the Mental Capacity Act 2005, while continuing to deal with applications to appoint a Receiver and a variety of applications under the Mental Health Act 1983 and the Enduring Powers of Attorney Act 1985.

As part of the transition to the new Court of Protection, the Court of Protection Administration was set up to run in shadow form and became responsible for delivering some of the functions previously carried out by teams within the Public Guardianship Office. These functions included:

- appointing Receivers;
- making short orders appointing someone to manage the finances of someone with limited assets;
- dealing with objections to registration of an Enduring Power of Attorney;
- making statutory wills for people who lack the capacity to make a valid will;
- making gifts or settlements, including large transfers for inheritance tax planning purposes;
- authorising the appointment of trustees to sell or purchase property or deal with the property in which the client has a beneficial interest.

Master Lush, Deputy Master Ashton and members of the Court Administration worked with colleagues in the Ministry of Justice to develop the new Court of Protection Rules, practice directions and forms that underpin the new Act. Master Lush and Deputy Master Ashton also sat on the Informal Rules Group (formed of practitioners and judiciary) responsible for making and agreeing the final version of the rules.

Other work to plan and implement the new court structure included:

- appointment of three full-time and one part-time District Judges to hear cases under the Act;
- selecting additional regional courts in Birmingham, Bristol, Cardiff, Manchester and Newcastle to hear court cases as well as the existing regional court in Preston;
- nominating 36 additional judges to hear cases part time at the regional centres and at the High Court;
- building new courtrooms; public counter; and additional meeting rooms to accommodate the new judges and to accommodate additional court hearings under the new jurisdiction;
- developing new business processes for court administration staff to manage applications under the new Act;
- developing a new IT system to track the progress of applications to the Court;
- developing guidance for court users on how to make an application.

The Court has continued to review the orders of existing receivers and by the end of September, had issued 9,136 Transition Orders granting extended powers to lay Receivers. This will ensure that these Receivers will have similar powers to deputies appointed under the Mental Capacity Act and will not need to refer to the Court before making a decision as they did in the past.

The Master of the Court of Protection approved 181 damages awards during the period from April to September 2007. Of these, 85 (47%) were for road traffic accidents, 59 (33%) were for clinical negligence, of which 36 were for birth or perinatal injuries. Of the other 37 cases, 16 were awards made by the Criminal Injuries Compensation Authority, four were damages for sexual or physical abuse suffered whilst the claimant was in the care of a Local Authority, five were for work injuries, and the remaining 12 cases were for a variety of accidents.

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.

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975.

No elements of ministerial salaries are included in these accounts.

The salaries for the members of the Management 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 the 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.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment 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 until they reach the normal retiring age of 60. 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' contracts were extended for six months to September 2007.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the members of the Management Board.

Remuneration

Members	2007/08		2006/07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Richard Brook <i>Chief Executive and Public Guardian Designate</i>	45-50 ¹¹	-	90-95	-
Louise Lawrence <i>Head of Performance and Change/MCIP OPG Implementation Manager</i>	25-30 ¹²	-	45-50 ¹³	-
Craig McIlwrath <i>Director of Operations and Head of Applications and Processing Designate</i>	25-30 ¹⁴	-	50-55	-
Stephen Taylor <i>Head of Finance and Resources</i>	30-35 ¹⁵	-	60-65	-
Steve Rider <i>Acting Head of Customer Contact Centre</i>	20-25 ¹⁶	-	5-10 ¹⁷	-
Angela Johnson <i>Head of Supervision</i> (from 16 April 2007)	20-25 ¹⁸	-	-	-
Bryan Thompson <i>Non-executive Director</i>	5-10 ¹⁹	-	15-20	-
Jane May <i>Non-executive Director</i>	5-10 ²⁰	-	15-20	-
David Flinter <i>Non-executive Director</i>	0-5 ²¹	-	5-10	-

11 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £95k-£100k.

12 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £50k-£55k.

13 Figure quoted is for the period 4 May 06 to 31 March 07. The full-year equivalent is £50k-£55k.

14 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £50k-£55k.

15 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £60k-£65k.

16 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £45k-£50k.

17 Figure quoted is for the period 1 March 07 to 31 March 07. The full year equivalent is £45k-£50k.

18 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £45k-£50k.

19 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £15k-£20k.

20 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £15k-£20k.

21 Figure quoted is for the period 1 April 07 to 30 September 07. The full-year equivalent is £5k-£10k.

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.

Benefits in kind

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

Pension Benefits

Members	Accrued pension at age 60 as at 30/9/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 30/9/07	CETV at 31/3/07	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Richard Brook <i>Chief Executive and Public Guardian Designate</i>	0 – 5 plus lump sum of -	0 - 2.5 plus lump sum of -	39	27	10	-
Louise Lawrence <i>Head of Performance and Change/MCIP OPG Implementation Manager</i>	10 - 15 plus lump sum of 35 - 40	0 - 2.5 plus lump sum of 0 - 2.5	176	169	1	-
Craig McIlwrath <i>Director of Operations and Head of Applications and Processing designate</i>	15 – 20 plus lump sum of -	0 - 2.5 plus lump sum of -	159	148	1	-
Stephen Taylor <i>Head of Finance and Resources</i>	0 - 5 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 – 2.5	70	62	4	-
Steve Rider <i>Acting Head of Customer Contact Centre</i>	15 - 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 2.5	288	271	0	-
Angela Johnson <i>Head of Supervision</i>	0 – 5 plus lump sum of -	0 - 2.5 plus lump sum of -	6	0	3	-

Civil Service Pensions

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory-based ‘final salary’ defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality ‘money purchase’ stakeholder arrangement 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

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 selection of approved products. 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 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

Further details about the CSP arrangements can be found on the website 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 CETV figures, and from 1 April 2003 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office’s Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being

assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively 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.

A handwritten signature in black ink, appearing to read 'R Brook', with a stylized flourish at the end.

Richard Brook

Chief Executive and Public Guardian

5 March 2008

Corporate Governance

Governance Framework

The Public Guardianship Office Framework Document laid before Parliament on 29 March 2001 sets out the financial and organisational framework within which the PGO operated as an Agency and the responsibilities of those involved.

The Secretary of State for Justice and Lord Chancellor was the Minister accountable to Parliament for the activities and performance of the PGO. The Chief Executive is appointed to manage the PGO and the Secretary of State delegated 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 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 PGO, expenditure and finance. The Permanent Secretary, as Principal Accounting Officer, must be satisfied that the PGO had 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 his role as Principal Accounting Officer.

The Chief Executive

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

- ensuring the 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 service provided to clients;
- setting operational policy and strategy;
- managing the PGO's resources efficiently, effectively and economically;
- risk management and corporate governance within the PGO;
- preparing the PGO's corporate and business plans, and proposed key performance measures;
- submitting quarterly performance reports to the Ministerial Advisory Board so that they may advise Ministers;
- achieving the PGO's agreed key targets;
- preparing accounts and signing audited accounts;
- operating an effective complaints procedure;
- leadership of staff;
- ensuring effective consultation with the PGO's clients and stakeholder groups.

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

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

Relationship between the Chief Executive and the Master of Court of Protection

The PGO as an executive agency of the MoJ was the administrative arm of the Court of Protection. Judicial matters were discharged by the Master, the Assistant Master(s) and Nominated Officers of the Court of Protection. In the exercise of administrative functions the Nominated Officers and other staff of the PGO were accountable to the Chief Executive of the PGO.

The Lord Chancellor was responsible for making rules defining the functions to be carried out by the Master of the Court of Protection under the Mental Health Act 1983, the Enduring Powers of Attorney Act 1985, the Court of Protection Rules 2001 and the Court of Protection (Enduring Powers of Attorney Rules) 2001. The Master is a member of the judiciary. The Assistant Master(s) and other Nominated Officers exercise their judicial functions under the Mental Health Act 1983 subject to the directions of the Master and so far as provided by the instrument of their nomination. In the exercise of these powers the Assistant Master(s) and other Nominated Officers are accountable to the Master of the Court of Protection. The Lord Chancellor is responsible for the nomination of the Assistant Master(s) and other Nominated Officers of the Court of Protection under provisions of the Mental Health Act.

The Chief Executive, on behalf of the Court, considered the Court's resource and capital allocation and total financing requirement as part of the combined proposals put forward each year. Evaluation of the respective parts of that bid was a matter for MoJ. The agreed budget was allocated to the Chief Executive. The PGO provided the Master of the Court of Protection with the support services required for the Court to operate efficiently and effectively. Monitoring and control of the Court's judicial performance is a matter for the Court.

Complaints

The Chief Executive was responsible for maintaining an open, fair and responsive complaints procedure in relation to the administrative work of PGO staff. Information on the PGO complaints procedure was published and made available to its clients. An Independent Complaints Examiner (ICE) considered complaints that clients felt had not been resolved after full investigation through the PGO's internal complaints procedure. The ICE reported regularly on its activities in relation to PGO complaints and, in the context of this work, provided considered advice to the PGO on improving customer service.

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 £45,000, which is solely related to audit services and is a notional cost (see note 5). So far as the Accounting Officer is aware, there is no relevant audit information of which the PGO'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 PGO's auditors are aware of that information.

Internal Audit

The Chief Executive had established and maintained arrangements for the provision of internal audit services within the Agency in accordance with the objectives and standards for internal audit set out in the Government Internal Audit Standards (published by HM Treasury) which included periodic peer reviews. MoJ are provided with copies of the results of the peer reviews.

The MoJ Internal Assurance Division provides internal audit services to the PGO. The Division's head had a right of access to the PGO in support of the Permanent Secretary's responsibilities as Principal Accounting Officer that included access to all books, records, data, assets, personnel and premises of the PGO as was considered desirable or necessary to discharge the Department's responsibilities. MoJ receive copies of the PGO's annual internal audit plans and annual report to the Chief Executive. MoJ was notified of any fraud or irregularity within the definition set out in Managing Public Money.

Management Board

The Chief Executive was supported in carrying out his responsibilities by a Management Board, which consisted of five PGO staff and two Non-executive Directors. Their role was to develop the strategic direction for the Public Guardianship Office. In addition, the Board monitored the financial and business performance of the organisation and identified and managed risks.

Ministerial Advisory Board

The Secretary of State appoints the Ministerial Advisory Board (MAB) for the purpose of providing independent advice to him and his Ministers. The MAB acted as a forum for the consideration of strategic issues relevant to the PGO and the Office's performance. The MAB met quarterly and its Chairman, the MoJ Director General Strategy together with the Minister responsible for the PGO, Baroness Ashton of Upholland, and two Non-executive Directors reviewed performance with the Chief Executive and other Directors and senior managers of the PGO.

Audit Committee

The PGO had an Audit Committee that provided advice to the Accounting Officer and was compliant with the requirements of HM Treasury's Audit Committee Handbook for Audit Committees in central government bodies. The Audit Committee was chaired by a person independent of the PGO and included three other external members. The PGO Head of Finance and Resources and representatives of the internal audit service were required to attend all meetings of the Committee, and had the right to speak at the meetings. The Chief Executive and other Directors and officials of the PGO attended at the request of the Chairman and had the right to speak. The PGO's external auditors are given notice of meetings and had the right to attend and speak.

The members of the Agency's Audit Committee during the period 1 April to 30 September 07 were:

- **Bryan Thompson**
Chairman (Non-executive Director)
- **Jane May**
(Non-executive Director)
- **Gary Smith**
(Finance Division, MoJ)
- **David Flinter**
(Non-executive Director)

The Chief Executive of the Agency was an attendee. The Audit Committee met two times during the six months ended 30 September 2007; internal and external auditors attended all meetings.

Audit Committee Terms of Reference

The Committee considered and advised the Accounting Officer on the following matters:

- the establishment and maintenance of effective and robust:
 - accounting policies;
 - management and financial controls;
 - schemes of financial and non-financial delegation;
 - systems to identify and manage key risks.
- the corporate governance of the PGO;
- the effectiveness of the PGO's management policies and procedures to promote a culture of sound control;
- the effectiveness of both internal and external audit services (including the resourcing, performance and terms on which audit services were provided to the PGO);
- the major findings of internal and external auditor investigations and reports and management's responses to findings and recommendations;
- the annual internal audit report and the external auditor's ISA260 and management reports and management's responses thereto;
- Statement on Internal Control and its financial accounts, focussing particularly on changes in and compliance with accounting policies and practices, major judgemental areas and significant adjustments resulting from the annual audits, and recommendation of the financial statements to the Accounting Officer for approval;
- best value, economy, effectiveness and efficiency in the use of resources and assets in the PGO, including major contracts and policy, and of all losses and special claims involving cost to the Agency;
- the promotion of effective control culture, including the policies and procedures, the maintenance of an effective investigation capacity, any other related issues brought to the attention of the Audit Committee through management reports of whistleblowing procedures relating to compliance with the law, regularity, propriety, corporate governance or code of conduct issues.

The Committee took on the Accounting Officer's behalf such scrutiny decisions as might be delegated to it specifically by the Accounting Officer.

The Committee with the concurrence of the Accounting Officer advised on the membership and procedures of the Audit Committee.

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, total recognised gains and losses and cash flows for the financial year.

The Accounting Officer for the Ministry of Justice has designated the Chief Executive of the Public Guardianship Office 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.

Future funding for the Agency and its successor, the Office of the Public Guardian, has been approved for 2007/08. The accounts have therefore been prepared on a going-concern basis for financial reporting purposes.

In preparing the accounts, the Accounting Officer is required to comply with the 2007/08 Government *Financial Reporting Manual (FreM)* issued by HM Treasury, and in particular to:

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

Scope of Responsibility

During the period to 30 September 2007 I was the Accounting Officer for the Public Guardianship Office and responsible for maintaining a sound system of internal control that supports the achievement of the PGO's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I was personally responsible, in accordance with the responsibilities assigned to me by the Accounting Officer of the Ministry of Justice (MoJ) in accordance with the principles set out in Managing Public Money.

The PGO acted as the administrative office of the Court of Protection and was an Executive Agency of the MoJ. The Secretary of State is the Minister accountable to Parliament for the activities and performance of the PGO. The Agency had both a Management Board and Ministerial Advisory Board (MAB), which comprised the non-executive and executive members, who served to coordinate the governance, strategies and activities of the PGO.

The MAB was appointed by the Secretary of State for the purpose of providing independent advice to the Ministers and the Department's Permanent Secretary on strategic issues, and to monitor the PGO's performance against Key Performance Indicators (KPIs), financial performance, key risks and progress on projects.

The Purpose of the System of Internal Control

The system of internal control was 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 was based on an ongoing process designed to identify and prioritise risks to the achievement of the PGO's policies, aims and objectives, to evaluate the likelihood of those risks crystallizing and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control was in place in the PGO for the six months to 30 September 2007 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 that identify, assess and set out mitigating actions to significant risks were in place across all business areas and were 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 which were (regularly) reviewed and updated:

- risk addressed at monthly Management Board and Executive Team meetings and quarterly at MAB and Audit Committee meetings as an agenda item. Key risks were elevated to the MoJ Corporate Risk Register as appropriate;
- PGO Board Level Risk Register assessed and updated monthly by Executive Team and reviewed by the Management Board. The register included details of mitigating actions to manage risk with delivery dates, clear ownership and status of risk. Project/initiative risks

and status were detailed in the PGO Performance Review which was reviewed monthly by the Management Board and Executive Team;

- risk management used in business plans – The Register details risks associated with achievement of objectives in the PGO Business Plan. Performance and Project status reviewed monthly by the Executive Team and Management Board and quarterly at the MAB;
- A Risk Management Workshop is held annually to identify and prioritise risk. The PGO Management Board and Non-executive Directors, other senior managers in the PGO, representatives from MoJ, and Internal Auditors, attended the Risk Management Workshop. The Risk Management Workshop has, to date, been facilitated by colleagues from the MoJ Corporate Governance Branch;
- A Risk Co-ordinator is responsible for maintenance of Risk Register by calling for and collating updates from risk owners, liaising with MoJ Corporate Governance Branch, completing the Statement on Internal Control, and organising the Risk Management Workshop; and
- the PGO provided information for the Departmental fraud risk assessment.

The Risk and Control Framework

There was a formal system for identifying, evaluating, managing and reporting risks to objectives, their impact, and likelihood of occurrence and current and planned mitigating action along with assigned responsible risk owners:

- use was made of the Risk Management Assessment Framework as a tool for the continued assessment of risk management in the PGO;
- The Risk Register and setting of top risks was reviewed annually. Risk Management Workshop was attended by Chief Executive, Management Board, Audit Committee Chair and Non-executive Directors. The final Risk Register was approved and endorsed by all who attend and risks were accepted by owners;
- Risk Register reviewed by the Audit Committee and MAB every quarter and by the Executive Team and Management Board monthly;
- PGO Risk Register was supplemented by a Risk Summary Matrix allowing risk to be prioritised, and provided a means to track the management of risks throughout the year. This matrix showed comet tails in order to highlight where risk levels changed month on month, and also to indicate where the risk levels have not changed; and
- the PGO Risk Register was provided to the MoJ quarterly to be considered in relation to the MoJ Corporate Risk Register.

Risk management was embedded in the activities of the business area including: Policy making, Project and Programme, Operational and Performance Management; Business and Delivery Planning and Spending Reviews:

- The PGO's Business Planning event was used as an additional forum to further discuss and define the PGO's risk appetite when setting business objectives for the forthcoming year;
- risk management used in business plans – the Risk Register detailed risks associated with achievement of objectives in the PGO Business Plan. Performance and project status were

reviewed monthly by the Executive Team and Management Board and quarterly at the Ministerial Advisory Board;

- All major projects in the PGO are run in accordance with PRINCE 2 methodology, of which assessment and management of project risks forms a major component;
- PGO staff are required to have attended a Fraud Awareness seminar run internally on induction and every 12 months; and
- Any perceived risks help inform funding requirements in terms of the spending review.

Public stakeholders are involved in the management of risks, which impact on them. Key elements of this included: Regulatory Impact Assessments; Consultation Exercise and other communications; and Business Continuity Plans:

- Partnership Forums exist for key groups of stakeholders, to maintain ongoing involvement of service users and stakeholder groups. These forums are each held on a quarterly basis to allow the PGO to disseminate information as required and to allow free and open feedback, including the identification of new areas of risk, from the groups;
- For the past five years a series of open days have been arranged regionally to provide opportunity for Receivers and clients to meet with their caseworkers and senior management. At these open days individual case issues and wider policy issues can be raised and aired; and
- The PGO has established and continuously updated and maintained Business Continuity Plans.

Other elements of an effective control system followed are: regular management information, financial and administrative procedures including segregation of duties; and a system of delegation and accountability.

Aspects of these other elements' arrangements are in place to ensure the following:

- Formal approval by the Management Board of the business plans that are approved by the Minister and laid before Parliament;
- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Management Board;
- Delegated budget from the Principal Accounting Officer reviewed monthly by PGO Management Board; and
- Sub-delegation of budgets to Heads of Departments agreed and reviewed monthly at Executive Team meeting.

Review of effectiveness

I have responsibility for reviewing the effectiveness of the system of internal control during and the period leading up to closure of the PGO. My review was informed by the work of the Internal Audit and the Executive / (Senior) Budget Managers within the PGO who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

I confirm that I have carried out the review of the effectiveness of the system of internal control and an assessment of my key business risks including the following key financial areas and that all necessary controls are in place and have been applied.

All expenditure / income has been recorded and properly spent / received with regard to propriety and regularity.

- I reviewed the stewardship reporting process in which Management Board Directors and senior managers have completed a statement confirming compliance with prescribed internal controls throughout the period, including the reporting of exceptions and remedial actions.
- I reviewed the six months report from the Chairman of the Audit Committee.
- I reviewed the report from the Head of Internal Audit for the period 1 April to 30 September 2007, which states "It is our opinion that the arrangements established for governance, control and risk management provide for a reasonable level of assurance for the period ended 30 September 2007. This opinion is based on the evidence of completed internal audit work and other available sources of information".

There have been no instances of loss resulting from a weakness in internal financial control. Any such instances occurring are reported and any necessary remedial action taken.

Significant Internal Control Issues

There have been no significant internal control issues this financial period.

Financial Losses

An improved management and control process in identifying and assessing potential liabilities has increased the accuracy of calculating the provision for financial losses.

Summary

In this period I believe that we maintained reasonable levels of internal control, commensurate with the organisation facing imminent closure.



Richard Brook

Chief Executive and Public Guardian

5 March 2008

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 Public Guardianship Office for the period ended 30 September 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement 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

The Accounting Officer is responsible for preparing the six month Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Final Report, which comprises the Chief Executive's Report, the Financial Activity, and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Final Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 30 September 2007, and of the deficit for the period, total recognised gains and losses and cashflows for the period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Final Report, which comprises the Chief Executive's Report, the Financial Activity, and the unaudited part of the Remuneration Report, is consistent with the financial statements.

Audit 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.

Report

I have no observations to make on these financial statements.

Tim Burr

Comptroller and Auditor General

National Audit Office

151 Buckingham Palace Road

Victoria London

SW1W 9SP

7 March 2008

Financial Statements

Income and Expenditure Account for the period ended 30 September 2007

	Notes	£'000	6 month period 2007/08 £'000	£'000	Restated 12 month period 2006/07 £'000
Income					
Operating income					
Invoiced Fees	2.1	9,000		17,147	
Fees Remitted		(571)		(1,226)	
		8,429		15,921	
Other Income	2.2	525		951	
Total Income			8,954		16,872
Expenditure					
Staff costs	3.1	(5,479)		(11,125)	
Other operating costs	4	(1,630)		(3,595)	
Notional and other non cash charges	5	(2,927)		(6,755)	
Total Expenditure			(10,036)		(21,475)
Operating deficit before exceptional items			(1,082)		(4,603)
Exceptional Items					
MCA Implementation costs			(990)		(638)
Deficit for the period			(2,072)		(5,241)

All income and expenditure are derived from continuing operations.

Statement of Total Recognised Gains and Losses for the period ended 30 September 2007

	Notes	£'000	6 month period 2007/08 £'000	£'000	12 month period 2006/07 £'000
Deficit for the period			(2,072)		(5,241)
Net loss on revaluation of tangible fixed assets	14		(98)		47
Total recognised losses for the period			(2,170)		(5,194)

The notes on pages 46 to 63 form part of these accounts.

Balance Sheet as at 30 September 2007

		30 September 2007		31 March 2007	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible fixed assets	8		5,214		5,299
Current Assets					
Debtors	9	6,439		5,767	
Cash at bank and in hand	10	405		328	
			6,844	6,095	
Creditors (amounts falling due within one year)					
	11	(1,317)		(1,410)	
Net Current Assets					
			5,527		4,685
Total assets less current liabilities					
			10,741		9,984
Creditors (amounts falling due after more than one year)					
	11	(60)		(83)	
Provisions for liabilities and charges					
	12	(1,073)	(1,133)	(1,164)	(1,247)
			9,608		8,737
Taxpayers' Equity					
General Fund	13		9,436		8,181
Revaluation Reserve	14		172		556
			9,608		8,737

The notes on pages 46 to 63 form part of these accounts.



Richard Brook

Chief Executive and Public Guardian

5 March 2008

Cash Flow Statement for the period ended 30 September 2007

		6 month period 2007/08	12 month period 2006/07
	Notes	£'000	£'000
Net Cash Inflow (Outflow) from Operating Activities	15	95	(19)
Capital Expenditure and Financial Investment			
Tangible fixed assets additions	8/11	(731)	(1,592)
		(731)	(1,592)
Financing			
Advances on Funding Account	13	713	1,650
		713	1,650
Increase in Cash in the Year	10	77	39

The notes on pages 46 to 63 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

1.1 Basis of preparation

These accounts have been prepared in accordance with the 2007/08 *Financial Reporting Manual (FreM)* issued by HM Treasury.

The accounting policies contained in the FreM follow UK generally accepted accounting practice for companies (UK GAAP) 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 that 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 Agency 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 2007/08 and there is no reason to believe that future funding for the Agency and its successor, the Office of the Public Guardian, will not be forthcoming. The financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

On implementation of the MCA in October 2007 the functions of the Court of Protection and PGO transferred to the new Court of Protection and the OPG. The Public Guardian will have responsibility for the functions of the OPG and administrative functions for the new Court of Protection and therefore the assets and liabilities of the PGO will transfer to the OPG on a going concern basis.

1.2 Accounting convention

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

1.3 Income recognition

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. Operating income represents:

Appointing and Supervising Receivers

Fees charged under the Mental Health Act 1983 for monitoring Private Receivers.

Enduring Powers of Attorney

Fees charged under the Enduring Powers of Attorney Act 1985 for registration of Enduring Powers of Attorney.

Fees

A Statutory Instrument came into force on 1 April 2006, which made the changes to the fees charged by the Court of Protection and changed the point at which the Annual Administration fee becomes payable from annually, on the anniversary of the appointment of the Receiver, to 31 March each year making the payment date align with the end of the financial year. A further transition change was made changing the Annual Administration payable at 30 September 2007 for the period from 1 April 2007.

Other income includes charges for services provided to The Children and Family Court Advisory and Support Service (CAFCASS), recoveries in respect of outward secondments to Liberata UK Limited and income received for sub-letting offices to CAFCASS.

Consolidated Fund Extra Receipts (CFERs) do not form part of income, but are treated as a creditor and paid over to the Consolidated Fund.

1.4 Court of Protection fees remitted

The Court may remit or postpone fees where it is of the opinion that it may cause hardship to the donor (or dependants) or the circumstances are otherwise exceptional, under the Court of Protection (Amendment) Rules 2001 (Rule 83). It also allows the Court to remit fees where the cost of calculation and collection would be disproportionate to the amount involved.

The decision to remit fees lies with the Court. The Lord Chancellor has appointed members of the Agency's staff as Nominated Officers to act on behalf of the Court, subject to the directions of the Master of the Court of Protection.

1.5 Deferred Income

Deferred income is that proportion of payments received which relates to services to be provided after the balance sheet date. Where the payment represents contributions to the funding of tangible fixed assets, the income will be released to the Income and Expenditure account over the period of the underlying contracts determining these amounts.

1.6 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS) which is described in note 3.2 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 Consumables

Consumables purchases (stationery and office supplies) are not considered material and are written off in the Income and Expenditure account as they are purchased.

1.8 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a tangible fixed 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.

1.9 Notional and other non-cash charges

Notional and other 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 HM Treasury's Fees and Charges Guide. These charges include:

Cost of capital charge

The cost of capital charge is a notional charge, which reflects the cost of capital utilised by the Agency. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for amounts due to be surrendered to the Consolidated Fund (CFERs) and cash balances held at the Office of HM Paymaster General (OPG), where the charge is nil;

MoJ headquarters' support charges

The notional overhead charges for certain support functions provided by the MoJ; and

External auditor's remuneration

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

1.10 Bad debts

Bad debts are written off when identified or after a period of three years has elapsed from the date of becoming doubtful, whichever is the earlier. A general provision for doubtful debts is made based on the age of trade debtors as at the end of the financial year.

1.11 Tangible fixed assets

Tangible fixed assets are stated at cost, including any costs such as installation directly attributable to bringing the asset into working condition. Expenditure on tangible fixed assets 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 treated as a tangible fixed asset.

Tangible fixed assets have been stated at current cost using appropriate indices published by the Office for National Statistics (Business Monitor MM22). 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 above the depreciated historic cost of a tangible fixed asset 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 tangible fixed asset based on the revalued amount. Any downward revaluation of tangible fixed assets 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.

1.12 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to their estimated residual value on a straight-line basis over their estimated useful lives.

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 10 years
- Equipment 5 to 7 years.
- Computers 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 registration of the MoJ, 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. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2%).

1.15 Comparatives

Prior year comparatives have been restated to recognise the accounting reclassification of those elements of staff costs and other operating costs incurred as MCA implementation costs and disclosed as Exceptional Items in the Income and Expenditure Account.

2. Income

	6 month period 2007/08 £'000	12 month period 2006/07 £'000
2.1 Operating income		
Court of Protection fees	8,429	15,921
	8,429	15,921

Court of Protection fees are shown net of £571,000 (2006/07: £1,226,000) fees remitted under the Court of Protection (Amendment) Rules 2001 (Rule 83) (see note 1.4).

2.2 Other income

Charges for services provided:

CAFCASS	112	175
Court Funds Office	224	470
Deferred income – CAFCASS	24	49
Miscellaneous	48	15
Recoveries in respect of outward secondments (see note 3.1)	55	119
Rental income – CAFCASS	62	123
	525	951

3. Staff numbers and costs

	6 month period 2007/08 £'000	Restated 12 month period 2006/07 £'000
3.1 Staff costs consist of:		
Salaries and wages	4,087	8,131
Social security costs	289	603
Superannuation	741	1,468
Agency / temporary staff	838	1,325
Contract staff	340	129
Total Gross Costs	6,295	11,656
Less MCA implementation costs	(816)	(531)
	5,479	11,125
Less recoveries in respect of outward secondments (see note 2.2)	(55)	(119)
Total Net Costs	5,424	11,006

Gross staff costs include £816,000 (2006/07: £531,000) incurred as MCA implementation costs and disclosed as Exceptional Items in the Income and Expenditure Account.

3.2 The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Public Guardianship Office is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2003. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007/08, employers' contributions of £741,000 (2006/07: £1,468,000) were payable to the PCSPS at one of four rates in the range of 17.1% to 26.5% of pensionable pay, based on salary bands (the rates in 2006/07 were between 17.1% and 25.5%). The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008/09, the salary bands will be revised but the rates will remain the same.

The contribution rates are set to meet the cost of the benefits accruing during 2007/08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

3.3 The average number of whole-time equivalent staff employed (including senior management, staff on inward secondments, agency/temporary staff and contract staff; but excluding staff on outward secondments) during the financial year was as follows:

By function:

	6 month period 2007/08 Number	12 month period 2006/07 Number
Operations	355	361
Business Strategy & Innovation	17	15
Finance	29	30
Total	401	406
Total Staff (including outward secondments)		
	6 month period 2007/08 Number	12 month period 2006/07 Number
Civil Servants	317	338
Agency/temporary staff	77	64
Contract staff	7	4
	401	406
Civil servants on outward secondments to Liberata UK Ltd	2	3
Total	403	409

- 3.4 Staff costs (see note 3.1) include the salary costs of the Master of the Court of Protection. The Master is the Judicial Head of the Court of Protection and he is a member of the Judicial Pension Scheme. The salary costs of the Master were:

	6 month period 2007/08	12 month period 2006/07
	£'000	£'000
Salaries and wages	61	119
Social security costs	7	13
	68	132

4. Other operating costs

	6 month period 2007/08	Restated 12 month period 2006/07
	£'000	£'000
Cash losses and ex-gratia payments	17	69
Consumables	52	108
Maintenance	149	510
Other running costs	117	334
Postage	111	205
Rates	143	265
Rentals under operating leases:		
Rental of accommodation	457	913
Utilities	139	274
Visitor services	445	917
	1,630	3,595

Other operating costs exclude £174,000 (2006/07: £107,000) incurred as MCA implementation costs and disclosed as Exceptional Items in the Income and Expenditure Account.

5. Notional and other non cash charges

	6 month period 2007/08 £'000	Restated 12 month period 2006/07 £'000
Bad debts	48	18
Cost of capital charge	134	266
MoJ Headquarters' support charges:		
E Delivery Group	1,300	2,525
Facilities Management Group	353	889
Other	496	865
Depreciation	432	979
Diminution in value of tangible fixed assets	74	140
Loss on disposal of fixed assets	7	-
External auditor's remuneration	45	60
Increase/(decrease) in provision for doubtful debts	50	-
PFI contract prepayment charge	-	195
Provision for liabilities:		
Provided in the year	-	1,035
Prior year (provisions written back)/ under provisions	(12)	(217)
	2,927	6,755

There is no external auditor's remuneration for non-audit work.

6. Fees and Charges

The Agency is required, in accordance with HM Treasury's Fees and Charges Guide, to disclose results for the areas of its activities undertaken throughout the financial year, where fees and charges were made.

A subsidy is provided as planned to ensure clients are not denied access to services through the inability to afford the requisite fees. The calculation of cost recovery includes expenditure for claims and losses charged to the income and expenditure account.

(by business segment)	Appointing and Supervising Receivers	Enduring Powers of Attorney	Total
	£'000	£'000	£'000
Operating income	6,973	1,456	8,429
Fees remitted	520	51	571
Total Income	7,493	1,507	9,000
Total Expenditure	8,034	1,377	9,411
(Deficit) / surplus	(541)	130	(411)
Cost recovery (%)	93%	109%	96%

Reconciliation	£'000
Fees and charges – (deficit)	(411)
Fees remitted	(571)
Financial Losses	(17)
Financial Loss Notional Premium	24
Marketing & Research Costs	(22)
In year Bad Debts	(98)
Mental Capacity Act Costs	(990)
Marketing & Research Notional Charge	13
Reported Income & Expenditure Account (deficit)	(2,072)

7. Analysis by administration and programme

For public expenditure control purposes, the income and expenditure of the Agency is classified between administration and programme. Whilst this classification is reflected in the Operating Cost Statement of the Resource Accounts prepared by the MoJ, the Agency considers it to be inappropriate for its executive agency accounts. For this reason the Agency has taken advantage of the dispensation offered by the FrEM for supply financed agencies, which are not whole departments, to adopt a Companies Act format for their Income and Expenditure account.

If the FrEM format for an Operating Cost Statement had been adopted, the analysis of the deficit for the year would have been as follows:

	6 month period 2007/08		Restated 12 month period 2006/07	
	£'000	£'000	£'000	£'000
Administration costs				
Staff costs	-	-	-	-
Other operating costs	-	-	-	-
Notional and other non cash charges	-	-	-	-
Gross administration costs	-	-	-	-
Other income	-	-	-	-
Net administration costs		-		-
Programme costs				
Staff costs	5,479		11,125	
Other operating costs	1,630		3,595	
Notional charges	2,927		6,755	
	10,036		21,475	
MCA implementation costs	990		638	
Gross programme cost	11,026		22,113	
Operating income	(8,954)		(16,872)	
Net programme income		2,072		5,241
Deficit for the year		2,072		5,241

In 2007/08 the PGO income and expenditure has been classified as 100% Programme compared to 2006/07 when it was allocated between Administration and Programme. The decision to classify all income and expenditure as Programme is based on an assessment of the work carried out by the PGO, which is mainly a front line service. This reclassification has been agreed with HM Treasury. 2006/07 income and expenditure has been restated to Programme to reflect this policy change.

8. Tangible fixed assets

	Leasehold Improvements	Furniture	Equipment	Computers	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2007	4,717	782	459	1,771	2,196	9,925
Additions	-	-	-	-	526	526
Disposals	-	(42)	-	(28)	-	(70)
Revaluation	(110)	12	-	(74)	-	(172)
At 30 Sept 2007	4,607	752	459	1,669	2,722	10,209
Depreciation						
At 1 April 2007	2,984	584	429	629	-	4,626
Provided in year	285	29	5	113	-	432
Disposals	-	(36)	-	(27)	-	(63)
Revaluation	(14)	14	-	-	-	-
At 30 Sept 2007	3,255	591	434	715	-	4,995
Net book value						
At 30 Sept 2007	1,352	161	25	954	2,722	5,214
At 31 March 2007	1,733	198	30	1,142	2,196	5,299

Leasehold Improvements represents the refurbishment of the Agency's headquarters at Archway. The Archway Tower Relocation Project was completed on 1 April 2002 and depreciation is being charged on Leasehold Improvements from this date over the remaining lease term.

9. Debtors

	30 September 2007 £'000	31 March 2007 £'000
Amounts falling due within one year		
Accrued income	2,168	1,767
Amount due from MoJ	1,681	875
Input VAT recoverable	56	31
Prepayments	68	62
Staff debtors	39	57
Trade debtors	2,427	2,975
	6,439	5,767

Trade debtors are shown net of a provision for doubtful debts of £138,000 (31 March 2007: £88,000).

Amount due from MoJ represents funds owed by MoJ including VAT claim.

10. Cash at bank and in hand

	30 September 2007 £'000	31 March 2007 £'000
Balance at 1 April	328	289
Net cash inflow	77	39
Balance at 31 March	405	328
Of this amount the following balances at 31 March are held at:		
Office of HM Paymaster General (OPG)	405	328
	405	328

11. Creditors

	30 September 2007 £'000	31 March 2007 £'000
Amounts falling due within one year		
Accruals / Trade creditors	733	402
Amount due to MoJ	-	219
Deferred income	49	49
Tangible fixed asset creditors	535	740
	1,317	1,410
Amounts falling due after more than one year		
Deferred income	60	83
	1,377	1,493

Deferred income relates to the capital contributions received from the sub-under lessee (CAFCASS) towards its share of the Leasehold Improvements. This is being released to the Income and Expenditure account over the Agency's lease term (see note 2.2).

12. Provisions for liabilities and charges

	Early departure costs £'000	Other £'000	Total £'000
Balance at 1 April 2007	162	1,002	1,164
Provided in the period	-	-	-
Provisions not required written back	-	(12)	(12)
Provisions utilised in the period	(25)	(54)	(79)
Balance at 30 September 2007	137	936	1,073

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 discounted by the real rate set by HM Treasury (currently 2.2%).

Other

The above provision represents potential liabilities that the Agency, in accordance with Financial Reporting Standard 12, considers should be recognised at the balance sheet date, which includes financial losses.

13. Reconciliation of deficit for the year to changes in the General Fund

	Notes	6 month period 2007/08 £'000	12 month period 2006/07 £'000
Deficit for the year		(2,072)	(5,241)
Notional charges			
Cost of capital charge	5	134	266
External auditor's remuneration	5	45	60
Balance of funding account			
MoJ headquarters' support charges	5	2,149	4,279
MoJ Funding		713	1,650
Transfer from revaluation reserve	14	269	-
Transfer to general fund of realised element of revaluation reserve	14	17	-
Net increase/(decrease) in general fund		1,255	1,014
General Fund at 1 April		8,181	7,167
General Fund at 30 September		9,436	8,181

14. Revaluation Reserve

	Notes	30 September 2007 £'000	31 March 2007 £'000
Balance at 1 April		556	509
Arising on revaluation during the year	8	(98)	47
Transfer to general fund	13	(269)	-
Transfer to general fund of realised element of revaluation reserve	13	(17)	-
Balance at 30 September		172	556

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

15. Reconciliation of deficit for the year to net cash outflow from

	Notes	6 month period 2007/08 £'000	12 month period 2006/07 £'000
Deficit for the year		(2,072)	(5,241)
Adjustments for notional and other non-cash charges:			
Deferred income	2.2	(24)	(49)
Cost of capital charge	5	134	266
MoJ headquarters' support charges	5	2,149	4,279
Depreciation	5	432	979
Diminution in value of tangible fixed assets	5	74	140
Loss on disposal	8	7	-
External auditor's remuneration	5	45	60
Prepayment on PFI contracts	5	-	195
Provision for liabilities:			
Provided in the year	5	-	1,035
Provision (over)/under provided	5	(12)	(217)
Adjustments for movements in working capital other than cash:			
(Increase)/Decrease in debtors	9	(672)	(1,385)
(Decrease)/increase in creditors falling due within one year	11	113	92
Use of provisions	12	(79)	(173)
Net cash (outflow) inflow from operating activities		95	(19)

Operating cashflows include cash outflows of £990,000 (2006/07: £638,000) in respect of staff and other operating costs relating to the implementation of the Mental Capacity Act.

16. Capital Commitments

Capital commitments at 30 September 2007 for which no provision has been made were £350,000 (31 March 2007: £1,000,000).

17. Commitments Under Operating Leases

Commitments under operating leases to pay future rentals during the financial year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires:

	30 September 2007	31 March 2007	30 September	31 March 2007
	Land & Buildings	Land & Buildings	2007 Other	Other
	£'000	£'000	£'000	£'000
Expiry within one year	-	-	-	-
Expiry within two to five years	913	913	-	-
Expiry thereafter	-	-	-	-
Total	913	913	-	-

18. Other Financial Commitments

The Agency has entered into non-cancellable contracts (which are not Leases or PFI contracts), for the further development of the MERIS programme. The payments to which the Agency is committed during the next financial year, analysed according to the period in which the commitment expires are as follows:

	30 September 2007	31 March 2007
	MERIS	MERIS
	£'000	£'000
Expiry within one year	235	-
Expiry within two to five years	-	238
Expiry thereafter	-	-
	235	238

These amounts are exclusive of recoverable VAT.

Additionally the PGO is a party to one other PFI-type arrangement through its parent, the MoJ. The cost of this contract is included within the PGO's MoJ headquarters' support charges as detailed in Note 5. Under these arrangements the PGO does not incur any individual, third party operating, or capital commitments. The arrangement is the ARAMIS managed services agreement with Liberata UK Limited.

19. Contingent Liabilities

The Agency does not recognise any further liabilities over and above those provided for in the accounts, (see note 12); however, there remains a risk that further liabilities may be identified.

20. Related Party Transactions

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

The Agency also works for the Court of Protection by implementing its orders and decisions. The Court is regarded as a related party. In addition to the work carried out by the Agency, the Chief Executive of the Agency and certain staff are Nominated Officers of the Court and are entitled to carry out a limited number of functions under the Mental Health Act 1983 subject to directions given by the Master of the Court of Protection pursuant to section 94(1) of that Act. The Court's budget is also managed by the Chief Executive of the Agency, in consultation with the Master of the Court of Protection.

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. Income received from CAF/CASS in the year period amounted to £198,000 (2005/06 £347,000).

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

21. Post-balance sheet events

The financial statements were authorised for issue on 5 March 2008 by Richard Brook as Accounting Officer.

On implementation of the MCA 1 October 2007 the functions of the Court of Protection and PGO were transferred to the new Court of Protection and the OPG. The Public Guardian has responsibility for the functions of the new Court of Protection and therefore the assets and liabilities of the PGO were transferred to the OPG on a going concern basis.

22. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the financial year in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Agency is not exposed to the degree of financial risk faced by business entities.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Agency has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Liquidity risk

The Agency's net revenue resource requirement is financed by resources voted annually by Parliament to the MoJ, just as its capital expenditure largely is. It is not therefore exposed to significant liquidity risks. However, within the normal Parliamentary supply procedure, the Agency has to budget for resources (both revenue and capital) in the nine-month period preceding the financial year in which it will be granted.

Interest-rate risk

100% of the Agency's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest, and it is not therefore exposed to significant interest rate risk.

Foreign currency risk

The Agency's exposure to foreign currency risk is not significant.

23. Accountability

Fees remitted

There were 2,794 (2006/07: 5,164) cases where fees were remitted. The total value was £571,000 (2006/07: £1,226,000).

Cash losses

There were 10 (2006/07: 33) cases involving cash losses totalling £61,000 (2006/07: £132,000).

Special payments

There were 45 (2006/07: 141) special payments totalling £8,000 (2006/07: £56,000).

Payments exceeding £100,000

There were no payments exceeding £100,000.

Appendix 1

Public Guardianship Office Financial Record

1 April 2001 - 30 September 2007

	12 month period						6 month period
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fee Income							
Gross fee Income	-10,429	-10,501	-12,302	-16,139	-16,029	-17,147	-9,000
Remission	1,493	605	456	1,401	1,063	1,226	571
Net Fee Income	-8,936	-9,896	-11,846	-14,738	-14,966	-15,921	-8,429
Expenditure Cost							
Staff Costs	13,288	12,885	11,735	10,964	11,850	11,656	6,295
Other Admin Costs	11,913	12,686	13,943	9,840	8,923	10,457	4,731
Other Admin Income	0	-581	-599	-579	-1,143	-951	-525
Net Expenditure	25,201	24,990	25,079	20,225	19,630	21,162	10,501
Exceptional/Change Items:							
Change Programme	-2,907	-383					
MERIS Write Off			-3,782				
Mental Capacity Act				-169	-262	-638	-990
Operating Expenditure	22,294	24,607	21,297	20,056	19,368	20,524	9,511
Operating Deficit	13,358	14,711	9,451	5,318	4,402	4,603	1,082
Cost Recovery	43%	45%	62%	81%	83%	87%	96%
Workload (Cases)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Appointing & Supervising Receivers	27,880	28,864	28,309	30,061	30,790	31,000	30,604
Enduring Powers of Attorney	13,228	13,670	14,624	16,285	20,580	22,912	13,215
Receivership of Last Resort	2,656	1,610	1,009	640	443	287	0
Total	43,764	44,144	43,942	46,986	51,813	54,199	43,819

Fee Volumes	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Appointing & Supervising Receivers	30,739	43,409	41,035	56,817	66,793	74,973	49,227
Enduring Powers of Attorney	13,021	14,958	14,546	17,018	19,285	22,508	12,819
Receivership of Last Resort	2,400	0	0	962	359	181	0
Total	46,160	58,367	55,581	74,797	86,437	97,662	62,046

Gross Fee Income	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Appointing & Supervising Receivers	6,721	7,633	9,184	11,229	12,814	14,173	7,493
Enduring Powers of Attorney	1,177	2,868	3,101	3,594	2,352	2,701	1,507
Receivership of Last Resort	2,531	0	17	1,316	863	273	0
Total	10,429	10,501	12,302	16,139	16,029	17,147	9,000

Staffing	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Permanent	351	295	304	317	335	338	317
Agency	187	159	116	81	73	64	77
Contractors		14	9	1	3	4	7
Total	538	468	429	399	411	406	401

Source:

Annual Report and Accounts 2001/02.

Annual Report and Accounts 2002/03

Annual Report and Accounts 2003/04

Annual Report and Accounts 2004/05

Annual Report and Accounts 2005/06

Annual Report and Accounts 2006/07

Final Report and Accounts 2007 (April – September)

Appendix 2

Operational and Customer Services Statistics

KPI 1 Description: We will increase the satisfaction of our customers in the delivery of our services as measured by customer surveys throughout the year

KPI Purpose	Calculation method	Data Source
<p>To ensure that our customers are satisfied with the services available and with the standard of service delivery, and to provide customer feedback to inform strategy. To enable monitoring of the organisation's management of customer expectation. All customer groups are represented.</p>	<p>Results calculated by the survey providers using appropriate methodology</p>	<p>Annual report and analysis of survey data gathered across a 12- month period</p> <p>Reports on individual customer areas received on a quarterly basis</p>

KPI 2 Description: We will increase the proportion of effective visits when the Lord Chancellor's Visitor visits

KPI Purpose	Calculation method	Data Source
<p>To ensure that clients are supported by visits from the independent Lord Chancellor's Visitors at the most appropriate times while under the jurisdiction of the Court of Protection. To ensure that the confidential information provided by the Visitor, together with any recommendation is acted on promptly so that the client's needs are met.</p>	<p>Totals of Visit Reports received in specified period.</p>	<p>Internal Organisation Data sourced from CASREC / ACCESS LCV Reporting System</p>

Target April – September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
a) We will achieve an overall customer satisfaction rating of 75%	Not met 72% Weighted ¹³	Met 75%	Not met 74%
b) We will reduce dissatisfaction amongst each of our different customer groups (lay, local authority and professional Receivers, and EPA attorneys) by 10%	Not met	Not met	Not met

Target April – September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
Visit 4000 clients by 30 September 2007	Not a target for 2005/06	Not a target for 2006/07	4607 visits

KPI 2: Continued

KPI Purpose	Calculation method	Data Source
	<p>% calculated by dividing the number of visit reports received where a 'visit has been carried out within six months of the request and necessary action has been taken within one month of the visit' by total number of visit instructions issued and multiplying the quotient by 100.</p>	<p>Internal Organisation Data sourced from CASREC / ACCESS LCV Reporting System</p>

KPI 3 Description: - We will maintain an effective system to collect and review accounts, and will use this process to review the case management regime to ensure that it is meeting the needs of each customer and client

KPI Purpose	Calculation method	Data Source
<p>To ensure effective prompt monitoring and auditing of a Receiver's dealings with a client's finances as directed by the Court of Protection. To facilitate a regular review of all related and case management issues. To give the appointed Receiver a timescale within which to account and to provide a deterrent against financial abuse. To review the effectiveness of the Receivership and to recommend any changes that may be required to the Court of Protection.</p>	<p>% performance against target calculated by dividing number of accounts lodged by number of accounts due to be lodged and multiplying the quotient by 100.</p>	<p>Case data held on internal data management system - 'CASREC'.</p>
	<p>% performance against target achieved calculated by dividing number of accounts reviewed / actioned by total number of Accounts lodged and multiplying the quotient by 100.</p>	

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
<p>Effective Visits</p> <p>d) We will achieve 80% effective visits over the year. An effective visit is one where:</p> <ul style="list-style-type: none"> i. the visit is carried out within six months of the request being made; and, ii. recommended action is initiated within one calendar month of the visit. 	<p>Met</p> <p>83.6%</p>	<p>Met</p> <p>82%</p>	<p>Met</p> <p>90%</p>

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
<p>a) To collect 60% of accounts, in all cases where an account is properly due, within two calendar months of the accounting end date</p>	<p>Met</p> <p>75.7%</p>	<p>Met</p> <p>76.8%</p>	<p>Met</p> <p>74.1%</p>
<p>85% within four calendar months of the accounting end date</p>	<p>Met</p> <p>93.5%</p>	<p>Met</p> <p>93%</p>	<p>Met</p> <p>91%</p>
<p>95% within six calendar months of the accounting end date</p>	<p>Met</p> <p>96.1%</p>	<p>Met</p> <p>96.2%</p>	<p>Not met</p> <p>94.7%</p>
<p>b) To complete the review of all accounts to ensure they are correct and on no less than 10% of accounts conduct a further more comprehensive review. 100% to be reviewed within 20 working days of receipt.</p>	<p>Not a target for 2005/06</p>	<p>Not a target for 2006/07</p>	<p>Met</p> <p>100%</p>

KPI 4 Description: - We will deliver an improved service to clients

KPI Purpose	Calculation method	Data Source
<p>To improve all operational aspects of service delivery to clients and customers by setting challenging timescales, many shorter than the published Charter Standards, for aspects of service perceived by customers as priorities .To manage customer expectation realistically having regard to the sensitivity of procedures which allow access to the funds of incapacitated clients.</p>		
	<p>% performance against target met is calculated by dividing the number of items dealt-within a specified period by total number of Items due to be dealt-with and multiplying the quotient by 100.</p>	<p>Internal Organisation Data sourced from Stats Worksheets held on "G" Drives & KPI ACCESS database.</p>
<p>Correspondence: purpose is to inform the customer as early as possible about court directions, procedural guidance or requests for information</p>		
<p>Release of funds: purpose is to implement court direction for release of client's funds for his benefit as early as is commensurate with necessary protective measures</p>		

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
Correspondence (includes letters faxes and emails) a) Respond to:			
i. 60% of correspondence within five working days of receipt	Met 63.9%	Met 68.9%	Met 66.9%
ii. 80% of correspondence within ten working days of receipt; and	Met 80.8%	Met 85.3%	Met 81.5%
iii. 98% of correspondence within 15 working days of receipt	Not met 92.8%	Not met 95.2%	Not met 92.2%
Release of funds b) We work with Receivers to ensure they have access to funds to support the client for a year at a time. Where requests for release of funds are made over and above this, we will give directions to the Court Funds Office (CFO), or dispatch directions to the Receiver within:			
i. Five working days in 80% of cases and	Not met 78.7%	Met 84%	Met 83.4%

KPI 4 Description: - We will deliver an improved service to clients

KPI Purpose	Calculation method	Data Source
<p>Applications for receivership: purpose is to obtain and issue court's directions regarding appointment of receiver and outlining extent of his powers and duties and to put in place such protective regime as court directs as early as possible while giving the client the opportunity to express his views</p>	<p>% target met is calculated by dividing the number of applications dealt-within a specified period by total number of applications due to be dealt-with and multiplying the quotient by 100.</p>	
<p>Enduring Powers of Attorney: purpose is to register an EPA to enable continuing valid use where the Court is satisfied that all is in proper order as early as possible after the expiry of the statutory period for formal objections</p>	<p>% performance against target met is calculated by dividing the number of EPAs registered within a specified period by total number of applications due to be registered and multiplying the quotient by 100</p>	
<p>Accuracy of orders: purpose is to ensure that orders incorporating the Court's directions under seal accurately convey the Court's directions and are fit for purpose.</p>	<p>% error level is calculated by dividing number of requests received for amendments by total number of orders issued and multiplying the quotient by 100.</p>	

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
ii. Ten days in 95% of cases; or explain why we cannot release funds.	Not met 94%	Met 95.6%	Not met 93.9%
Applications for Receivership c) Providing we have all the appropriate forms and information required in support of an application, we will list a case for hearing and notify the applicant within 10 working days in 95% of cases;	Not met 93.1%	Not met 90.9%	Not met 90%
d) The hearing date will be within 35 working days of the date the hearing was listed in 95% of cases;	Met 99.7%	Met 99.4%	Met 99.9%
e) After the hearing, we will notify applicants of the outcome of the hearing and request any further information the Court requires within five working days in 95% of cases	Not met 91.1%	Not met 94.5%	Met 95.8%
f) We will issue orders within ten working days in 95% of cases where all information and documents have been received.	Not met 87%	Not met 94.6%	Not met 94.5%
Enduring Powers of Attorney g) We will register and return 98% of correctly lodged EPA's, where there are no objections, within five working days of the end of the statutory waiting period.	Met 100%	Met 99.5%	Met 100%
Accuracy of orders h) We will ensure that the level of orders returned with errors is less than 3%	Met 1.7%	Met 0.8%	Met 0.2%

KPI 5 Description: - To demonstrate improvements in efficiency in value for money terms by meeting a Unit Cost target for undertaking each case in each of the three business streams as follows:

KPI Purpose	Calculation method	Data Source
To ensure that clients in all key operational business areas receive value for money in relation to the services they need to use and that as far as is possible each pays only for the services he receives.	Aggregate of costs for EPA Section which includes direct costs and overheads divided by case load volumes.	Internal Organisation data held on "SAGE", "MERIS" & "CASREC"
	Aggregate of costs for fee generating areas of Protection division which includes direct costs and overheads divided by case load volumes.	
An additional (non KPI) financial efficiency target of cost recovery was also set for the PGO. We aim to work towards recovering the full cost of the PGO's services.		

KPI 6 Description: - Review of cases in preparation for the Mental Capacity Act

KPI Purpose	Calculation method	Data Source
To bring the powers of existing receivers into line with those of deputies to be appointed after 1 October 2007.	Total number of lay receiver cases reviewed in the period	Internal Organisation data

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
a) Enduring Powers of Attorney - £120.00	Met £108.00	Met £113.00	Met £103.00
b) Appointing and supervising Receivers - £575.00 per case	Met £530.00	Met £561.00	Met £532.00
<ul style="list-style-type: none"> • Enduring Powers of Attorney – 100% cost recovery • Appointing and supervising Receivers – 82% cost recovery 			Met – 110% Met – 90%

Target April –September 2007	Achieved to 31st March 2006	Achieved to 31st March 2007	Achieved to 30th September 2007
To review no fewer than 12,000 lay receiver cases by 30 September 2007	Not a target	Not a target	Met 13,369 cases reviewed

Appendix 3

Charter Standards

Our Charter Standards are the commitments we make to the people who use our services and the following details how we delivered on these commitments.

1 **We will reply to letters, faxes and e-mails within 15 working days.**

The standard for dealing with correspondence (including letters, faxes and emails) within the PGO was to respond to 98% of correspondence within 15 working days of receipt.

Overall performance for the period April to September was 92.2% within 15 working days.

2 **We will see visitors to our office within ten minutes, with or without an appointment.**

77% of visitors were seen within ten minutes of arrival at Reception.

3 **We will answer all telephone calls within 30 seconds.**

Due to the installation of a new telephone system in readiness for the implementation of OPG we were unable to obtain accurate data on our performance against this target.

4 **If you contact us for application forms or printed advice we aim to send them out within one working day.**

Data is not available to report against this target due to the establishment of the new Customer Contact Centre in August and the introduction of new call logging software.

5 **As long as we have all the forms and information we need to support the application, we aim to list a case for hearing and let you know within 5 working days, or tell you if we need more information**

96% of cases were listed for hearing and the applicant notified within 15 working days where all appropriate forms had been received.

6 **We aim to set a hearing date that is within eight weeks of the date the hearing was listed.**

We set a hearing date within eight weeks in 100% of cases.

7 **We aim to let the applicant know the outcome and ask for any further information the Court needs within ten working days of the hearing.**

We notified 98% of applicants about the outcome of the hearing and requested any further information the court needed within ten working days.

8 We aim to issue the order appointing the Receiver, or short order, within 15 working days of receiving all the documents we need.

We issued 94.86% of all short orders or orders appointing a Receiver within 15 working days.

9 If you need to use a client's savings for their benefit, we aim to give a direction to allow access to the client's money within 15 working days, or explain why we do not agree to your request.¹⁰

We either issued directions allowing access to a client's money, or provided an explanation as to why the request was refused in 92% of requests.

10 If the client dies and a Receiver was appointed, and we have received an application for final directions supported by a grant of probate or letters of administration (or equivalent), we aim to send directions, within 25 working days to transfer to the personal representatives all of the assets that we and the Court Funds Office hold under control.

In all applications for final directions supported by a grant of probate (or equivalent), 100% were sent directions within 25 working days.

11 If there are no problems with or objections to the registration of an Enduring Power of Attorney, we will register and return it within five working days of the end of the 35 – day notice period which is laid down in the EPA act.

Of the 10,757 that had no problems or objections to registration, 99.9% were returned within the target of five working days.

12 We aim to acknowledge your complaint within two working days and give you a full reply within 15 working days. Or within 15 days we will explain why we cannot give a full answer and tell you when we will reply.

Of complaints received, we acknowledged 98% within two days and, 95.3% were sent a full reply within 15 working days.

During the period, the Adjudicator's Office has taken up 6 complaints.

²² From April 2003, the PGO no longer includes the action taken by the CFO within its payment out target. Therefore the PGO does not record the time taken for a Receiver to gain access to funds, but rather the time taken on the action for which it is directly responsible.

Glossary of Terms

A

Accounting End Date (or Accounting Due Date)

The last day of the accounting period, which will either be the day before the anniversary of the date of appointment, or 5 April.

Attorney

Person appointed by the donor to manage their financial affairs.

C

Case

The name used to describe proceedings, whether to appoint a Receiver, register an Enduring Power of Attorney or any other legal remedy, instituted by someone seeking the Court of Protection to exercise its jurisdiction under the Mental Health Act 1983.

Client

The name the PGO uses to identify the mentally incapacitated person whose financial affairs are the subject of proceedings before the Court of Protection.

Court Funds Office (CFO)

An office, which effectively provides banking services, accounting for money paid into Court and, where necessary, provides investment functions.

Court of Protection (COP)

An office of the Supreme Court of Judicature whose function it is to protect and control the administration of property and affairs of persons who, by reason of mental disorder, are incapable of managing their own affairs.

D

Donor

The person who makes the EPA, assigning responsibility for their financial affairs, to an attorney.

E

Enduring Power of Attorney (EPA)

Document whereby a donor (a person who makes an EPA) appoints an attorney (a person appointed by a donor to act on his behalf in financial matters) to manage his financial affairs.

Executive Agency

Part of a government department set up as a discrete operational unit to concentrate on providing a service to members of the public.

F

Fees

Amounts charged to clients for services provided by the PGO.

I

Investment

To invest money is to use it to buy securities (shares, bonds etc.), cash (e.g. cash ISAs) and non-security items such as property.

K

Key Performance Indicator (KPI)

A measure of the Agency's performance in key areas of its business. (N.B. KPIs were formerly known as Key Performance Measures (KPMs).)

L

Lasting Powers of Attorney

Will replace Enduring Powers of Attorney and will include provision for a donor to appoint someone to make decisions on their behalf in relation to finance and property and/or health and welfare matters should they lose capacity to do so.

P

Panel Receiver

A person who has demonstrated that they have the skills and experience to act as Receiver in cases where there is nobody both willing and suitable who is known to the case, as an alternative to the PGO.

Patient

The legal definition for a person who is mentally incapable of managing and administering their own affairs.

Protection

The services provided to PGO clients where a Receiver other than the PGO itself is appointed to manage their affairs.

R

Receiver

Person appointed by the Court to manage a client's financial affairs.

Receivership

An appointment by the Court of Protection that authorises a person (the Receiver) to manage the financial affairs of a person who is, on medical evidence, mentally incapable of doing so for themselves.

V

Visit

A visit to the client made by a Visitor.

Visitor

A person responsible for visiting our clients on behalf of the PGO.

How to contact us

The Public Guardianship Office has now been replaced by the Office of the Public Guardian. Any outstanding matters or queries should be directed to the Office of the Public Guardian.

How to contact us

Office of the Public Guardian
Archway Tower
2 Junction Road
London N19 5SZ

Document exchange: DX 141150 Archway 2
Email: customerservices@publicguardian.gsi.gov.uk
Website: www.publicguardian.gov.uk

General Contact Numbers

Customer Literature and Application Forms
9am – 6pm, Mon-Fri Tel 0845 330 2900 (local call rate)
Fax 020 7664 7705

Text Phone

9am – 5pm, Mon – Fri
If you have speech or hearing difficulties, and you have access to a text phone, you can call the PGO text phone and a customer service operator will assist you.
Tel 020 7664 7755

For any other general enquiry,
Tel 0845 330 2900

For international calls
Tel +44 20 7664 7000



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