



Office of the  
Public Guardian

Office of the Public Guardian  
Annual Report & Accounts  
2013–2014

# Office of the Public Guardian Annual Report & Accounts

2013–2014

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

Accounts presented to the House of Commons pursuant to Section 7 of the Government  
Resources and Accounts Act 2000

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

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# Foreword



I am delighted to present details of the work delivered by the Office of the Public Guardian (OPG) during 2013/14, a year in which we have made significant strides in our transformation journey.

The last twelve months has seen the OPG progressing towards delivering simpler, clearer, faster services for our customers and partners. We listened to views through a consultation entitled 'Transforming the Services of the OPG: enabling digital by default', and will publish our response in the summer. User needs will continue to be at the forefront of work to improve our services.

On the 1<sup>st</sup> October the OPG lowered its fees for registering a power of attorney (both lasting powers of attorney and enduring powers of attorney) from £130 to £110. This is the lowest it has been since the OPG came into being on the 1<sup>st</sup> October 2007 and it is another step forward in providing our customers with a high value service at a fair cost.

As one of the 25 pan-government digital exemplars, we were proud to launch the beta version of the digital online tool for lasting powers of attorney, for which the digital team was shortlisted for a Civil Service award. We were the first of the exemplars to go live with a publicly accessible tool. We have also been piloting work with partner organisations to make sure that customers who want to use digital tools, but are not able to, receive assistance.

In our drive to put the needs of our customers first, we have reduced statutory waiting and objection periods for lasting powers of attorney (LPA) and, by introducing end-to-end case management, we have streamlined the way in which we process applications. This minimises the number of staff interacting with the customer on a single case and aims to improve the way we engage with our customers.

We are undertaking a fundamental review of our supervision regime for court-appointed deputies. New ways of working will see specialist teams focusing on different deputy types to deliver an effective, proportionate and responsive service. Work in this area is set to continue into 2014/15, supported by new digital tools for deputies.

We have continued to make significant progress with our partners, making sure that attorneys and deputies are able to use their powers effectively. Through engagement with industry bodies, banks and utilities information on LPA and court orders appointing deputies are being promoted more widely and awareness is improving.

We continue in our commitment to Civil Service Reform, the Government's Digital Strategy, and the Ministry of Justice's Transforming Justice Initiative.

We have embedded continuous improvement tools and techniques to assist us to further streamline the business. This, combined with a new back-office system, will help us meet an ever-increasing demand for our services.

This has been yet another significant year for the OPG, as evidenced by the achievements highlighted in this report. I am very grateful to OPG staff for their commitment and energy as we continue on our exciting transformation journey.

A handwritten signature in black ink, appearing to read 'Alan Eccles', with a small dot at the end.

**Alan Eccles**

Chief Executive and Public Guardian

03 July 2014

# Strategic Report

## Introduction

### The Role of the Public Guardian

The Public Guardian is appointed by the Lord Chancellor under Section 57 of the Mental Capacity Act 2005 (MCA). As the Chief Executive and Accounting Officer of the OPG, the Public Guardian is personally responsible to the Lord Chancellor and Secretary of State for Justice for the effective operation of the agency, including the way the agency spends public money and manages its assets.

The Public Guardian is supported by the OPG in the delivery of his statutory functions under the MCA.

The Public Guardian's responsibilities extend throughout England and Wales (separate arrangements exist for Scotland and for Northern Ireland).

### What does the OPG do?

The OPG was established in October 2007 and is an executive agency of the Ministry of Justice (MoJ). Its remit is to support and enable people to plan ahead for both their health and their finances to be looked after should they lose capacity in future, and to safeguard the interests of people who may lack the mental capacity to make certain decisions for themselves.

The OPG's core functions are to:

- register LPAs and older enduring powers of attorney (EPA);
- supervise deputies appointed by the Court of Protection;
- maintain the registers of deputies, LPAs and EPAs and respond to requests to search the registers; and
- investigate complaints, or allegations of abuse, made against deputies or attorneys acting under registered powers.

### Our customers and stakeholders

The OPG serves several types of customers and stakeholders, including:

- Donors – people who have made an LPA or EPA to protect their welfare or finances should they lose capacity in the future;
- Attorneys – people who have been appointed by donors to manage their welfare or finances should they lose capacity in the future;
- Clients (P) – people who have lost capacity and whose welfare or finance affairs are subject to proceedings before the Court of Protection;
- Deputies – lay or professional individuals or authorities (such as solicitors or councils) who have been appointed by the court to manage the welfare or finances of a client; and
- Other stakeholders – relatives of a client or donor, local authorities, GPs or other health professionals, charities, and the legal sector.

## Ministry of Justice

The OPG is an executive agency of the MoJ.

The Government ministers responsible for the OPG are:

- The Right Honourable Chris Grayling MP, Lord Chancellor and Secretary of State for Justice; and
- The Right Honourable Simon Hughes MP, Minister of State for Justice and Civil Liberties.

As an MoJ executive agency, alongside HM Courts & Tribunals Service (HMCTS), the National Offender Management Service (NOMS) and the Legal Aid Agency (LAA), the aims of the agency are in line with those of the MoJ's Transforming Justice agenda; a justice system that is more effective, efficient, economical and responsive to the public.

To find out our performance achievements and results, see pages 76 to 80.

## Business priorities and objectives 2013/14

The priority for the OPG throughout 2013/14 was to build on performance achievements whilst the workload continued to increase and to continue with our transformation programme. In our 2013/14 business plan we set out our priorities, objectives and corresponding activities. Our achievement against these objectives is documented below, together with the date of delivery.

The OPG had set two priorities for 2013/14:

- We will offer a high level of service to our customers
- We will continue the delivery of our programme of transformation

### Priority 1: We will offer a high level of service to our customers

**Objective 1:** To deliver a swift and accurate service to all applicants seeking to register an LPA

Activities	Due date <sup>1</sup>	Delivered
Deliver an online service to assist customers to make LPA, eliminating duplication of effort and reducing error rate of initial applications <sup>2</sup>	June 2013	June 2013
Implement complaint handling by telephone in the customer contact centre and other customer facing teams	June 2013	April 2013
Develop a workforce and resource plan to enable the transition to a digital application and new IT systems	March 2014	May 2014
Improve active case management of LPA to resolve registration issues	June 2013	June 2013
Further develop quality assurance of LPA/EPA to make sure timely and accurate registration and dispatch	June 2013	June 2013 – ongoing
Work with Local Authorities to support the recognition and understanding of LPA and deputyship orders	March 2014	Ongoing

<sup>1</sup> Due dates – Quarter ending periods by which the activity is due to be completed.

<sup>2</sup> Activity supports Objective 5 activity 2.

**Objective 2:** To supervise and support deputies to make sure they act in accordance with the Mental Capacity Act 2005

Activities	Due date	Delivered
Make personal contact with all new lay deputies following their appointment to offer support, and visit a proportion within the first year of appointment	March 2014	December 2013
Commence a programme of tailored supervision to professional and local authority deputies	September 2013	March 2014
Deliver a programme of case reviews to make sure that all deputies receive proportionate supervision	March 2014	Ongoing
Undertake responsive supervision, measuring the time taken to respond to issues and bring non-compliant deputies into compliance	March 2014	Ongoing

**Objective 3:** To take prompt and effective action where concerns are raised about an attorney or deputy's actions

Activities	Due date	Delivered
Conduct or commission a review of wider research around the safeguarding of vulnerable adults in order to support the review of supervision and the effective focus of our safeguarding resources	June 2013	January 2014
Enhance the current notification process about a deputy or attorney's actions, so that the concern-raiser receives prompt notification of our intended action	March 2014	December 2013
Reduce the average time taken to conclude investigations into the actions of a deputy or attorney and carry out the recommendations made to Public Guardian	March 2014	March 2014
Review and re-launch our safeguarding vulnerable adult's policy	July 2013	June 2013

**Objective 4:** To deliver our operational business and the 2013/14 transformation elements within our allocated budget

Activities	Due date	Delivered
Monitor and measure areas of activity to make sure value for money is delivered through processes and contract	March 2014	March 2014
Provide challenge, support and expert advice to all business areas to make sure activities are economical and effective	March 2014	March 2014
Support the implementation of Continuous Improvement by measuring costs and benefits of change proposals	March 2014	March 2014

Activities	Due date	Delivered
Set fees at a level that will support delivery of services meeting the needs of customers within the scope of OPG	December 2013	October 2013
Review the fee exemption and remission policy and process to make sure it is fair and effective	December 2013	December 2013

## Priority 2: We will continue the delivery of our programme of transformation

**Objective 5:** To transform the way we work, and the way we deliver services to our customers by an online method of service delivery

Activities	Due date	Delivered
Take forward our fundamental review of deputy supervision, developing new tools to support deputies and a new supervision delivery model	March 2014	Ongoing
Deliver an LPA online tool <sup>3</sup>	June 2013	June 2013
Work in association with the legal sector, who facilitate a significant proportion of applicants, to promote their use of the digital LPA service	March 2014	Ongoing
Review the arrangements and practices of the Customer Contact Centre to encourage and support customer to access online services to make LPA	September 2013	September 2013
Provide deputies with an ability to submit their reports electronically	March 2014	Not yet started
Implement systems that will allow customers to select their preferred method of payment for OPG fees	March 2014	Ongoing

**Objective 6:** To develop new ways of measuring how well we are meeting our customers' needs and set ourselves challenging targets to meet those needs

Activities	Due date	Delivered
Review Performance Measurement metrics to make sure they are customer focused	March 2014	November 2013
Enhance our customer satisfaction measures	September 2013	September 2013
Produce and publish quarterly customer service reports based on interviews with customers and mystery shopping	December 2013	December 2013
Work with Ministry of Justice Analytical Services to further develop and build our customer insight capability	December 2013	December 2013
Survey an appropriate sample of professionals to evaluate how well our evolving digital products are working	March 2014	Ongoing

<sup>3</sup> Supported by Objective 1 activity 2.

**Objective 7:** To create a culture that seeks continuously to improve the way OPG operates and to deliver services faster, better and more economically

Activities	Due date	Delivered
Identify any constraints in the way the Public Guardian currently exercises his statutory functions and consider what options might be available to remove those constraints	December 2013	Ongoing
Deliver a programme of Continuous Improvement events which enhance service for the customer and give additional skills to staff	March 2014	March 2014
Reform our existing stakeholder groups, building on the success of specific, focused engagement which draws on stakeholder expertise and promotes continuous improvement	June 2013	June 2013
Develop and implement an action plan in response to the results from the 2012 Staff Engagement Survey	September 2013	September 2013

**Objective 8:** To further develop the capability of our workforce in order to deliver our business

Activities	Due date	Delivered
Refresh the Learning and Development strategy supported by a delivery plan	September 2013	September 2013
Implement a revised civil service performance management and competency framework in line with MoJ Departmental timescales	September 2013	September 2013
Implement a process for measuring our capability, using the results as a baseline against which to measure improvement over a year	March 2014	March 2014
Design and deliver a programme of learning for OPG leaders enabling them to introduce a culture of continuous improvement within teams	March 2014	March 2014

**Objective 9:** We will work together with partner organisations to make sure that the benefits of moving to a digital model can be accessed by all our users

Activities	Due date	Delivered
In line with the wider Government and MoJ digital strategies, to work with partners to develop Assisted Digital options to support those who, for whatever reason, are not able to use our digital tool to make an LPA.	March 2014	Ongoing
Create a more robust model to better predict future demand for our services.	March 2014	March 2014

## Protecting the vulnerable

### Registration of powers of attorney

The OPG continues to experience increasing application levels for LPAs and an EPA level that is starting to show a slow decline.

Received	2012/13	2013/14	% Growth
LPA	242,000	295,000	22%
EPA	18,000	16,000	-11%
<b>Total</b>	<b>260,000</b>	<b>311,000</b>	<b>20%</b>

The financial year 2012/13 ended with the performance achievement of 90% of cases dispatched within the 10 week aim. The 2013/14 financial year began with a continuing improvement to service levels. The achievement measure was changed to actual average clearance time for customer. A performance ambition of 40 working days was set and 44 days was achieved over 2013/14. Whilst the ambition was not met it was an improvement on the 52 day average over the 2012/13 period.

There have been some significant changes in the way the OPG records and reports upon its performance in this financial year. The reported performance achievement is a position on the total workload as we no longer exclude those cases that require ongoing correspondence with customers from our reporting mechanisms.

As part of our continued drive to improve customer service, this year we have also reduced the length of the statutory waiting period from 6 to 4 weeks.

Combined with a major process improvement programme we had anticipated a short term decline in our overall performance position. Whilst this has been reported on a monthly basis our end of year position still shows a good level of improvement in the actual average clearance time for customer of 44 days from a position of 52 days for the 2012/13 period.

The outputs from our wider transformation programme have been developed with significant levels of operational input and the medium term benefits to our customers will be substantial.

One major impact from the transformation work was the release of the beta test online tool that assisted customers in the completion of a LPA. Since its release in July 2013, the OPG has received a total of 15,000 LPAs created through this route compared to 280,000 paper applications.

A continuing rise in LPA applications means the OPG continues to operate a two shift system to provide an operational resource between 7am and 10pm Monday to Friday.

### Customer contact centre (CCC)

As interest in LPAs grows and the volume of LPA applications grow, our CCC in Nottingham has seen a major change in the types of calls received. Many calls now support customers through the online completion route. However, our call volumes continue to rise as awareness of LPAs increase. 2012/13 saw 222,000 calls, a reduction on previous years of 7%, however, 2013/14 has seen a significant increase in calls received to 254,000; an increase of approximately 14%.

Reviewing the pattern of these calls we can see that around 25% of that increase is solely due to the introduction of the online support with the remaining aligning to the ongoing growth in powers of attorney applications. Customers calling the CCC experienced an average wait time of 38 seconds for their call to be answered, against an aim of 60 seconds or less.

### Supervision of deputies

When someone loses mental capacity, and they have not already appointed an attorney through the registration of a power of attorney, the Court of Protection will appoint a deputy to make decisions on the client's behalf. The number of cases in which the OPG are required to supervise the deputy has increased from 45,000 to 49,000 in the 2013/14 year; an increase of 9%, continuing the 6% increase in demand for the preceding year. Despite the challenges posed by these increases, we were able to meet or exceed nearly all of our key performance indicators. The only exception to this was the average time to obtain a deputy's annual report which stood at 41 days at year end against the aim of 40 days. During the 2013/14 financial year, work began to obtain a large number of outstanding deputy reports. This increased the average outstanding time reported and is included in the end of year figure.

During the year we introduced changes to provide greater protection to those with diminished capacity through improved assessment of the capability of the deputy and better targeting of advice, guidance, support and supervision.

We received positive feedback from deputies about our supportive first contact process that began in April 2013. We have now extended this to all new lay deputies, i.e. those who are deputy for a family member or friend. We aimed to conclude the first contact process for 75% of all new lay deputies no later than 10 days immediately following the end of the 6 week settling-in period. This aim was extended to include 100% of cases within 70 days of the end of the settling in period. We achieved results of 84% and 100% respectively. Next year we aim to make sure all new professional and local authority deputies also receive first contact support.

In 2013/14 we took an average of 41 days to obtain an annual deputyship report against an aim of 40 days. After 40 days the report becomes overdue and the deputy is recorded as being non-compliant with reporting. In order to reduce the number of non-compliant deputies, caseworkers proactively remind deputies about the reporting requirements during contacts with them. The average time taken to review the annual report was 14 days for the year against an aim of 15 working days. This enables us to address any concerns promptly or confirm acceptance of the report in good time.

A separate team was set up in June 2013, tasked with reducing the number of deputies that are non-compliant with reporting. They aim to obtain the outstanding report or, if necessary, seek discharge of the deputy for their continued non-compliance.

We commenced a programme to review 20% of the professional and local authority deputies by an assurance visit, a case review or a full review of the annual deputyship report. This provides the Public Guardian with an assurance that the deputy is acting in accordance with their court order. We have achieved this ambition.

2013/14 also saw the continuation of the Recovery and Resolution team to resolve cases with outstanding OPG fees and unpaid security bond premiums. Since December 2013, the team's work on debt cases has been integrated into the new ways of working in supervision, including

our work on non-compliant cases. The team was in place from January 2013 to the end of December 2013. In this time a total debt of £305,142 was recovered.

### Supervision review update

We progressed our fundamental review of supervision, which commenced in October 2012. The aims of the review are twofold: first, to make sure that proper safeguards are in place to protect people who lack capacity and to make sure that decisions are made in their best interests; and secondly, to make sure that supervision is proportionate. That means focusing attention on those cases requiring most support, or where there are potential concerns, but allowing deputies who are operating effectively to do their job with minimal intervention.

We examined the views of customers, staff and other stakeholders, along with research from other relevant organisations, before introducing changes to the way we work from November 2013. We now take an end-to-end approach to cases in specialist teams, which are designed to allow staff to learn the challenges facing different deputy types: lay, professional and panel, or local authority.

These changes should allow more constructive relationships to be built, targeting support and supervision as appropriate, which will increase the assurance the Public Guardian can take about the protection of the person with diminished capacity.

The responses to the public consultation and attendant workshops were used to inform the final design of a supervision model. There was support for our proposals to better engage with our customers so we have now moved all of our supervision staff into the new ways of working. Early signs are that these are bedding in and will deliver benefits to customers, which will be enhanced in conjunction with digital tools and back office IT systems.

Analysis of how the Public Guardian currently exercises his statutory duties under the Mental Capacity Act 2005 indicates that primary legislation will be necessary to enhance certain powers to better allow the Public Guardian to discharge his safeguarding function. This was not available in the 2013/14 business year but the OPG will continue to explore options in 2014/15.

### Investigations and safeguarding

During the year the unit received a total of 2,200 new safeguarding referrals. Following risk assessment, 628 new cases were accepted for full investigation and the unit concluded investigations in 597 cases within the year, meeting the performance impact indicator of concluding investigations within an average of 75 days.

These figures were comparable to the 2,982 referrals received, and 596 cases concluded, in the 2012/13 period.

Safeguarding referrals were received from a number of sources, including relatives, local authorities, care homes and financial institutions. Where cases were not suitable for investigation, advice was offered or signposting to another agency carried out, such as the local authority or police. A total of 1,406 cases were safeguarded in this way. The safeguarding team instigated a number of internal changes to improve responses, including training designated safeguarding officers within the contact centre and supervision teams, with the aim of improving the quality and speed of response across OPG. We continue to work very closely with our internal colleagues, our external security bond providers, the Court of Protection, local authorities and the police, to secure the best outcomes for our clients.

The OPG invested in service improvement, primarily through training investigation staff.

- Investigators received intensive professional training from an established legal training provider.
- An internal programme focused on improving customer service
- Letters were amended to be more empathetic in tone and informative in content.
- Staff received courtroom skills training due to an increased involvement in litigation and court hearings.

A key objective of the OPG's 2012/13 Business Plan was to further develop its approach to resolving issues with deputies and attorneys, without the need for recourse to the Court of Protection, by building an in-house capacity to use mediation to resolve cases where parties are in dispute. A pilot telephone mediation scheme was set up during 2013/14 with the aim of reducing the burden both on the Court of Protection and on our clients by resolving potentially lengthy and expensive court cases, which are typically funded by the client's (P's) estate. The pilot will conclude and report in the business year 2014/15.

During the year, 229 applications to the Court of Protection to discharge deputies and revoke powers of attorney were submitted on behalf of the Public Guardian, a 34% increase from the previous year. These applications included 15 applications to freeze accounts and 3 applications for the forfeiture of security bonds, in the light of evidence gathered by the Public Guardian which confirmed financial abuse. In increasing numbers of cases, the Public Guardian has been able to enter into negotiations, resulting in 'consent orders' being agreed by all sides and submitted to the Court of Protection for approval. In 2013/14, the Public Guardian entered into negotiations in 22 cases. In addition to making applications, reports were provided to the Court of Protection under Section 49 of the Mental Capacity Act in 62 cases, to assist the Court in reaching a decision. The Public Guardian has been involved in applications resulting in important published judgements, notably: MJ and JM v The Public Guardian [2013] EWCOP 2966; the associated later judgement in Meek, Re [2014] EWCOP; and DP (Revocation of Lasting Power of Attorney) Re [2014] EWCOP B4.

### **Visitors and panel deputies**

Court of Protection visitors completed 10,589 visits during the year, to support the Public Guardian's supervision and investigations activity. We recruited 10 new general visitors and 7 special visitors to the panel of visitors, which also supports the Court of Protection.

The OPG administers the panel of deputies, which the Court of Protection draws on in cases where no-one is able or willing to act as deputy. In 2013/14, 726 deputy appointments were made from the panel. During the year 37 assurance visits were made to panel deputies, to assess and report to the Public Guardian on the quality of service being provided.

## **Change**

In our business plan for 2013/14, OPG set out our priority to continue to transform our services in partnership with Government Digital Services (GDS) and the Ministry of Justice.

### **Digital**

A major part of our change is focused on the transition from mainly paper-based to online service delivery. Working with GDS, we launched a public version of our LPA digital tool on 1 July 2013.

This allowed our users to complete their LPA application forms and pay online with the added support of inbuilt validation and guidance to reduce common errors. The OPG was the first organisation in GDS' transformation programme to launch a public beta service.

The service has received excellent feedback and we will go live with a full version in May 2014. It will be the first of Government Digital Services' exemplar programme to do so. In March 2013/14, applications using the digital tool had grown to 10.5% of our monthly LPA total despite OPG having done no promotional work of the service, with 80% of those customers choosing to pay online.

We are working with Age UK, the Alzheimer's Society and Citizen's Advice Bureau to pilot our assisted digital strategy. The three 6-month long pilots aim to support our customers who need help in accessing online services and removing the barriers to digital services, to give them the same benefits of completing an application online. It also gives us the opportunity to gauge demand for the service.

In August 2013, we partnered with a developer to build a replacement for our outdated case management systems. The new system is putting the user at the heart of development, giving the best possible user experience and making our processes more efficient. We aim to pilot the system in the summer of 2014 and roll out fully through the calendar year. Coupled with this, we will launch a new scanning solution that will make processing large volumes of paper far more efficient. These systems will help prepare the OPG for the predicted increase in demand and will also allow for strategic growth over the coming years.

We have begun early work on digital services to assist deputies and visitors. Following public consultation, we have also begun early work on a digital tool for online searches of our public registers, which we hope will have far-reaching benefits for our customers and partner agencies.

As a result of these combined efforts to become a digital by default agency, in November 2013 the OPG was recognised by GDS as an exemplar agency across Government. We have started to coach other government agencies and departments going through similar journeys to share best practice and lessons learned.

In November 2013, our Digital team was shortlisted for the Civil Service Award for operational excellence.

### Policy

On 15<sup>th</sup> October 2013, we began a public consultation on the next phase of our transformation as well as exploring some future changes the OPG may wish to make. The first part of the consultation focused on how we might improve the design of paper LPA forms, fees for a new combined form, access to the OPG Registers and changes to the supervision of court appointed deputies. The second part considered future changes in line with Government's commitment to make more public services digital and set out initial proposals for the delivery of a fully digital method of creating and registering LPAs.

A full response to this consultation will be published shortly which will inform our plans for the coming years.

## Customer Experience and Partnerships

We have completed key research to help us understand our customer's experience, which will help us to become more customer focused. The research was focused on potential increase to LPA uptake, increased safeguarding of our customers, gathering and uncovering further customer insights, and providing these to the business.

It is crucial that the OPG engages effectively with our customers and other stakeholders, as well as partnering with external organisations to create mutually beneficial relationships. A key aspect of our programme is to raise awareness of our services along with building better relationships with the third sector, local authorities, commercial sector and the legal sector.

### Insight

This year's business plan included an impact indicator for customer satisfaction. To measure this the OPG delivered 4,050 surveys to our powers of attorney customers and over 29,000 surveys to our deputyship customers. The surveys have provided valuable insight into improving our services and have established a baseline to measure the benefits of our change programme. Using our customer insight we have begun a full review of how we interact with our customers, the language we use and our tone of voice.

Of the customers we surveyed, those with a deputyship had an overall satisfaction rate of 68%, whilst our power of attorney customers had an overall satisfaction rate of 78.3%.

In June 2013, we began working with Ipsos MORI to understand the barriers to taking up an LPA, the enablers, who our current and potential customers are and what method of communication can be utilised to increase understanding and awareness of powers of attorney. The report was published late March 2014.

In October 2013, we started work to understand what clients think, feel, and know about our organisation. We interviewed a cross-section of our customers who are, or have been, supported by deputies. From this we produced a report that has informed the changes we are making in our supervision regime.

In April 2013, we explored the issues around safeguarding both in the UK and abroad, examining best practice that could potentially be utilised by the OPG.

### Engagement

We collate feedback from customers on the difficulties they have experienced using powers of attorney or court orders within financial institutions. We have used this evidence to help improve the experience for our customers when working with individual banks, financial umbrella groups such as the British Bankers Association and the Building Societies Association, and financial regulators.

In December 2013, we hosted a safeguarding event to which we invited a number of government departments who play key roles in the safeguarding of our customers. The event helped us focus how we could jointly work to better protect vulnerable adults.

In October 2013, we were privileged to be responsible for co-hosting this year's Four Jurisdictions conference at the Royal Courts of Justice in London. The event brings together the organisations with similar responsibilities from across the UK and the Republic of Ireland in order to share experiences and ideas. This year's theme was 'Progress and Change' to reflect our aspirations to

improve our service delivery and to share ideas and learn. We were also honoured to have an informative speech from a representative of the Guardianship Tribunal in New South Wales, who gave us insight into how the processes are carried out in Australia.

We work with external organisations to raise awareness and promote our services. We attended 44 external stakeholder events over the year.

To contribute towards meeting the Dementia Challenge, set out by the Prime Minister in March 2012, we aim to have dementia awareness as an integral part of our culture. We have begun rolling out a campaign for volunteers to become a Dementia Friend or Champion. Dementia Friends commit to a positive action to help build awareness of dementia, whilst Dementia Champions take the lead on informing others of the Dementia Friends initiative. At the end of March 2014, we had nine Dementia Champions and 214 Dementia Friends in the OPG.

## Complaints

We continue to operate a tiered complaints process for those customers who are unhappy with the level of service provided. The first tier allows customers to have their complaint considered by the business area responsible. If a customer is unhappy with the initial response they can ask for their complaint to be escalated to the second tier. Their complaint, and the way it was dealt with, is then reviewed by the Public Guardian and Chief Executive. If the customer remains unhappy with the service provided they then have the option of asking their MP to refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO) for an independent review. A snapshot of the PHSO's casework between 1st January and 31st December 2013 showed that within the MoJ the OPG has produced the only notable reduction in complaints to the PHSO, reducing enquiries to the PHSO by 50%.

The number of complaints received in 2013/14 reduced significantly to 3,549, compared with 11,617 complaints received in 2012/13 and 14,814 in 2011/12. The reduction coincides with increases in caseloads across the OPG.

One of the key factors contributing to the reduction in recorded complaints is the work undertaken to distinguish between service complaints and general enquiries. We will continue to adopt our new classification process over the 2014/15 year which will enable us to compare complaints by type year on year thus yielding more information around trends to help us address the issues and concerns raised by our customers.

In relation to the processing of PoA applications, the three main topics of complaint over the financial year 2013/14 are:

- The quality of customer service
- Delays in service delivery
- Issues of policy or legislation outside of the OPG's control

In relation to supervision of deputies, we have received complaints about a lack of clear communication regarding the supervision process and responsibilities of being an appointed deputy. To address this, in December 2013, we began to make personal contact with all new lay deputies following their appointment to offer support and arranged to visit a proportion of them within the first year of appointment.

Acting upon customer feedback we are seeking to continuously improve the services we provide and reduce the number of complaints received across all areas of the business.

Our aim is to respond to complaints within 10 working days. In 2013/14, 93.5% were responded to within this timescale. The average number of days taken to respond to all complaints was 6.69 working days. Of all complaints received, 6.9% were escalated for a response from the Public Guardian in line with our complaint procedures. Three cases were referred to PHSO for full investigation. Four cases with the PHSO for investigation were concluded in the 2013/14 year. Of these, one was upheld, one was partially upheld and two were not upheld. We continue to value and use the feedback from the PHSO to identify areas where further improvements are required and we complied with all PHSO recommendations.

Despite the reduction in complaint numbers recorded, we are not complacent. We are determined to make sure that we are equipped to provide the best possible level of service to all our customers and to use complaints to identify areas for further improvement.



**Alan Eccles**  
Chief Executive and Accounting Officer  
03 July 2014

# Accounting Officer's Report

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

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

Such approval has already been given for 2014/15 and there is no reason to question future funding. The financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

## Financial Summary

The OPG had a net operating surplus of £10.8m, £1.5m increase from the previous year. A breakdown of income and expenditure is as follows:

	2013/14	2012/13	Difference	
	£m	£m	£m	%
<b>Total income</b>	-48.9	-44.2	-4.7	10%
<b>Expenditure</b>				
Staff costs	19.9	17.5	2.4	14%
Other operating costs	6.7	6.1	0.6	10%
Non-cash charges	5.2	4.3	0.9	21%
Fee exemptions and remissions	6.3	7.0	-0.7	-10%
Total expenditure	38.1	34.9	3.2	9%
<b>Net operating cost</b>	<b>-10.8</b>	<b>-9.3</b>	<b>-1.5</b>	<b>16%</b>

In this financial year the OPG received £49m in gross fee income versus £44m last year and saw a growth rate of 10%. We received 311,000 power of attorney applications compared to 260,000 last year, an increase of 20%. The effect of this volume increase has not translated proportionally into income (10% increase), due to the OPG taking steps to reduce the fee charged from £130 to £110 effective for the half year from 1 October 2013. Expenditure, excluding fee exemptions and remissions, increased by 13% from £27.9m last year to £31.8m. Of this over 60% is staff cost and was directly related to sustaining the volume increase of 20%.

## Full Cost Recovery

The financial objective agreed with HM Treasury to achieve full cost recovery, excluding fee exemptions and remissions, is overachieved at 153% for the year. The over-recovery represents a surplus of income against cost, primarily due to a 10% increase in business (income). Costs were managed to sustain the increased volumes against a background of slower than expected recruitment. In 2011, Parliamentary authority was received to exceed our cost recovery objective in order to fund investment in our transformation programme. In accordance with that agreement

we implemented a further revised fees order in October 2013 that reduced fees to register powers of attorney to the lowest they have been since 2007. Despite this action, we identified and recorded a risk of over recovery again during the year. Steps taken to manage the risk are recorded in the Governance Statement (page 38). We will be conducting a review of our fees with an aim to publicly consult on any changes we wish to make in order to implement new fees from April 2015.

### Looking Ahead

The financial outlook for the OPG for 2014/15 is continued growth as demand for our services is expected to increase.

### Equal Opportunities

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

Our equality and diversity strategy will continue to embed positive values into the business, make sure the Equality Act 2010 and the new general equality duty on public sector bodies is fully realised within our work and services. In doing so, we support the MoJ by contributing to the equality objectives, the equality action plan, and supporting the wider Civil Service diversity strategy.

### Workforce Composition

	Male	Female
Board Members	2	2
SCS	0	1
OPG employees (excluding SCS)	288	419

The table above shows the number of staff in post at 31 March 2014. The board members include: 1 male SCS not separately recorded in SCS numbers and 3 OPG employees not separately recorded in OPG employee numbers.

### Employee Engagement

In 2013/14, 76% of OPG staff took part in the annual staff engagement survey. The resulting index is used as a marker to measure the level of engagement in the OPG and is compared to previous years and against other agencies. The index score remained at 60% which is 2 points higher than the Civil Service index overall score and only 2 points lower than the Civil Service High Performers. Understanding the organisation's objectives remains the most positive score at 87%. The OPG equalled or exceeded five out of nine engagement themes when compared to the Civil Service benchmark.

The OPG continues to hold regular stand up sessions delivered by senior managers which give all staff a chance to gain a vital insight into continuous improvement and the transformation programme, as well as increasing the visibility of senior managers around all OPG sites.

### Learning and Development

Between April 2013 and March 2014 the activities of the Learning and Development team focused on learning related to business priorities. The team has supported the Digital Transformation team creating internal training for the online applications and user testing the new IT SIRIUS application.

To build leadership capability a senior leadership 360 degree feedback exercise began in order to assess the current capability of the leadership team and inform planning for further development throughout 2014/15.

To complement the work of Supervision Review the team created a Supervision learning pathway for caseworkers and managers addressing their knowledge and skills requirements with blended learning approach.

Following the introduction of the new Civil Service Competency Framework the team ran workshops, facilitations and learning hours to support the staff's understanding and embed the new standards.

### Creditor Payment, Policy and Performance

The OPG pays all supplier invoices in accordance with the Government payment performance targets. These require us to pay all invoices not in dispute within 30 days or within the agreed contractual terms. They also require us to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time within these terms. From 1 April 2013 to 31 March 2014, we paid 100% of invoices within this time span. Payments are only made once they have been properly authorised under the terms of our financial delegation. No interest was paid under the Late Payment of Commercial Debt (Interest) Act 1998.

The OPG, in keeping with public sector organisations, aims to pay suppliers within 10 days, and in this year we paid 79% of invoices within this time span.

### Health and Safety

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

The OPG recognises that to have effective health and safety management, the key elements as outlined within HSG65 (Health and Safety Executive's guidance on managing for health and safety) need to be in place. These elements are policy, organising, planning, measuring performance, auditing & reviewing.

The OPG has health and safety policies in place that are reviewed annually and a health and safety delivery plan that runs alongside our business objectives.

A health and safety risk register is maintained, informed by local risk assessment that is reviewed and monitored at the quarterly Health and Safety Committee. This forms the basis to decisions made and priorities identified within health and safety.

Health and safety performance is monitored, reviewed, and communicated through production and publication of performance data that is presented to the Health and Safety Committee and publicised on the OPG internal intranet pages.

The OPG maintains a programme of inspections that includes quarterly inspections carried out in conjunction with trade union representatives and monthly management inspections.

The OPG is committed to making sure health and safety is adhered to at all times. This year's focus was placed on awareness of health and safety for all staff. To help achieve this various methods of training were deployed including in house or e-learning.

In addition to this, regular risk assessments of workstations were conducted throughout the year to make sure compliance with the Health and Safety (display screen equipment) Regulations 1992. Assessments for staff with permanent workstations were made whenever a new workstation was set up or there was a change of use, and reviewed if there were any changes that may have made the original assessment invalid.

Money was invested in the procurement of specialist equipment to assist with eradicating any risks identified as a result of poor workstation layout or posture.

The OPG has volunteered to participate in a series of health and safety audits in 2014/15 that will be carried out by MoJ HQ staff across all OPG sites.



**Alan Eccles**  
Chief Executive and Accounting Officer  
03 July 2014

# Sustainability

As with all government agencies and departments, the OPG has a requirement to report on sustainability and related costs in accordance with the government's Financial Reporting Manual (FRoM). However, in this financial year, as in previous reporting years, the OPG has not occupied any buildings where it is directly responsible for the supply of utilities, and so has no reporting responsibility under the Carbon Reduction Commitment (CRC).

The OPG is looking to reduce carbon dioxide emissions and its impact on the environment by reducing water and paper consumption and the amount of waste generated.

The key resources consumed by the OPG are utilities and paper within its buildings, travel to these buildings by staff (other than their normal place of work) and the Court of Protection visitors within their monitoring role for the OPG.

## Scope

The table below sets out our present occupancy. Petty France is not reported on as the space occupied is minimal for the OPG and the building will be reported on as whole by MoJ HQ. The OPG vacated the Hagley Road site at the end of the financial year and is expanding the Axis site from April 2014.

Property name	Tenure	MoJ floor area	OPG floor area	Financial information
Pearson Building	Memorandum of Terms of Occupation (MOTO) between HMCTS and Department for Works and Pensions (DWP)	1,653	1,350	By way of service charge to HMCTS
Floors 1–4, 54 Hagley Road	Leasehold HMCTS	3,052	784	By way of service charge to HMCTS
The Axis	Leasehold MoJ/OPG	3,744	3,744	By way of service charge via agents on behalf of the British Railway Board.
Petty France	Leasehold MoJ	Not applicable	Not applicable	Not applicable

Staffing within the OPG has again increased, by 10% from 618 FTE to 682, with all of the OPG's buildings now fully occupied. Occupation in Hagley Road fell steadily over the year prior to vacating it as roles were moved into the Axis Building.

### Greening Government Commitments (GGC)

The GGC commenced on 1 April 2011 and replaced Sustainable Operations on the Government Estate targets. The GGC requires departments to take action to significantly reduce their impact on the environment by 2015 (compared to a 2009/10 baseline).

#### About our data

The key limitation to data collated is still, as in previous years, comparison with financial information. Costs for managing the estate are by way of service charges. The level of detail that the OPG would require for a true comparison between sites and year on year is not available at present.

In addition, the Axis Building was previously metered on a whole-building basis. This changed for this financial year to metering of individual areas, giving an apparent fall in electricity use of 70%.

It should be noted that the data collated is consistent within itself, and as such the variations shown can with some certainty be assumed to be genuine changes in consumption, excluding the Axis Building.

There may be some minor variance of historical figures between reporting years due to changes in the DEFRA conversion factors used to convert energy use into CO<sub>2</sub> emissions.

All emissions figures are given as tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) to account for other greenhouse gases created such as methane and nitrogen oxides.

#### Travel

After utilities, travel is the major key cost in terms of carbon usage. Unfortunately this year the amount of travel by OPG staff has increased by 20%. This is, in part, caused by the growth in staff numbers (10%) and workload (20%), and partly due to an increase in cross-site teams. CO<sub>2</sub> emissions similarly grew by 20%.

There were no flights made this financial year.

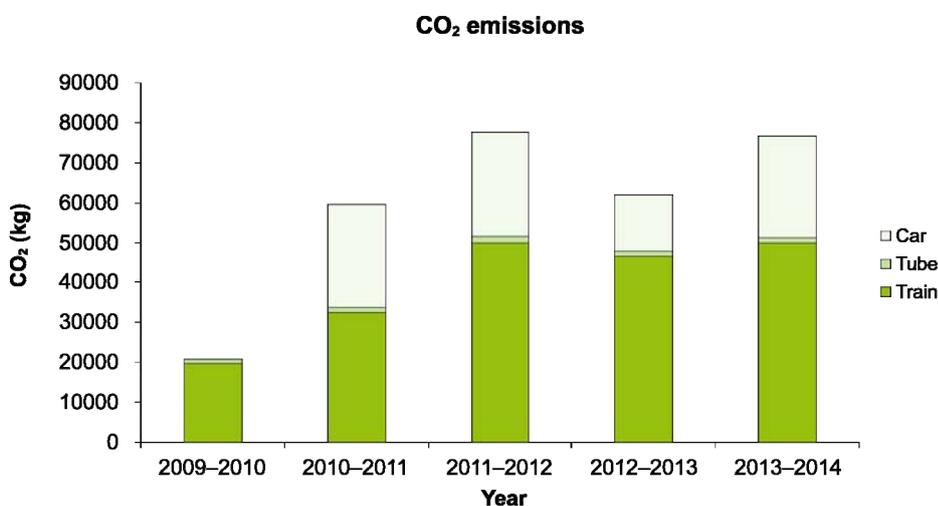
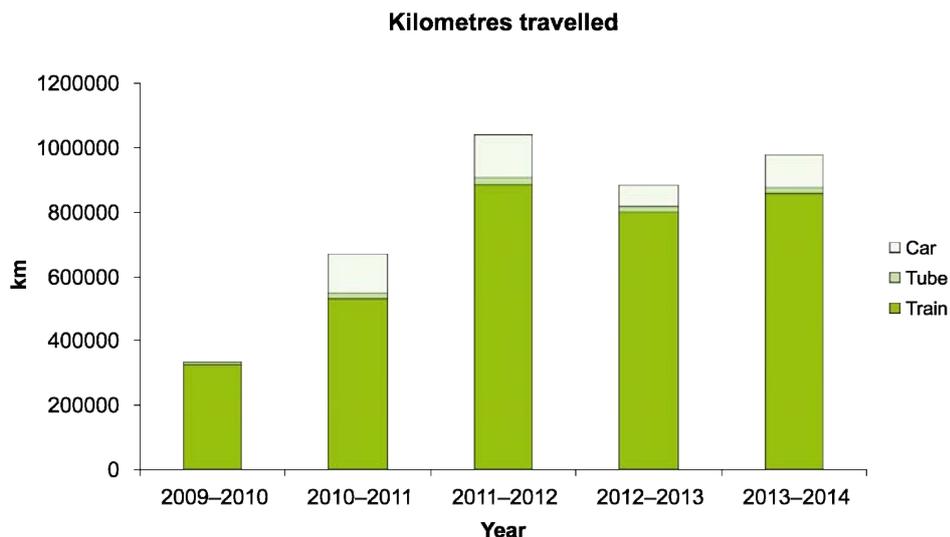
Car travel, although a minor fraction of total travel at 9% of kilometres travelled, accounts for one fifth of travel CO<sub>2</sub> emissions. These figures have risen slightly compared to the year 2012/13.

Almost all car use is made by Court of Protection Visitors in the course of their duties. It will be difficult to reduce this source of CO<sub>2</sub> due to the necessity of the Visitors to travel via car to clients' homes.

A 74% increase in the number of visits made has contributed most of the rise in car travel.

It is hoped that with the increase in use of tele and video conferencing that the OPG will reduce non-visits travel further. To assist with this, additional ICT equipment has been installed across all OPG sites and further installations and policy reviews are planned.

A summary of the data can be found in the following two charts (note there were no mileage figures available for car travel in 2009/10).



## Paper

Paper usage has remained almost steady at 11,030 reams (4% rise) even as OPG’s workload has risen by 20%. This is due to the introduction of multifunction devices across all OPG sites that enforce double-sided printing reducing the amount of paper used, efforts by the OPG ‘Green Champions’ to reduce unnecessary printing, and making better use of email as customers’ preferred method of communication with us.

## Detailed performance data year by year

Carbon dioxide emissions		2010/11	2011/12	2012/13	2013/14
Non-financial indicators (tCO <sub>2</sub> )	Utilities	856	1,057	890	716
	Travel	65	78	62	77
	<b>Total</b>	<b>921</b>	<b>1,135</b>	<b>951</b>	<b>793</b>
Financial indicators (£k)	Utilities		214	157	92
	Travel	N/A	303	256	334

## Targets

From 1 April 2011 new Greening Government Commitments have required the OPG to reduce greenhouse gas emissions for the whole estate by 2015 from a 2009/10 baseline and also to cut domestic business-related transport and business travel flights by 20%.

## Description of terms, scope and data quality

The OPG reports energy use in all buildings it occupies apart from Petty France which is reported in its entirety by MoJ HQ. Travel data includes travel by all OPG staff regardless of their location. Over 90% of our reported carbon dioxide emissions are from electricity and gas use in buildings. The majority of readings are direct meter readings; usage is then estimated based on occupancy. Financial information is by way of service or recharges by other parts of MoJ and any comparisons should be treated cautiously.

## Performance commentary

Overall, carbon dioxide equivalent figures have fallen this year, however a year on year comparison is difficult due to the major change in metering of Axis Building causing an apparent drop in consumption.

Managing energy use from buildings			2010/11	2011/12	2012/13	2013/14
Non-financial indicators	Energy consumption (kWh)	Electricity: non-renewable	1,296,104	1,644,999	1,666,277	511,150
		Gas	819,136	1,032,557	1,346,610*	1,837,543
		Total kWh	2,115,240	2,685,927	2,508,718*	2,348,694
Financial indicators (£)	Total energy expenditure			214	156	92

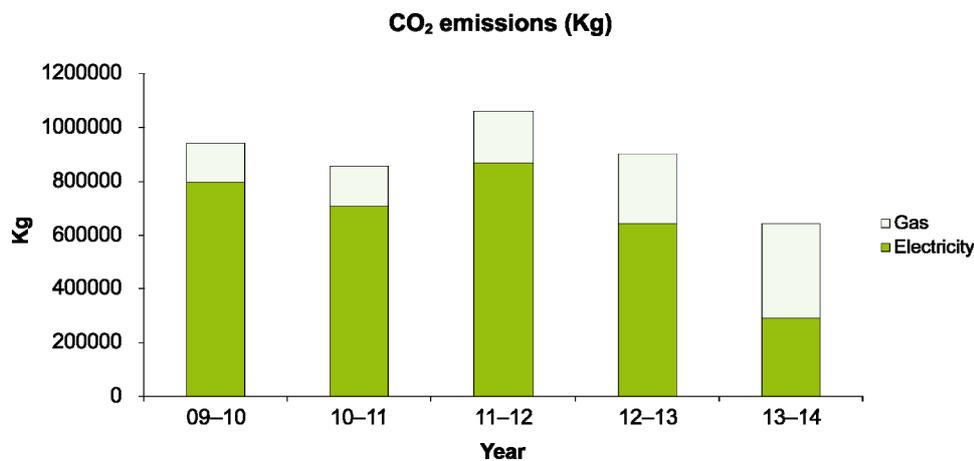
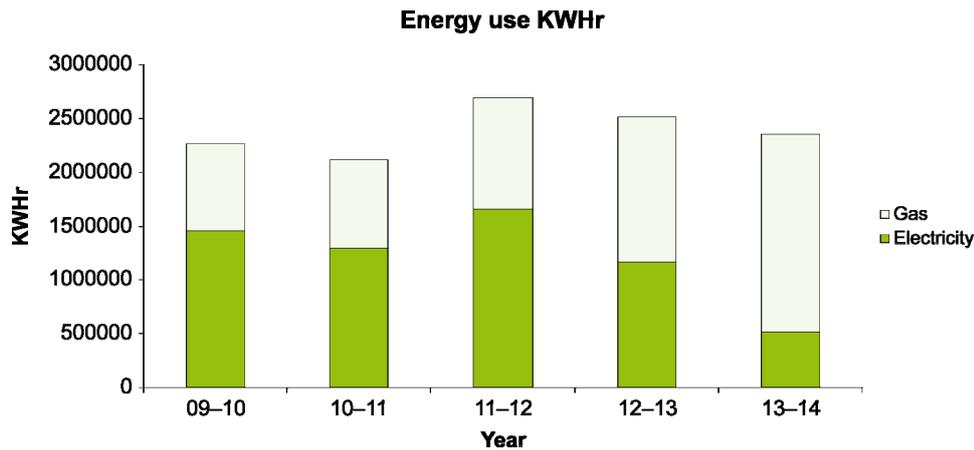
\* revised upwards from previous year after updated meter readings

## Description of terms, scope and data quality

The data is taken directly from the building meters and is split according to floor area used. No figures have been obtained for Petty France due to the small occupancy. Expenditure is based on kWh times the unit cost, as the OPG is not directly billed for any utilities.

## Performance commentary

It is difficult to estimate the true fall in carbon dioxide equivalent emissions in this financial year as Axis installed meters on OPG's floors in April 2013, rather than splitting based on occupancy as in previous years. This change has resulted in an apparent 70% reduction in electricity usage, which is not realistic. The drop is purely down to differing usages of the building which operates 24 hours for a number of floors and so did not give a true reflection of the OPG's usage.



Managing water use		2010/11	2011/12	2012/13	2013/14
Non-financial indicators	Water consumption (m <sup>3</sup> )	4,384	4,467	1,811	1,584
Financial indicators (£)	Invoiced water supply costs	N/A	8,000	2,752	2,430

### Targets

From 1 April 2011 GGC targets require us to reduce water consumption from a 2009/10 baseline and report on office water use against best practice benchmarks.

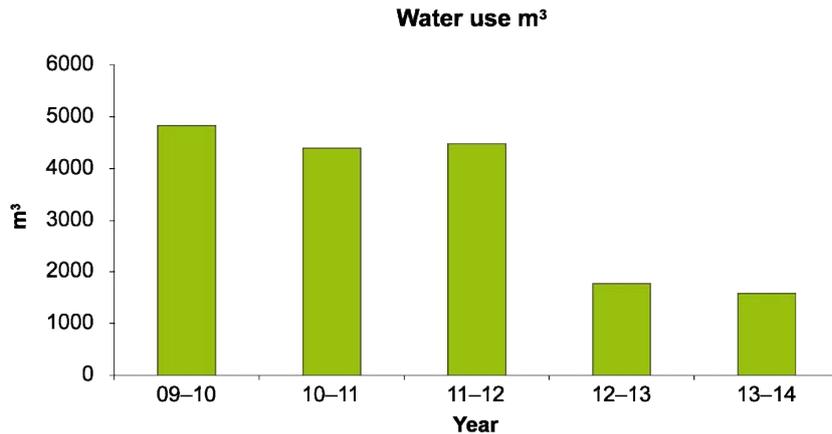
- a.  $\geq 6\text{m}^3$  water consumption per Full Time Equivalent (FTE) = poor practice
- b.  $4\text{m}^3$  to  $6\text{m}^3$  per FTE = good practice
- c.  $\leq 4\text{m}^3$  per FTE = best practice
- d. % offices meeting best/good/poor practice benchmark.

### Description of terms, scope and data quality

Water use is almost exclusively from washrooms and drinking. The figures are from building meters split by floor space occupied.

### Performance commentary

Water use has fallen over the year to  $2.1\text{m}^3$  per FTE. This falls within best practice targets.

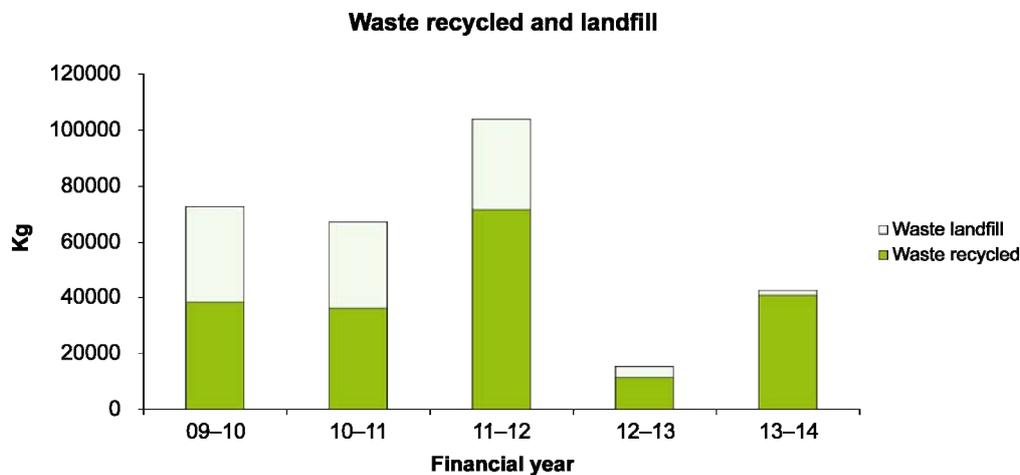


### Waste

Figures for waste collection are still incomplete and of poor quality, but they are much more complete than in previous years. Both Birmingham offices recycled 90% of all waste generated, either via the confidential paper service or using the contracted waste supplier's 'Zero to Landfill' service.

Nottingham OPG has no dedicated recycling service for general waste and only confidential paper is fully recycled. However, even here 80% of all waste was recycled.

The apparent near tripling of waste generated this year compared to last year is an artefact of the poor quality data in financial year 2012/13. The overall trend (barring 2011/12 when Archway Tower was decommissioned) is downwards for all waste streams and a massive increase in the recycling percentage from 50% to 95%).



### Summary

This financial year has seen the OPG's business growth meet projections while keeping consumption of utilities and paper almost steady. Improvements in data collection, especially around waste figures were made, which will improve comparisons in future years.

During this year travel by OPG staff has increased by 20%, due to increased staffing, greater cross-site working and an increase in visits.

### Forward plans

To mitigate the effects of the increasing business of OPG and its desire to achieve digital by default status, even greater emphasis will be placed on the use of ICT to deliver our business, reduce unnecessary travel between sites, improve waste and recycling facilities across both remaining Midlands' sites and employing 'flexible workspace' models to improve the occupancy ratios of the buildings, resulting in more efficient utilisation of heating and lighting.

The 'Green Champions' network will be expanded and have a greater role in expounding the virtues of recycling, virtual meetings and engaging with staff in reducing the OPG's resource consumption – e.g. eliminating wasteful print processes. The Continuous Improvement Team will also be mindful of reducing OPG's environmental impact when revising processes.

# Remuneration Report

## Remuneration policy

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

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

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

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

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

## Salary

'Salary' includes:

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

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

## Benefits in kind

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

## Service contracts

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

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

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

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

### **Salary and pension entitlements**

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

## Remuneration

Members	2013/14					2012/13				
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000
Alan Eccles Chief Executive and Public Guardian (From 16/04/12)	110–115	-	-	28	140–145	105–110 (110–115 full year equivalent)	-	-	10	115–120
Martin John Chief Executive and Public Guardian (Until 13/04/12)	-	-	-	-	-	0–5 (75–80 full year equivalent)	-	-	-	0–5
Stephen Taylor Head of Corporate Services (Until 16/04/12)	-	-	-	-	-	0–5 (65–70 full year equivalent)	-	-	-	0–5
Karen Morley Head of Corporate Services (From 17/09/12)	55–60	-	-	34	90–95	30–35 (55– 60 full year equivalent)	-	-	18	50–55
Angela Johnson Head of Practice and Compliance	55–60	0–5	-	13	70–75	55–60	0–5	-	25	80–85
Jo Weaver Head of Operations (Until 11/05/12)	-	-	-	-	-	5–10 (50– 55 full year equivalent)	0–5	-	-	5–10
Iain Dougall Head of Operations (From 12/11/12)	65–70	-	-	20	85–90	25–30 (65– 70 full year equivalent)	-	-	-	25–30

Members	2013/14					2012/13				
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000
Steve Wade Head of Strategy and Business Development (Until 13/09/13)	20-25 (50-55 full year equivalent)	0-5 (0-5 full year equivalent)	-	4	25-30	55-60	0-5	-	-	55-60
Jonathan Sedgwick, MoJ Director CPG Transforming Justice	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
John Hall, MoJ Deputy Director, Civil Justice and Legal Services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sarah Wood	5-10	-	-	-	5-10	5-10	-	-	-	5-10
Prof Anthony Schapira (From 01/10/12)	5-10	-	-	-	5-10	0-5 (5-10 full year equivalent)	-	-	-	0-5
Janet Grossman (From 01//10/12)	5-10	-	-	-	5-10	0-5 (5-10 full year equivalent)	-	-	-	0-5
Deep Sagar (Until 21/01/13)	-	-	-	-	-	0-5 (0-5 full year equivalent)	-	-	-	0-5
Rosie Varley (Until 20/06/12)	-	-	-	-	-	0-5 (10-15 full year equivalent)	-	-	-	0-5

Members	2013/14					2012/13				
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Pension benefits £000	Total £000
Maurice Rumbold (Until 20/06/12)	-	-	-	-	-	0-5 (5-10 full year equivalent)	-	-	-	0-5
Lionel Joyce (Until 20/06/12)	-	-	-	-	-	0-5 (5-10 full year equivalent)	-	-	-	0-5
Suzanne McCarthy (Until 20/06/12)	-	-	-	-	-	0-5 (0-5 full year equivalent)	-	-	-	0-5
Sue Whittaker (Until 20/06/12)	-	-	-	-	-	0-5 (0-5 full year equivalent)	-	-	-	0-5
<b>Band of Highest Paid Director Total Remuneration (£000)</b>	110-115					110-115				
<b>OPG Median Total Remuneration (£)</b>	20,286					19,775				
<b>Ratio</b>	5.6					5.7				

Jonathan Sedgwick was, and John Hall is, the designated MoJ representative on the board. As such their salaries are not in respect of any significant OPG role and are not subject to disclosure.

Helen Journeaux provided interim representation for the Head of Strategy and Business Development from 01/09/13 until a permanent appointment was made in April 2014 and is therefore not subject to disclosure.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded total remuneration of the highest paid director of the OPG in 2013/14 was £110–115k (2012/13; £110–115k). This was 5.6 times (2012/13; 5.7 times) the median remuneration of the workforce, which was £20,286 (2012/13: £19,775)

In 2013/14, no employee (2012/13: 0) received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. (Figures for the whole organisation in respect of severance payments are disclosed at note 3.4.) It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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

### Pension benefits

Members	Accrued pension at age 60 as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Alan Eccles Chief Executive and Public Guardian (From 16/04/12)	60–65 plus lump sum of 0–5	0–2.5 plus lump sum of 0–2.5	1,065	978	22	-
Karen Morley Head of Corporate Services (From 17/09/12)	30–35 plus lump sum of 95–100	0–2.5 plus lump sum of 2.5–5	527	475	22	-
Angela Johnson Head of Practice and Compliance	20–25 plus lump sum of 0–5	0–2.5 plus lump sum of 0–2.5	432	394	11	-
Iain Dougall Head of Operations (From 12/11/12)	10–15 plus lump sum of 0–5	0–2.5 plus lump sum of 0–2.5	172	145	13	-

Members	Accrued pension at age 60 as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Steve Wade Head of Strategy and Business Development (Until 13/09/13)	5–10 plus lump sum of 20–25	0–2.5 plus lump sum of 0–2.5	105	99	4	-

There is no pension arrangement made for the non-executive directors. The information shown in the table of pension benefits is subject to audit.

### Civil Service pensions

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

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and between 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, the benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially-assessed capitalised value of the pension scheme benefits accrued by the 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 payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when a member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred into the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance tax which may be due when pension benefits are taken.

### Real increase in CETV

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



**Alan Eccles**  
Chief Executive and Accounting Officer  
03 July 2014

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

In preparing the accounts, the Accounting Officer is required to comply with the *2013/14 Government Financial Reporting Manual* (FReM) issued by HM Treasury that follows International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector, and in particular to:

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

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

# Governance Statement

This Statement sets out the basis on which the Office of the Public Guardian (OPG) has been established; the way in which it is governed and managed; and how it is accountable for what it does and its risk and control framework.

## Governance Framework

In so far as it is relevant and proportionate, the OPG is compliant with HM Treasury's *Corporate Governance in Central Government: Code of Good Practice 2011* as it relates to an executive agency of the Ministry of Justice (MoJ). Whilst the focus of the code is on ministerial departments, where applicable the OPG applies its principles that it considers are commensurate with its size, status and legal framework.

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

The Permanent Secretary for the MoJ is the Department's Principal Accounting Officer and is the principal adviser to the Secretary of State on matters affecting the MoJ as a whole, including allocation of resources to the OPG, expenditure and finance.

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

The OPG Framework Document laid before Parliament on 16<sup>th</sup> January 2014, set out the financial and organisational framework within which the OPG operates as an executive agency of the MoJ and the responsibilities of those involved.

An overview of the Governance Framework for 2013/2014 is shown at Figure 1 and the Governance Assurance Structure appears at Figure 2.

**Figure 1 OPG Governance Framework**



Figure 2 OPG Assurance Structure



### The Chief Executive

The Chief Executive and Accounting Officer is responsible for the leadership and management of the OPG. He is directly accountable to the Permanent Secretary who is in turn accountable to the Lord Chancellor and Secretary of State for Justice for the effective operation of the OPG.

He is also responsible for the proper and economical use of resources and expenditure of money voted by Parliament and for making sure that correct procedures are followed for securing the propriety and regularity of public funds.

The OPG governance structure consists of an OPG Board that met twelve times throughout the year supported by three sub-committees/meetings:

- Executive Management Team,
- Transformation Programme Committee,
- Audit and Risk Committee.

### OPG Board

The Board exists to protect and enhance the reputation of the OPG. It does so by steering and overseeing the direction of the OPG. Providing strategic leadership on the broad direction for the OPG, the Board will be proactive in supporting the delivery of the aims and objectives agreed within the OPG Business Plan.

The OPG Board operates within the MoJ/OPG Framework Document agreed with the Minister and laid before Parliament. Its members take decisions collectively and not as representatives of the business areas which they may lead.

The members of the OPG Board during the period were:

- **Alan Eccles** – Chief Executive and Public Guardian
- **Karen Morley** – Head of Corporate Services
- **Iain Dougall** – Head of Operations
- **Angela Johnson** – Head of Practice & Compliance
- **Steve Wade** – Head of Strategy and Business Development (until 01/09/13) replaced by **Helen Journeaux** – Interim Head of Strategy and Business Development (wef 01/09/13)

- **Jonathan Sedgwick** – Director of MoJ Corporate Performance Group, Transforming Justice (wef 01/09/13)
- **John Hall** – Deputy Director, MoJ Civil Justice and Legal Services (wef 01/02/14)
- **Sarah Wood** – Non-Executive Director & Chair of the Audit & Risk Committee
- **Janet Grossman** – Non-Executive Director
- **Professor Anthony Schapira** – Non-Executive Director

#### **Key Successes:**

- During the 2013/2014 Business year the Board has moved on substantially from its first full meeting in October 2012.
- A new framework document was agreed and laid in parliament on 16<sup>th</sup> January 2014.
- Oversaw the production of the Annual Report & Accounts of the Agency, which were published in July 2013.
- At each of its meetings the Board review finance and performance. The Board approved fee changes for LPA application which came into effect on 1<sup>st</sup> October 2013.
- The Board has regularly reviewed the transformation programme – reviewing the investment plans, notably approving the launch of the LPA online tool in July 2013, approving the procurement of new back office IT systems, and signing off the minimum viable product definition for stage 1 of the back office software development.
- Oversaw the development and implementation of the Supervision Review of Deputies which began in October 2013 and is due for completion in April 2014.
- Approving OPG Estates Strategy leading to the consolidation and extension of accommodation in Birmingham.
- The Board received presentations in respect of key areas of the business, including Operations, Supervision, Compliance and Investigations, Safeguarding, Communications and Continuous Improvement.
- The Board has regularly reviewed the management of risk and the assurance framework within the Agency.
- The Board held a successful away day where it considered the target operating model for October 2014, 2018 and 2021. It also not only agreed the business objectives for 2014/15, but commenced the construction of a 3 year plan.

No Board members had any other directorship or significant interest that conflicted with their responsibilities as a member of the Board.

#### **Statement of Effectiveness of the OPG Board:**

In September 2013 the Chair, Alan Eccles commissioned a review on the Board's effectiveness, which was undertaken by non-executive Board member Janet Grossman.

The review covered four areas: the operation of the Board, the work of the Board, support and organisation and progress and impact. The conclusion of this review was that the Board was operating effectively. It found that Board meetings worked well, with all members contributing and there being appropriate challenge. The Board was found to have the right mix of skills covering all aspects of the business. The vision and strategic direction of the agency was well defined. There is a solid understanding by the Board of the performance of the agency, resource allocation, risk and mitigation activity.

Areas highlighted for improvement included more clarity of the remit of the Board and some of the sub-committees. The need to continue to improve the quality and timeliness of papers coming to

the Board. The need to make sure that the Board maintained strategic focus and not to get involved in operational details.

This review has made sure that the Board's governance arrangements operate within the requirements set out in the *UK Corporate Governance Code 2010*.

### Executive Management Team

The Executive Management Team (EMT) meetings focus primarily on the day to day operational delivery of OPG's business, including: finance, performance, risk, workforce change/planning, complaints, HR (sick absence etc), business delivery, leadership and celebrating success.

The members of the EMT during the period were:

- **Alan Eccles** – Chief Executive and Public Guardian
- **Karen Morley** – Head of Corporate Services
- **Iain Dougall** – Head of Operations
- **Angela Johnson** – Head of Practice & Compliance
- **Steve Wade** – Head of Strategy and Business Development (until 01/09/13) replaced by **Helen Journeaux** – Interim Head of Strategy and Business Development (wef 01/09/13)
- **Steve Rider** – Head of the Chief Executive's Office

### Key Successes:

- The EMT has continued to use and develop its finance and performance hub. This tool has been used to manage the continued growth in workload through out the year.
- Risk management processes have been developed, setting aside dedicated time to review and challenge the management of risk throughout the business.
- A human resources dashboard has been developed by the HR business partner assigned to the OPG which has been used as a catalyst to review and develop work force management plans. There has been a specific focus on attendance management and recruitment.
- Innovative customer insight work has been undertaken including deputy surveys, the experience of the person subject to a deputyship order, insight into the obstacles to people taking out an LPA.
- Complaints have been formally reviewed to make sure that lessons learnt are being fed back into the organisation.
- The EMT has prioritised managing the impact of change on the organisation – notably the supervision review pathfinder, the delivery of end to end case working in LPA processing, the launch of the online LPA tool and partnership working with the developers of the new IT systems.
- The EMT has managed the delivery of the objectives set out in the Business Plan.
- Members of the EMT have represented the organisation at numerous external events and those hosted by the OPG during the year.

### Transformation Programme Committee

The purpose of the Transformation Programme Committee (TPC) (formerly the Transformation Board, renamed on 01/02/14) is to bring together the key stakeholders from across the OPG, MoJ Law and Access to Justice Group, MoJ ICT and, partners in delivery, MoJ Digital Services and Government Digital Services, to make sure the programme runs effectively, in particular through providing the primary forum for the relationship between our stakeholders and Transformation colleagues. The Primary purpose of the TPC is to make sure that the programme delivers to time, cost and quality and that the scope of the programme is maintained or altered

through the agreed route. The committee has been handed delegated authority by the OPG Board to make decisions on its behalf.

The members of the TPC during the period were:

- **Alan Eccles** – Chief Executive and Public Guardian
- **Karen Morley** – Head of Corporate Services
- **Ian Dougall** – Head of Operations
- **Angela Johnson** – Head of Practice and Compliance
- **Steve Wade** – Head of Strategy and Business Development replaced by **Helen Journeaux** – Interim Head of Strategy and Business Development (wef 01/09/2013)
- **Francoise Balfe** – Interim Head of Communications (joined 01/08/2013) replaced by **Suzi Carberry** – Head of Communications (joined 01/01/2014)
- **Helen Journeaux** – OPG Programme Manager replaced by **Austin Bowers** Interim OPG Programme Manager (joined 01/10/2013)
- **Kit Collingwood–Richardson** – OPG Interim Head of Digital (joined 01/08/2013)
- **Steve Turnbull** – MoJ ICT Lead
- **Simon Mee** – Internal Audit (joined 01/08/2013)
- **Jayne Bowman** – Justice Policy Group replaced by **Liz Eaton** (joined 01/08/2013)
- **Mark O’Neil** – Deputy Director, Cabinet Office Transformation, Government Digital Services (joined 01/05/2013)
- **Chris Mitchell** – Delivery Manager, Government Digital Services
- **Roger Oldham** – Deputy Director, MoJ Digital Services (or represented by **Neil Craig**) replaced by **Paul Shetler** (joined 01/02/2014)
- **Janet Grossman** – Non-Executive Director

#### Key Successes:

- Monitored progress and challenged individual workstream plans along with development of a programme milestone plan to provide assurance to the OPG Board and Transforming Justice Committee on delivery.
- Continued monitoring of programme spends against the approved business case to make sure value for money and that expenditure remains within agreed limits.
- Held informed discussions and reached consensus on programme timetables making sure the programme worked towards a consistent end goal along with mapping interdependencies and making sure risks were managed.
- Agreement on the scope of a minimum viable product for IT products.
- Successful procurement of the new case management system, document and data capture system along with hosting provider for the LPA Digital Tool.

#### Audit & Risk Committee

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

The members of the ARC during the period were:

- **Sarah Wood** – Chair & Non-Executive Director
- **Kate Ivers** – Independent member
- **Professor Anthony Schapira** – Non-Executive Director

The ARC met quarterly in 2013/14, which included monitoring the production of the Annual Report and Accounts for 2012/13. It has continuously discussed the system of internal control,

stressed its importance and made sure that issues arising are followed through and appropriate action taken.

The ARC received and reviewed reports from MoJ Internal Audit and Assurance and, as appropriate, the National Audit Office (NAO).

The ARC's terms of reference and membership are in accordance with the HM Treasury publication *'The Audit Committee Handbook'*.

The Chair of the ARC presents an Annual Report to the Accounting Officer and Chief Executive together with an assessment of the ARC's effectiveness. This report is also provided to MoJ Audit and Risk Committee.

### Key Successes:

- The ARC fulfilled its remit according to its terms of reference. The four ARC agendas covered all areas of their remit and agenda items were supported by papers that generated discussion, comment and challenge by the committee members.
- The substantial improvement in the appropriateness, effectiveness and ownership of the systems of identifying, evaluating, monitoring reporting and managing of key risks is due to a number of factors but the persistence of questioning and challenge by committee members has acted as a constant driver for the improvement.
- The continuous improvement in the Accounts and Annual Report has been achieved by the staff involved but the support of the committee in prioritising this improvement and challenging the executive to provide the appropriate level of resources has been a contributing factor.
- Good relations continue with both External and Internal Audit. The focus by the committee members on the performance of Internal Audit in particular has resulted in a substantially improved service to the OPG, with a programme of internal audits and timely production of reports from both Internal Audit and the National Audit Office.
- The willingness and ability of the committee to challenge the previous poor performance of the OPG and seek remedial action was supportive of the aims of the Chief Executive and the Head of Corporate Services in their desire for an improved service in 2013/14.
- The ARC recognised the improvements in the information assurance structure, data handling, records management and reporting structure.

### Board, Executive and Committee Attendance Records:

	OPG Board	Executive Management Team	Transformation Programme Committee	Audit and Risk Committee
Alan Eccles	11/12	12/12	11/12	
Karen Morley	10/12	9/12	10/12	
Iain Dougall	10/12	10/12	9/12	
Angela Johnson	10/12	10/12	12/12	
Steve Wade	6/6	5/6	5/6	
Helen Journeaux	5/6	6/8	12/12	
Jonathan Sedgwick	3/6			
John Hall	2/2			
Sarah Wood	12/12			4/4

	OPG Board	Executive Management Team	Transformation Programme Committee	Audit and Risk Committee
Janet Grossman	9/12			
Professor Anthony Schapira	12/12			2/2
Steve Rider		12/12		
Francoise Balfe			6/8	
Austin Bowers			6/6	
Suzi Carberry			3/3	
Kit Collingwood-Richardson			6/8	
Steve Turnbull			11/12	
Simon Mee			8/8	
Jayne Bowman			5/5	
Liz Eaton			6/8	
Mark O'Neil			8/11	
Chris Mitchell			8/12	
Neil Craig			4/12	
Paul Shetler			2/2	
Janet Grossman			8/12	
Kate Ivers				3/4

### Terms of Reference

Bill Griffiths, non-executive chair of the MoJ ARC and non –executive member of MoJ Board was commissioned by Ursula Brennan, Permanent Secretary and Principle Accounting Officer, to conduct a quality assurance and governance review of MoJ. The areas of concern related to governance, decision making, ownership and accountability.

In light of this review the OPG reviewed its terms of references (ToR) in line with the 'Financial Reporting Council Guidance on Board Effectiveness-March 2011' and 'Good Governance Standard for Public Services' to make sure its governance arrangements had been reflected within the refreshed ToR. The new ToR make sure that consistency and clarity of governance is being applied across the business, there are clear lines of decision making and strengthen the ownership and accountability of the OPG's overall governance framework.

### Internal Audit

The Accounting Officer and Chief Executive has established and maintained arrangements for the provision of internal audit services from MoJ within the OPG in accordance with the objectives and standards for internal audit set out in the Public Sector Internal Audit Standards (published by HM Treasury).

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

With regards to the internal audit of the OPG's governance, risk management and internal controls:

- Internal Audit assessed the level of assurance as 'reasonable'. Internal audit work identified moderate and significant rated findings that were isolated to specific systems and processes that, when taken in aggregate, were not considered to be pervasive to the system of internal control as a whole.

### Risk Framework

The OPG maintains a risk management framework in accordance with the guidance in the Treasury's Managing Public Money and Management of Risk – Principles and Concepts and other official guidance that may be issued from time to time, and consistent with the Department's Risk Management Policy, escalating risks as necessary. Risk management is used across the OPG as an enabling tool to encourage innovation and efficiency.

The OPG's risk appetite is that it considers itself:

- forward-facing and innovative organisation, more willing to take and manage risk in the areas of:
  - delivering improved service to clients;
  - modernising and transforming the OPG to benefit the customer;
  - increasing awareness of its services to provide a positive image and reputational effect; and
  - striking a balance between empowering and safeguarding when encouraging clients to make decisions for themselves.
- A risk averse organisation, less willing to take and manage risk in the areas of:
  - exercising effectively the Public Guardian's statutory functions and powers;
  - when providing a risk-based supervision regime for deputies and making sure that safeguards are applied for vulnerable adults in identifying, preventing and stopping abuse where possible; and
  - in its internal governance and management control systems.

The OPG's Risk Register highlights the main risks which may hinder the OPG achieving its business objectives and successfully executing its strategies. This register is in place and is updated and maintained monthly along with departmental risk registers and forms part of a quarterly Audit & Risk Committee agenda.

The OPG risks identified and managed for 2013/14 were:

1. The Transformation Programme does not deliver to the expected quality within the required timescales, negatively affecting the benefits plan.
2. Transformation does not deliver a fit for purpose application to replace MERIS/CASREC and/or in a timely manner to enable implementation in 2014.
3. OPG's legacy IT systems fail and the business is unable to seamlessly deliver its services.
4. OPG does not have the right number of people with the right skills in the right places at the right times.
5. Volume and pace of change: pressures of change overload impose unmanageable demands on staff and their ability to deliver the OPG's business objectives.
6. Over recovery of OPG costs.
7. Failure to take appropriate and timely action on a safeguarding issue.

Management of these risks throughout the year:

1. OPG has continued to monitor and challenge the timetable for delivery and agreed a re-profiled timetable at the Transformation Programme Committee. To make sure quality a specification for a minimum viable product, which has been accepted by the business and agreed by the committee, has been developed for each IT product. A significant amount of work has been put into developing a benefits realisation plan for each element of the programme.
2. OPG has made sure all managers and staff are engaged with transformation and with the programme to advise, assess and improve the integration of the transformation programme in to business areas. Throughout the year staff have been engaged to continually test the new core solution (SIRIUS) to gain feedback in order for the system to be user friendly and fit for purpose.
3. Both MERIS and CASREC have remained relatively stable throughout the year, with effective contingency plans and service level agreements in place for any downtime that arises. SIRIUS is to be introduced in 2014 to replace both systems, with a period of dual running during implementation.
4. OPG has a learning and development strategy; it links learning and development activities with business needs and values in order to establish priorities and planned activities within agreed resources, including 'Building Capability for All' as set out in the new Civil Service Competency Framework. Additionally, it outlines activities for meeting the learning and development needs that support major change activities and programmes such as continuous improvement and transformation.
5. OPG has introduced a new area of work to co-ordinate the management of training and cultural shift to make sure it is joined up across the organisation. The timetable for delivery has been re-profiled to align better for delivery into the business. Some additional mechanisms have been put in place to understand this risk for the next financial year and to provide ongoing assurance.
6. A risk was recorded that full cost recovery would be over achieved due to income forecasts exceeding expenditure forecasts. Steps taken to reduce the risk included: in June 2013 the executive agreed further investment plans to support business change and in October 2013 a Statutory Instrument to reduce power of attorney fees from £130.00 to £110.00 was implemented. In December 2013 this risk was identified as an issue due to the certainty that full cost recovery would be exceeded.
7. Steady progress has been made during this business year to implement controls to reduce the likelihood of failing to action a safeguarding issue. Key progress has been:
  - The re-organisation of supervision into deputy-specific teams who practice end to end rather than functional casework.
  - The third and final tranche adopted this way of working on 31/03/14. The establishment of a recovery and resolution team to reduce the number of outstanding non compliance reports.
  - Investment in additional resources and comprehensive external training for the safeguarding and compliance teams.
  - Continuous improvement input into safeguarding and investigation processes.
  - Close monitoring of all older cases, including weekly updates to the Head of Practice and Compliance, monthly updates to the Public Guardian, and regular case conferences with the Public Guardian and legal advisers on the oldest cases under investigation.
  - A system of capturing and disseminating "lessons learnt" from investigations and court applications.

### Control framework

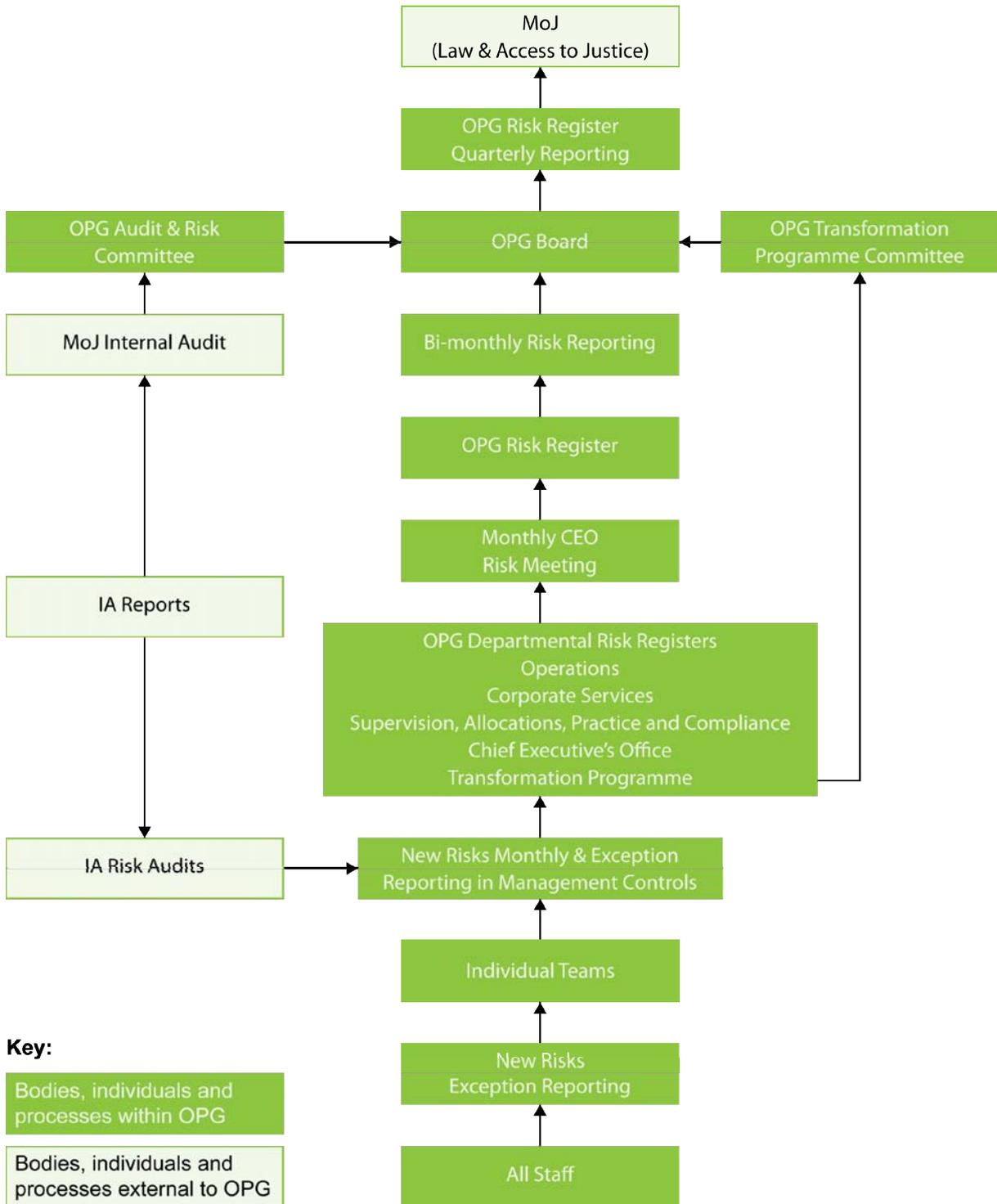
OPG's system of internal control is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

An overview of the Risk Management Process and Reporting for 2013/2014 appears at Figure 3.

**Figure 3 Risk Management Process and Reporting Framework**



The OPG received no ministerial directions during 2013/14.

### Anti-fraud

The OPG has a fraud response plan that is underpinned by the MoJ Anti-Fraud and Corruption Policy. The OPG has an Accredited Counter Fraud Specialist (ACFS) who is a member of the Institute of Counter Fraud Specialists, MoJ Counter Fraud Co-ordination Group and is able to draw on best practise across the Department if necessary.

A number of fraud risk assessments have been completed in the business, which have assisted the teams to introduce necessary controls to mitigate each risk to a tolerable level.

Fraud awareness sessions have been provided to 78% of OPG staff. These will continue, via a rolling programme, to be completed with all new and existing staff to make sure they are fully aware of their responsibilities in reporting any incidents of fraud.

There have been no reported incidents of external fraud against the OPG during this financial year. There have been a number of reported scams, each of which has been reported to Action Fraud.

### Business Continuity

The OPG Governance & Assurance Team has two fully trained and accredited members of the Business Continuity Institute, who are building on the OPG's capability to manage the risk of disruption; make sure effective response to incidents; maintain the continued operation and recovery of the OPG business via Incident Management & Business Continuity Plans.

Desktop exercises took place with three areas of the business, which resulted in staff being aware of their specific responsibilities in the event of an incident. Further desktop exercises are planned in the next financial year, including one for the Executive Management Team in April 2014.

There have been no major incidents in 2013/2014 that have negatively affected the business. We have suffered short periods of downtime with IT and telephony, which were effectively responded to and business was recovered in an acceptable period of time.

### Information Security & Assurance

An OPG-appointed Information Assurance Executive Lead (IAEL) performs the role of Senior Information Risk Owner (SIRO) supported by a designated Head of Information Security, Assurance & Records Management. The OPG's approach is consistent with Government policy comprising an Information Security Process, Asset Register, Information Risk Appetite Statement and associated information risks which are built into the Corporate Risk Register.

Our post-incident response process (introduced in Autumn 2012) is designed to capture and respond to any instances of information loss. The process is monitored and reviewed regularly following recommendations received by the OPG from the Information Commissioners Office (ICO) in late 2013.

Controls include:

- a management control system with controls specifically covering security of information procedures and responsibilities;

- all staff during the year receive mandatory training in the security of information with additional remedial training where required;
- dedicated intranet pages available to all staff, providing bespoke advice and guidance on a range of Information Assurance and Security considerations, including additional guidance on how to apply protective markings and new information handling ‘roles and responsibilities’ guidance accessible to all staff;
- managers with specific security of information responsibilities attaining a Certificate in Information Security Management Principles (CISMP);
- information risk and Privacy Impact Assessments completed in respect of all our key IT systems with a new designated Data Migration & Assurance Manager appointed to oversee such in relation to the OPG’s ongoing IT Transformation; and
- a clear desk policy.

#### Information (loss/compromise) incidents:

504 incidents of information loss and/or misdirection were recorded within the reporting year, slightly higher than last year. The year end report on these incidents identified the vast majority (464) occurring within Operations – Applications & Processing. However, incident volumes remain very low equating to less than 0.2% of total (Power of Attorney) work volumes over the reporting year.

Senior managers continue to receive monthly updates on incidents to challenge the effectiveness of process controls, Quarterly reports are tabled to Business Area Executives (the primary Information Asset Owners) to make sure relevant areas/individuals remain aware of and accountable for the information they manage and handle.

Work continues to reduce incident volumes through planned enhancements to the Information Breach Reporting Process and internal monitoring. This will include:

- a review of harm/impact levels attributed to each information loss type following implementation of the new Government Security Classifications in April 2014
- a more user friendly reporting form, with fewer completion fields for low impact/harm incidents
- extension of the successful ‘Nottingham information security working group’ to OPG’s Axis building to reinforce staff awareness of good information handling. This will include the introduction of ‘clear desk’ compliance monitoring.

#### Accounting Officer

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, including the risk management framework. My review is informed by the work of the internal auditors and the executive managers within the OPG who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. In their annual report, our internal auditors have given an overall assurance that the OPG has a ‘reasonable’ level of assurance. I have been advised on the implications of the result of my review by the OPG Board and the Audit & Risk Committee. I am satisfied that a plan to address weaknesses in the system of internal control and make sure continuous improvement of the system is in place. I am also satisfied that all material risks have been identified, and that those risks are being properly managed.

### Disclosure of relevant audit information

As Accounting Officer I confirm that:

- There is no relevant audit information of which the auditors to the Office of the Public Guardian are unaware;
- I have taken all the steps I ought to make sure that the said auditors are aware of the relevant audit information; and
- I have taken all the steps I ought to establish that the said auditors are aware of such information.



**Alan Eccles**

Chief Executive and Accounting Officer

03 July 2014

# The Certificate and Report of the Comptroller and Auditor General to the House of Parliament

I certify that I have audited the financial statements of the Office of the Public Guardian for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Office of the Public Guardian's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Public Guardian; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### Opinion on regularity

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

### Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office of the Public Guardian's affairs as at 31 March 2014 and of the net operating surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Foreword and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**7 July 2014**

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial Statements

Statement of Comprehensive Net Expenditure	Note	2013/14	2012/13
		£000	£000
Programme costs			
Staff costs	3	19,930	17,510
Expenditure	4/5	11,965	10,408
Income	2	(42,626)	(37,203)
Net Operating (surplus)		(10,731)	(9,285)

Other Comprehensive Net Expenditure	Note	2013/14	2012/13
		£000	£000
Net loss (gain) on revaluation of Property, Plant and Equipment	8	15	(28)
Net loss (gain) on revaluation of Intangibles	8a	22	(2)
Total Comprehensive Net Expenditure for the year ended 31 March 2014		(10,694)	(9,315)

The notes on pages 57 to 73 form part of these accounts.

Statement of Financial Position as at 31 March 2014	Note	31 March 2014		31 March 2013	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	8		1,292		1,436
Intangible assets	8a		4,446		1,473
<b>Total non-current assets</b>			<b>5,738</b>		<b>2,909</b>
<b>Current assets</b>					
Trade and other receivables	9	24,002		23,334	
Cash and cash equivalents	10	2,911		2,289	
<b>Total current assets</b>			<b>26,913</b>		<b>25,623</b>
<b>Total assets</b>			<b>32,651</b>		<b>28,532</b>
<b>Current liabilities</b>					
Trade and other payables	11	(3,207)		(1,618)	
Provisions	12	(188)		(315)	
<b>Total current liabilities</b>			<b>(3,395)</b>		<b>(1,933)</b>
<b>Total assets less current liabilities</b>			<b>29,256</b>		<b>26,599</b>
<b>Non-current liabilities</b>					
Provisions	12		(146)		(206)
<b>Total non-current liabilities</b>			<b>(146)</b>		<b>(206)</b>
<b>Total assets less total liabilities</b>			<b>29,110</b>		<b>26,393</b>
<b>Taxpayers' equity</b>					
General fund			28,762		26,008
Revaluation reserve			348		385
<b>Total taxpayers' equity</b>			<b>29,110</b>		<b>26,393</b>

The notes on pages 57 to 73 form part of these accounts.



**Alan Eccles**  
Chief Executive and Accounting Officer  
03 July 2014

OPG – Statement of Cash Flows for the period ended 31 March 2014	Note	2013/14	2012/13
		£000	£000
<b>Cash flows from operating activities</b>			
Surplus for the year		10,731	9,285
Other non-cash charges	5	3,699	4,740
Other non-cash operating costs	4	1,111	1,160
Other non-cash MoJ funding	1.18	-	5,714
		<b>15,541</b>	<b>20,899</b>
(Increase) in trade and other receivables	9	(668)	(18,459)
Increase/(decrease) in trade and other payables	11	741	(678)
Utilisation of provisions settled by OPG	12	(175)	(344)
<b>Net cash inflows from operating activities</b>		<b>15,439</b>	<b>1,418</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(148)	(336)
Purchase of intangible assets		(2,997)	(702)
<b>Net cash outflow from investing activities</b>		<b>(3,145)</b>	<b>(1,038)</b>
<b>Cash flows from financing activities</b>			
		-	-
Cancellation of intra-group balances to reflect permanent surrender of excess assets to MoJ	1.18	(11,672)	(309)
<b>Net financing</b>		<b>(11,672)</b>	<b>(309)</b>
<b>Net increase in cash</b>		<b>622</b>	<b>71</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>10</b>	<b>2,289</b>	<b>2,218</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>10</b>	<b>2,911</b>	<b>2,289</b>

The notes on pages 57 to 73 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2014	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2013</b>		<b>26,008</b>	<b>385</b>
<b>Net gain/(loss) on revaluation of:</b>			
Revaluation of property, plant and equipment		-	(15)
Revaluation of Intangible assets		-	(22)
<b>Non-cash charges</b>			
Auditor's remuneration	5	52	-
Costs settled by MoJ	4	1,111	-
Notional element of Departmental recharge	5	2,532	-
<b>Net surplus for the year (SoCNE)</b>		<b>10,731</b>	<b>-</b>
Cancellation of intra-group balances to reflect permanent surrender of excess assets to MoJ	1.18	(11,672)	-
<b>Balance at 31 March 2014</b>		<b>28,762</b>	<b>348</b>

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2013	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2012</b>		<b>7,583</b>	<b>355</b>
Other non-cash MoJ funding	1.18	5,714	-
<b>Net gain/(loss) on revaluation of:</b>			
Revaluation of property, plant and equipment		-	28
Revaluation of intangible assets		-	2
<b>Non-cash charges</b>			
Auditor's remuneration	5	52	-
Costs settled by MoJ	4	1,160	-
Notional element of Departmental recharge	5	2,523	-
Surrender of cash to MoJ	1.18	(309)	-
<b>Net surplus for the year (SoCNE)</b>		<b>9,285</b>	<b>-</b>
<b>Balance at 31 March 2013</b>		<b>26,008</b>	<b>385</b>

The notes on pages 57 to 73 form part of these accounts.

# Notes to the Accounts

For the period ended 31 March 2014

## 1. Statement of Accounting Policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the 2013/14 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

The OPG has made an assessment of the proposed changes in the *FReM* for 2014/15, and any new accounting standards in issue that are not yet effective, and has determined that there would be no material effect on its current or prior period or a future period.

### 1.2 Going Concern

The Agency is funded by the MoJ, from its Parliamentary Supply and by income derived from fees and charges from external customers (see note 2). In common with other Government agencies, future funding has to be approved by our sponsor department and by Parliament.

Such approval has already been given for 2014/15. These accounts have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

### 1.3 Accounting convention

These accounts have been prepared on an accruals basis, under the historical cost convention modified to account for the revaluation of non-current assets.

### 1.4 Income recognition

#### Operating income

Operating income is income, which relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided on a full-cost basis to external customers, net of fees remitted (see note 1.5) and net of VAT.

The Mental Capacity Act 2005 provides for fees to be charged in relation to proceedings brought in relation to the functions carried out by the Public

Guardian. The levels of charges are contained in two Statutory Instruments, Lasting Powers of Attorney, Enduring Powers of Attorney and Public Guardian Regulations 2007 and The Public Guardian (Fees etc) Regulations 2007.

The fee structure effective for 2013/2014 has been in place since it was altered at 1<sup>st</sup> October 2011 by The Public Guardian (Fees, etc.) (Amendment) Regulations 2011 which amended and updated The Public Guardian (Fees, etc.) Regulations 2007.

### **Public Guardian Supervision and Deputyship fees**

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

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

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

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

## **1.5 Exemption and remission of fees**

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

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

An application for a fee exemption or remission can be made with the initial application form or submitted within six months of application. Income is recognised on receipt of a valid application.

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

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

Exemptions and remissions are recognised as a reduction in income on receipt of valid forms received in year. A provision is recognised based on a detailed assessment of the extent to which Supervision fee exemption and remission have been granted in the year following recognition of the income. This represents the anticipated amount of

exemption and remission that may be received in the following year (note 9). Income is shown net of exemptions and remissions on the Statement of Comprehensive Net Expenditure, and on a more detailed gross basis at note 2.

## 1.6 Employee Benefits

### Employee leave accrual and performance bonuses

An accrual is made for untaken employee leave, flexi leave and performance bonuses.

### Early Departure Costs

OPG is required to pay the additional cost of benefits in respect of employees who retire early, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme has been announced and is binding on OPG.

### 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 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is classified as a finance lease, is recorded as a non-current asset and a debt is recorded to

the lesser 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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. In accordance with the principles of IAS 17 (Leases) and the supplementary guidance specified in SIC 15 (Operating lease incentives) the OPG has spread the value of the rent-free period for occupation of space at The Axis Building over the initial 10 year term.

## 1.8 Non cash charges

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

### MoJ headquarters' support charges

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

### External auditor's remuneration

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

## 1.9 Bad debts

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

## 1.10 Property, plant and equipment

### Recognition

Items of property, plant and equipment, including subsequent expenditure on existing assets, are initially recognised at cost when it is probable that future economic benefits or service potential associated with the asset will flow to OPG and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

### Capitalisation threshold – Individual assets

OPG's capitalisation threshold for individual assets is £1,000 (including VAT).

### Capitalisation threshold – Grouped assets

Where a significant purchase of individual assets which are individually beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. Grouped assets typically comprise:

- An integrated system of diverse equipment designed to deliver a specific solution, for example, an IT equipment refresh project;
- A materially significant acquisition of furniture or IT at a single site; or
- IT and furniture refresh programmes, where the planned spend exceeds the capitalisation threshold.

### Valuation method

For other property assets in continuing use, fair value is interpreted as market value for existing use. This is defined as 'market value on the assumption that property is sold as part of the continuing enterprise in occupation'. The 'value in use' of a non-cash-generating asset is the present value of the asset's remaining service potential, which can be assumed

to be at least equal to the cost of replacing that service potential.

Non-property assets are included at cost upon purchase and are restated at each reporting date using appropriate indices (Business Monitor MM22) produced by the Office for National Statistics.

### Revaluation

When an asset's carrying value increases as a result of a revaluation, any revaluation surplus is credited to the Statement of Other Comprehensive Net Expenditure and accumulated directly in Taxpayer's equity under the heading of Revaluation reserve. An exception is any gain on revaluation that reverses a revaluation decrease on the same asset previously recognised as an expense. Such gains are first credited within net operating cost in the Statement of Comprehensive Net Expenditure to the extent the gain reverses a loss previously recognised within net operating cost in the Statement of Comprehensive Net Expenditure.

A revaluation decrease is charged against the Revaluation Reserve to the extent that it does not exceed the amount held in the Revaluation Reserve in respect of the same asset. Any residual decrease is then recognised within net operating cost in the Statement of Comprehensive Net Expenditure.

Each year the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the General Fund.

### Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of the assets, less estimated residual value evenly over their estimated useful lives or for leased assets, over the

life of the lease or the period implicit in the repayment schedule. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to make sure the budgeting implications have been properly considered. Where a change in asset life is agreed, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation commences in the month following the acquisition of a non-current asset.

If an item of property, plant and equipment comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life.

Estimated useful asset lives are within the following ranges:

- Leasehold improvements: Remaining lease period
- Furniture & fittings: 10 years
- Plant & equipment: 5 to 7 years
- Information technology: 3 to 7 years

#### **Assets under construction**

Assets under construction are valued at historical cost within Property, plant and equipment and Intangible assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

#### **Disposal of non-current assets**

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Net Expenditure. When revalued assets are

sold, the amounts included in the Revaluation Reserve are transferred to the General Fund.

### **1.11 Intangible assets**

Intangible assets comprise of internally developed software for internal use (including such assets under construction) and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by OPG are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- OPG intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future service potential;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. The costs of external consultants engaged on projects are capitalised where appropriate. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Purchased software licences are recognised when it is probable that future service potential will flow to OPG and the cost of the licences can be measured reliably. Such licences are initially measured at cost.

Subsequent to initial recognition, intangible assets are included in the accounts at fair value. As no active market exists for OPG's intangible assets, fair value is assessed as replacement cost less any impairment losses (i.e. depreciated replacement cost).

Intangible assets are amortised using the straight-line method over their expected useful life. The useful lives of internally developed software range from 5 to 7 years. Purchased software licences are amortised over the licence period.

### 1.12 Capitalisation thresholds

OPG's capitalisation threshold for software projects is £1,000 (including VAT).

### 1.13 Impairment

An impairment reflects a permanent diminution in the value of an asset as a result of a consumption of economic benefits or service potential. At 31<sup>st</sup> March, each year, OPG assesses all non-current assets for indications of impairment. The assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use'. For the purposes of the public sector, the FReM defines the 'value in use' of a non-cash-generating asset as the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Any impairment loss is recognised in the Statement of Comprehensive Net Expenditure. If the impaired asset had previously been revalued, any balance on

the revaluation reserve (up to the level of the impairment loss) is transferred to the General Fund.

At 31<sup>st</sup> March, each year, OPG assess whether there is any indication that any impairment loss recognised in a previous period either no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets in question are reassessed. The reversal of an impairment loss is then recognised, in the Statement of Comprehensive Net Expenditure, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. The amount of any reversal is restricted to increasing the carrying value of the relevant assets to the carrying value that would have been recognised had the original impairment not occurred (that is, after taking account of normal depreciation that would have been charged had no impairment occurred).

### 1.14 Value Added Tax (VAT)

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

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

### 1.15 Provisions

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

### 1.16 Segmental reporting

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

### 1.17 Contingent liabilities

In accordance with IAS 37, the Agency discloses as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Agency's control, unless their likelihood is considered to be remote. Guarantees, indemnities and undertakings which are not financial guarantee contracts under IAS 39 are treated as contingent liabilities.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency also discloses for Parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote.

Where the time value of money is material, contingent liabilities are stated at discounted amounts. Contingent liabilities required for Parliamentary reporting are not discounted.

### 1.18 Settlement of intra-group balances using the General Fund

OPG has two main classes of transactions with its parent Department, the Ministry of Justice (MoJ).

a. MoJ settle some expenditure incurred by OPG on the Agency's behalf (see notes 4 and 5). This gives rise to an intra-group balance in MoJ's favour (note 11).

b. Since the OPG generates net cash inflows, these are periodically surrendered to the MoJ. These surrenders of cash produce intercompany balances in OPG's favour (note 9).

Each year, OPG and MoJ then consider the intercompany position and agree whether any permanent adjustment to OPG's financial position is appropriate. Any such adjustments constitute financing transactions with OPG's controlling party, they do not give rise to any entries in the Statement of Comprehensive Net Expenditure and are recognised directly in the General Fund via the Statement of Taxpayers' Equity (SoCiTE). These adjustments can take one of two forms.

- Where the net intra-group balance due from MoJ is higher than the amount of charges which the MoJ expects to settle on OPG's behalf in the coming year, OPG agree to cancel the 'excess' element of the balance, thereby giving rise to a permanent diminution in OPG's equity. These adjustments are credited directly to the SoCiTE and also form a reconciling item in the Statement of Cash Flows (SoCF), since the reduction in the intra-group receivable is not matched by a change in cash. The intra-group receivable left after this transaction completes in essence constitutes a prepayment against services to be received from headquarters in the following year.
- Where necessary, MoJ are also able to provide non-cash funding, i.e. a permanent increase in OPG's equity, by agreeing to cancel intercompany balances in the MoJ's favour. These transactions are described as 'other non-cash MoJ funding' in the SoCF and SoCTE.

2.	Income	2013/14	2012/13
2.1	Operating income	£000	£000
	<b>OPG fee income</b>		
	Lasting Powers of Attorney	(35,033)	(30,424)
	Enduring Powers of Attorney	(1,914)	(2,222)
	Supervision	(10,536)	(10,396)
	Appointment of Deputy	(1,395)	(1,175)
		<b>(48,878)</b>	<b>(44,217)</b>
	<b>Exemptions and remissions</b>		
	Lasting Powers of Attorney	3,453	3,330
	Enduring Powers of Attorney	123	174
	Supervision	2,345	3,213
	Appointment of Deputy	331	297
		<b>6,252</b>	<b>7,014</b>
	<b>Total operating income</b>	<b>(42,626)</b>	<b>(37,203)</b>

3.	Staff numbers and costs	2013/14			2012/13
		£000			£000
3.1	Staff costs	Total	Permanently employed staff	Others	Total
	Wages and salaries	17,200	12,670	4,530	15,128
	Social security costs	765	765	-	697
	Other pension costs	1,965	1,965	-	1,685
	<b>Total net costs</b>	<b>19,930</b>	<b>15,400</b>	<b>4,530</b>	<b>17,510</b>

**3.2** The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi employer defined benefit scheme but the OPG is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2013. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2013/14, employers' contributions of £1,965,000 (2012/13: £1,685,000) were payable to the PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands (2012/13: 16.7 per cent to 24.3 per cent). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2013/14 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 persons employed during the year was as follows:

Number	2013/14			2012/13
	Total	Permanent staff	Other	Total
Directly employed	543	543	-	462
Other	139	-	139	153
<b>Total</b>	<b>682</b>	<b>543</b>	<b>139</b>	<b>615</b>

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

Disclosure of compensation information for 2013/14			
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	0 (1)	0 (1)
£10,000 to £25,000	0 (0)	0 (3)	0 (3)
£25,000 to £50,000	0 (0)	0 (1)	0 (1)
£50,000 to £100,000	0 (0)	0 (1)	0 (1)
£100,000 to £150,000	0 (0)	0 (0)	0 (0)
£150,000 to £200,000	0 (0)	0 (0)	0 (0)
<b>Total number of exit packages</b>	<b>0 (0)</b>	<b>0 (6)</b>	<b>0 (6)</b>
<b>Total resource cost/£</b>	<b>0 (0)</b>	<b>0 (172,000)</b>	<b>0 (172,000)</b>

Comparative data for previous year is shown in brackets

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

4. Other operating costs	2013/14	2012/13
	£000	£000
Cash losses and ex gratia payments	15	88
Consumables	201	230
Maintenance	*855	*558
Computer running costs	1,168	724
Travel and subsistence costs	458	335
Other running costs	703	143
Postage	1,635	1,449
Rates	*388	*382

4. Other operating costs	2013/14	2012/13
	£000	£000
Accommodation	*1,344	*1,080
Utilities	15	43
Visitor services (assessment of client needs)	1,076	1,092
	<b>7,858</b>	<b>6,124</b>

Of the above amounts, £1,111,000 (2012/13: £1,160,000) was settled by the Ministry of Justice and have no cash impact on OPG. The affected categories are starred.

5. Non-cash charges	2013/14	2012/13
	£000	£000
MoJ Headquarters support charges	2,532	2,523
Depreciation – Property, plant & equipment	275	256
Amortisation – Intangible assets	852	727
External auditor’s remuneration	52	52
Other non-cash charges	-	297
<b>Provision for liabilities:</b>		
Provided in the year	116	324
Provisions written back	(128)	(121)
	<b>3,699</b>	<b>4,058</b>
Increase in provision for doubtful debts	77	15
Bad debts written off	331	211
	<b>4,107</b>	<b>4,284</b>

## 6. Fees and Charges

The Agency is required, in accordance with *Managing Public Money*, to disclose results for the areas of its activities undertaken throughout the financial year, where fees and charges were made.

Ministers and HM Treasury agreed a fees strategy for the OPG involving 100% cost recovery. This strategy was reflected in both statutory instruments and was implemented from 1 October 2007.

In 2011, the fees strategy was reviewed to allow the OPG to invest in future to make sure it had sufficient and efficient capacity to meet growing demand for its services and spread this cost over the remaining four years of the parliamentary period, namely March 2015. Thus, cost recovery is planned to be balanced by then.

A subsidy is provided as planned to make sure clients are not denied access to services through the inability to afford the requisite fees.

	2013/14	2012/13
	£000	£000
Operating income	(42,626)	(37,203)
Fees remitted	(6,252)	(7,014)
<b>Total income</b>	<b>(48,878)</b>	<b>(44,217)</b>
<b>Total expenditure</b>	<b>31,895</b>	<b>27,918</b>
<b>Deficit/(surplus)</b>	<b>(16,983)</b>	<b>(16,299)</b>
<b>Cost recovery (%)</b>	<b>153%</b>	<b>158%</b>

The financial objective agreed with HM Treasury to achieve full cost recovery, excluding fee exemptions and remissions is over-achieved at 153%.

## 7. Analysis by administration and programme

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

8. Property, plant and equipment						
	Leasehold improvements	Furniture & fittings	Plant & equipment	Information technology	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April 2013	793	229	695	1,008	-	<b>2,725</b>
Reclassification	-	13	-	134	-	<b>147</b>
Disposals	-	(1)	-	-	-	<b>(1)</b>
Revaluation	31	(1)	(8)	(47)	-	<b>(25)</b>
<b>At 31 March 2014</b>	<b>824</b>	<b>240</b>	<b>687</b>	<b>1,095</b>	<b>-</b>	<b>2,846</b>
<b>Depreciation</b>						
At 1 April 2013	(140)	(51)	(572)	(526)	-	<b>(1,289)</b>
Provided in year	(79)	(24)	(33)	(139)	-	<b>(275)</b>
Disposals	-	-	-	-	-	<b>-</b>
Revaluation	(9)	-	3	16	-	<b>10</b>
<b>At 31 March 2014</b>	<b>(228)</b>	<b>(75)</b>	<b>(602)</b>	<b>(649)</b>	<b>-</b>	<b>(1,554)</b>
<b>Net book value at 31 March 2014</b>	<b>596</b>	<b>165</b>	<b>85</b>	<b>446</b>	<b>-</b>	<b>1,292</b>
<b>Net book value at 1 April 2013</b>	<b>653</b>	<b>178</b>	<b>123</b>	<b>482</b>	<b>-</b>	<b>1,436</b>

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

<b>Property, plant and equipment</b>						
	<b>Leasehold improvements</b>	<b>Furniture &amp; fittings</b>	<b>Plant &amp; equipment</b>	<b>Information technology</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>						
At 1 April 2012	786	229	684	650	-	<b>2,349</b>
Additions	-	-	11	325	-	<b>336</b>
Disposals	-	-	-	-	-	<b>-</b>
Revaluation	7	-	-	33	-	<b>40</b>
<b>At 31 March 2013</b>	<b>793</b>	<b>229</b>	<b>695</b>	<b>1,008</b>	<b>-</b>	<b>2,725</b>
<b>Depreciation</b>						
At 1 April 2012	(60)	(28)	(523)	(410)	-	<b>(1,021)</b>
Provided in year	(79)	(23)	(49)	(105)	-	<b>(256)</b>
Disposals	-	-	-	-	-	<b>-</b>
Revaluation	(1)	-	-	(11)	-	<b>(12)</b>
<b>At 31 March 2013</b>	<b>(140)</b>	<b>(51)</b>	<b>(572)</b>	<b>(526)</b>	<b>-</b>	<b>(1,289)</b>
<b>Net book value at 31 March 2013</b>	<b>653</b>	<b>178</b>	<b>123</b>	<b>482</b>	<b>-</b>	<b>1,436</b>
<b>Net book value at 1 April 2012</b>	<b>726</b>	<b>201</b>	<b>161</b>	<b>240</b>	<b>-</b>	<b>1,328</b>

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

<b>8a. Intangible assets</b>				
	<b>Software licences</b>	<b>Internally generated software</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>				
At 1 April 2013	982	5,875	325	<b>7,182</b>
Additions	-	-	3,994	<b>3,994</b>
Reclassification	21	851	(1,019)	<b>(147)</b>
Revaluation	-	(51)	-	<b>(51)</b>
<b>At 31 March 2014</b>	<b>1,003</b>	<b>6,675</b>	<b>3,300</b>	<b>10,978</b>
<b>Amortisation</b>				
At 1 April 2013	(814)	(4,895)	-	<b>(5,709)</b>
Provided in year	(108)	(744)	-	<b>(852)</b>
Revaluation	-	29	-	<b>29</b>
<b>At 31 March 2014</b>	<b>(922)</b>	<b>(5,610)</b>	<b>-</b>	<b>(6,532)</b>
<b>Net book value at 31 March 2014</b>	<b>81</b>	<b>1,065</b>	<b>3,300</b>	<b>4,446</b>
<b>Net book value at 1 April 2013</b>	<b>168</b>	<b>980</b>	<b>325</b>	<b>1,473</b>

All intangible assets disclosed above are owned outright by OPG.

The balance of assets under construction, £3.3m, is wholly made up of expenditure related to digital transformation.

<b>Intangible assets</b>				
	<b>Software licences</b>	<b>Internally generated software</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>				
At 1 April 2012	895	5,256	-	<b>6,151</b>
Additions	87	613	325	<b>1,025</b>
Revaluation	-	6	-	<b>6</b>
<b>At 31 March 2013</b>	<b>982</b>	<b>5,875</b>	<b>325</b>	<b>7,182</b>
<b>Amortisation</b>				
At 1 April 2012	(614)	(4,364)	-	<b>(4,978)</b>
Provided in year	(200)	(527)	-	<b>(727)</b>
Revaluation	-	(4)	-	<b>(4)</b>
<b>At 31 March 2013</b>	<b>(814)</b>	<b>(4,895)</b>	<b>-</b>	<b>(5,709)</b>
<b>Net book value at 31 March 2013</b>	<b>168</b>	<b>980</b>	<b>325</b>	<b>1,473</b>
<b>Net book value at 1 April 2013</b>	<b>281</b>	<b>892</b>	<b>-</b>	<b>1,173</b>

All intangible assets disclosed above are owned outright by OPG.

<b>9. Trade receivables and other current assets</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
<b>Balances with other central Government bodies</b>		
Amount due from Ministry of Justice	17,066	15,273
VAT recoverable	51	60
	<b>17,117</b>	<b>15,333</b>
<b>Balances with bodies external to Government</b>		
Prepayments	204	189
Staff receivables	25	10
Trade receivables	6,519	7,729
Accrued income	137	73
	<b>6,885</b>	<b>8,001</b>
<b>Total receivables</b>	<b>24,002</b>	<b>23,334</b>

OPG surrender cash which is used to reduce the intercompany balance with MoJ and the amount due above is the cash expected to be utilised within 12 months on OPG expenditure settled by the MoJ (see note 1.18).

Trade receivables are shown net of a provision for doubtful debts of £248,000 (2012/13: £171,000) and a provision for remissions of £634,000 (2012/13: £667,000), and an accrual for remissions of £75,000 (2012/13: £180,000).

10. Cash and cash equivalent	31 March 2014	31 March 2013
	£000	£000
Balance at 1 April	2,289	2,218
Net cash inflow	622	71
<b>Balance at 31 March</b>	<b>2,911</b>	<b>2,289</b>
<b>The following balances at 31 March are held at:</b>		
Government Banking Service	2,911	2,289

11. Trade payables and other current liabilities	31 March 2014	31 March 2013
Amounts falling due within one year	£000	£000
<b>Amount due to other central Government bodies</b>		
Amount due to Ministry of Justice	577	-
	<b>577</b>	<b>-</b>
<b>Balances with bodies external to Government</b>		
Accruals	2,350	1,403
Trade payables	280	215
	<b>2,630</b>	<b>1,618</b>
<b>Total payables</b>	<b>3,207</b>	<b>1,618</b>

12. Provisions for liabilities and charges	Early retirement	Other	Total
	£000	£000	£000
<b>Balance at 1 April 2013</b>	276	245	<b>521</b>
Provided in the period	20	96	<b>116</b>
Provisions not required written back	-	(128)	<b>(128)</b>
Provisions utilised in the period	(84)	(91)	<b>(175)</b>
<b>Balance at 31 March 2014</b>	<b>212</b>	<b>122</b>	<b>334</b>

Analysis of expected timings of cashflow			
Not later than one year	66	122	<b>188</b>
Later than one year and not later than five years	108	-	<b>108</b>
Later than five years	38	-	<b>38</b>
	<b>212</b>	<b>122</b>	<b>334</b>

### 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.

### 13. Commitments under operating leases

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

Analysis of expected timings of cashflow	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Land & buildings	Land & buildings	Other	Other
	£000	£000	£000	£000
Not later than one year	552	554	-	-
Later than one year and not later than five years	2,207	2,040	-	-
Later than five years	1,104	1,380	-	-
<b>Total</b>	<b>3,863</b>	<b>3,974</b>	<b>-</b>	<b>-</b>

### 14. Contingent Liabilities

The Agency does not have any contingent liabilities reportable under IAS37 or additional Parliamentary reporting requirements.

### 15. Related Party Transactions

The Agency is an executive agency of the MoJ. The MoJ is regarded as a related party. During the period the agency had various material transactions with the MoJ. In particular the agency's staff costs (and accounting for advances and recoveries of salaries) are managed by the MoJ. In addition, the MoJ also provides internal audit services to the agency. The MoJ manages the lease arrangements and associated accommodation costs of the OPG's occupancy of its offices.

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

The Agency also had transactions with other Government departments and entities.

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

### 16. Events after the Reporting Period

Events after the reporting period are considered up to and including the date on which the accounts are authorised for issue. This is interpreted as the date of the Comptroller and Auditor General's certificate and report.

## 17. Financial Instruments

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

## 18. Losses and Special Payments

### Fees remitted

There were 62,748 cases where fees were remitted or exemptions applied (see note 1.5). The total value was £6,252,000 (2012/13: 61,120 cases – £7,014,000) as described in note 2.1.

### Cash losses

There were 2 cases involving cash losses totalling £1,000 (2012/13: 13 cases – losses £18,000).

### Special payments and fee waivers

There were 150 special payments totalling £14,000 (2012/13: 486 special payments, totalling £70,000).

There were 1,204 fee waivers totalling £122,000 (2012/13 n/a) (see note 1.5).

A fee waiver is granted either:

- in accordance with the Statutory Instrument when the donor/client does not qualify for an exemption or remission but in the judgement of the Public Guardian, payment of the fee would cause undue hardship, or
- in recognition of maladministration.

# Appendices

## Five-year financial record

	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000
<b>Operating income</b>					
Lasting Powers of Attorney	10,865	16,319	20,817	27,094	31,580
Enduring Powers of Attorney	2,203	2,020	2,183	2,048	1,791
Supervision*	5,322	5,525	7,192	8,061	9,255
Other	29	8	-	-	-
	<b>18,419</b>	<b>23,872</b>	<b>30,192</b>	<b>37,203</b>	<b>42,626</b>
<b>Fees remitted</b>					
Lasting Powers of Attorney	1,813	4,159	3,908	3,330	3,453
Enduring Powers of Attorney	222	292	186	174	123
Supervision*	1,119	1,897	2,658	3,510	2,676
Other	5	4	-	-	-
	<b>3,159</b>	<b>6,352</b>	<b>6,752</b>	<b>7,014</b>	<b>6,252</b>
Total income	21,578	30,224	36,944	44,217	48,878
Total expenditure	21,286	25,881	28,989	27,918	31,895
(Deficit)/surplus	292	4,343	7,955	16,299	16,983
Cost recovery	101%	117%	128%	158%	153%

\* includes Appointment of Deputy

Fee volumes	2009/10	2010/11	2011/12	2012/13	2013/14
LPA fees	106,106	171,259	178,790	241,214	294,946
EPA fees	20,053	19,356	18,912	17,968	16,034
Search fees	884	1,364	1,408	4,196	1,416
Appointment of Deputy fees	11,587	11,165	12,744	11,801	14,017
Type 1 supervision fees	1,520	448	476	600	411
Type 2A supervision fees	5,977	6,289	12,715	10,624	10,809
Type 2 supervision fees	25,435	23,196	28,529	31,952	32,475
Type 3 supervision fees	-	-	10,804	13,751	16,929

Remissions volumes	2009/10	2010/11	2011/12	2012/13	2013/14
LPA fees	14,447	37,498	32,086	36,217	39,281
EPA fees	1,829	2,562	1,608	1,923	1,298
Search fees (no fee payable after 1 October 2011)	27	16	36	0	0
Appointment of Deputy fees	2,913	3,351	3,931	3,263	3,682
Type 1 supervision fees	204	1,030	139	133	132
Type 2A supervision fees	460	2,257	2,843	2,049	2,565
Type 2 supervision fees	3,379	6,455	17,243	13,908	15,117
Type 3 supervision fees	-	-	19	627	673

Payment methods – volumes	2009/10	2010/11	2011/12	2012/13	2013/14
Cheque	123,292	167,096	178,454	168,496	237,339
Credit Card	1,002	3,269	5,211	11,755	17,726
Direct Debit	8,707	7,525	10,447	11,402	9,528
<b>Total</b>	<b>133,001</b>	<b>177,890</b>	<b>194,112</b>	<b>191,653</b>	<b>264,593</b>

## Performance achievements

### Impact Indicator 1: Powers of Attorney

EPA must be registered when the Donor loses capacity. LPA, although similar in principle, require the Public Guardian to have a more active role in the notification process. There is a 20-day statutory waiting period for the registration of an LPA, once the OPG sends out notification to the party or parties who did not make the application.

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
<p>Register and return 90% of applications for registration of Power of Attorney applications (LPA/EPA) within 10 weeks of receipt (8 weeks from June 2013)*</p> <p>*Where an application is incapable of registration (invalid, contains significant errors, or an objection is received) it is excluded.</p>	<p>Data will be collected through the MERIS casework system, drawing on the following inputs in order to deliver the relevant reports.</p> <p>‘Date of receipt’ is taken from the post room stamp, i.e. the day of receipt by the OPG.</p> <p>‘Date notices sent’ is the date they are sent by caseworkers when they check the application (unless application is invalid).</p> <p>Status of case (such as imperfect*).</p> <p>‘Date of dispatch’ This is the date the registered EPA/LPA is dispatched as the last part of the application process which then shows an application as registered within MERIS.</p> <p>*Imperfect status – relating to either significant or insignificant errors.</p>	<p>A daily report from MERIS.</p>	<p>65% of applications were registered and dispatched within 8 weeks.</p> <p>Average Actual Clearance Times (AACT) of 44 working days achieved against an aim of 40 working days.</p>

## Impact Indicator 2: Supervision Contact

II2A Average time to conclude First Contact Support: Supervision 2A/ 2/ 3

II2B Average time to obtain and review annual reports: Supervision 2A/2/3

II2C Percentage of professional/Local authority deputies reviewed: Supervision 2A/2/3

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
<p><b>II2A</b> – To conclude personal contact (via telephone) for 75% of all new lay deputies no later than 10 days immediately following the end of the 6 week settling in period. To aim to conclude 100% within 70 days of the end of the settling in period by written contact or by visit. First Contact support will be considered to be concluded when personal contact is made, or where a decision to refer for discharge is taken for non compliance with the First Contact process.</p> <p><b>II2B</b> – Note: We have no recorded data available to identify and commence an average time measure or support setting a realistic challenge for 1st April 2013. Currently we have no field in the relevant CASREC screen to record the date the report was received into the office. At present the CASREC system records the lodge date, ie: the date the report is reviewed against the lodging checklist.</p> <p><b>II2C</b> – Commence a programme of reviews, which will include audit style (tailored) visits for 20% of the professional and Local Authority deputies. Currently the data from CASREC as at March 2013 that 20% is 577 deputies.</p>	<p><b>II2A</b> – In order to report on this measure we will need to accurately report from CASREC: The date on which the case was allocated its supervision level, the date on which the activity alerts the start of First contact support (immediately following the 6 week settling in period), the date on which first contact call was completed, the date of a completed returned questionnaire, the date a successful visit takes place, the date on which we decide to refer a case for action that could include discharge of the deputy for non compliance.</p> <p><b>II2B</b> – The Report due date is 8-weeks after anniversary of the date of the court order. This period allows the deputy to finalise and collect any additional information needed to complete and submit the report. The due date to when we receive the report will be the “time taken to obtain”. Reports still outstanding after the 8 week period will become “overdue reports” and the deputy recorded as “non compliant.” At this point we will commence work to obtain these reports as quickly as possible through a chase process. The date of receipt of the report to completion of lodging and or review will be the “time taken to review the report.”</p> <p><b>II2C</b> – To undertake supervision casework on Local Authority and professional cases which can be a full review of the annual financial report, case review, telephone review.</p>	<p>All data will be sourced from CASREC management reports and cyberquery reports.</p> <p>User will set parameters on CASREC management report to gain information, these reports will download into users folder, usually in excel spreadsheet format.</p> <p>Casework managers will collect and report on the data, this information will be fed into local reporting tools which will be used to populate the balanced score card.</p>	<p><b>II2A</b> – The aim was 75% of deputies within 10 days and &amp; 100% of deputies within 70 days. Achieved 84% within 10 days &amp; 100% within 70 days.</p> <p><b>II2B</b> – The aim was to obtain the report within 40 days, we achieved 41 days at year end.</p> <p><b>II2C</b> – 577 was the aim for year, all 577 reviewed at year end.</p>

### Impact Indicator 3: Practice & Compliance

This Indicator goes to the heart of the OPG's responsibility to safeguard vulnerable adults.

a – Average time taken to risk assess concerns

b – The average actual clearance time to Public Guardian report <75 days

c – The average actual clearance time to implement Public Guardian recommendations <80 days

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
<p><b>a – Assess Risk</b> The OPG will carry out a risk assessment process to determine:</p> <ul style="list-style-type: none"> <li>Whether the Public Guardian has jurisdiction to investigate concerns, and if not, signpost the concern to the relevant Agency</li> <li>Whether the vulnerable person is at immediate risk in terms of their personal welfare or finance/property and what immediate action is required or;</li> <li>Whether the concern can be investigated over a longer timescale.</li> </ul> <p><b>b – Conclude Investigations</b> An investigation is classed as concluded for the purposes of this Impact Indicator as follows:</p> <ul style="list-style-type: none"> <li>The date that a formal written report is signed off by the PG</li> <li>The date that approval of a pre-app is agreed (where this pre-dates a PG report)</li> <li>The date that the Compliance Manager agrees to conclude an investigation where a report to the PG is deemed unnecessary (e.g. jurisdiction not established)</li> <li>The death of P (where the Compliance Manager deems that sufficient work had been done on the case to merit classification for Indicator purposes)</li> </ul> <p><b>c – Concluded Recommendations</b> A recommendation is classed as concluded for the purposes of this Impact Indicator as follows:</p> <ul style="list-style-type: none"> <li>The date a case is approved for closure by a Compliance Unit Team Leader.</li> <li>The date the investigator communicates the outcome of the investigation and any further requirements to the attorney/deputy. It will not include any subsequent monitoring of the case.</li> <li>The date an application is made to the Court of Protection (where this was as a result of a recommendation approved by the PG)</li> <li>The date that the deputy makes an application to the Court of Protection (either they will notify us or we will use CASREC to check)</li> </ul>	<p><b>a</b> – The 2 working day ambition starts from the date that the concern is received in the OPG. Day 1 will be the next working day after the concern is received. For example, if a concern is received in the OPG on 2nd April, day 1 will be 3rd April and day 2 will be 4th April.</p> <p><b>b</b> – The performance ambition starts from the date that the concern which leads to the commencement of an investigation is received in the OPG. Day 1 will be the next day after the concern is received.</p> <p><b>c</b> – The aim starts from the date that the PG approves the report. Day 1 will be the next day after the Report is approved. E.g. if a Report were approved on 2nd April then it will meet the aim if recommendations are implemented and the concern resolved by 30<sup>th</sup> September</p>	<p>When a complaint/concern is received it is risk assessed and the Public Guardian's jurisdiction is assessed. The referral is logged onto the Investigations Database. The following data (inter alia) is logged:</p> <ul style="list-style-type: none"> <li>Date of receipt of concern in the OPG</li> <li>Date of receipt in Investigations Team</li> <li>Risk assessment date</li> <li>Risk assessment time period (working days)</li> <li>Investigation completion date</li> <li>Outcome of application to Court of Protection</li> <li>Investigation (pre-report) time period</li> <li>Investigation (post report) time period</li> <li>Recommendations closure approvals date</li> </ul>	<p><b>a</b> – The aim was to assess 95% of concerns within 2 working days of receipt, the OPG achieved 91% within 2 days, with an average clearance time of 1.08 days</p> <p><b>b</b> – The aim was less than 75 days, the OPG achieved 71.8 days at year end</p> <p><b>c</b> – Aim is to conclude all recommendations within 80 days and the OPG achieved 77 days at the end of March 2014</p>

### OPG Customer Service Indicator 1 – Contact Centre Average wait time

Average caller waiting time for calls to OPG Customer Contact Centre

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
Timely and accurate support and guidance to callers on how to apply for a Lasting Power of Attorney; to provide support and guidance to callers on the Enduring Power of Attorney/Lasting Power of Attorney (EPA/LPA) application and registration process; to signpost callers to the Court of Protection where calls relate to an individual who lacks capacity and no EPA or LPA is in place. To deal promptly with calls regarding issues concerning safeguarding vulnerable adults. To give support to callers on general issues relating to supervision of Deputies appointed by the Court of Protection.	Total answered call wait time divided by total calls presented. (N.B. 'wait time' does not include the time the caller listens to the pre recorded introductory message.) No exclusions will be made. Previous year's calculation was against calls answered only.	The management information will be extracted from Highpath (the telephony data management system) data into Excel spreadsheets on a daily basis.	The aim was to achieve less than 60 seconds waiting time. The OPG achieved an average of 38 seconds waiting time

### OPG Customer Service Indicator 2 – Complaints

The average time for complaints to be responded to

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
Complaints play an important part in understanding to what extent we are achieving our customers' expectations and delivering upon our vision and objectives. Answering complaints effectively and speedily is fundamental to maintaining our reputational integrity	Performance against this indicator will be measured by adding together the total time to answer all of the complaints answered in month divided by the total number of complaints.  This is measured on monthly basis. Data is collated by the 5 <sup>th</sup> working day of the following month and then submitted for balanced scorecard purposes.	Each individual business area will record data on a spreadsheet located in a centralised folder. At each month end data is drawn by the Tier 2, who collates the information for reporting purposes.	The aim was to respond to all complaints within 10 working days. The OPG achieved a result of 7 working days at year end

### OPG Customer Service Indicator 3 – Customer Satisfaction

The average Customer Satisfaction score for LPA and Deputyship services

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
To be a truly customer centric organisation we need to understand how customers rate our levels of customer service. By understanding these results through statistical analysis, we can then ascertain trends which will help improve services and in turn enhance overall customer satisfaction.	<p>The amount of surveys returned will be split into the relevant satisfaction categories by number. A percentage calculation will then be performed using the various satisfaction category numbers against the total number of returned surveys.</p> <p>The excel sheet will automatically provide this, or alternatively a pivot table can be used.</p>	<p>350 LPA surveys will be issued each month (200 Lay &amp; 150 Professional).</p> <p>Approx 29,000 Deputyship surveys will be issued in a one off exercise.</p> <p>The return of the LPA surveys will be input by members of the CERT on a continual basis, onto an Excel sheet, and the data will be stored within the Customer Insight folder on the O drive</p> <p>The return of the Deputyship surveys will be input by Agency staff over a 4/5 week period and under the guidance of a Band C and on a separate Excel sheet stored within the Customer Insight folder on the shared O drive.</p>	The aim is to achieve a customer satisfaction survey score of 80%. The OPG attained a score of 78.3% at year end.

### OPG Corporate Finance Indicator 1 – Value for Money

We support the business by making sure prices match total costs

KPI Purpose	Calculation method	Data source	Achieved to 31 March 2014
100% Cost recovery is the total cost of carrying out the provision of services to the taxpayer, less social subsidy/fee exemption and remission being matched by gross income	Management accounts from Sage Trial Balance and Forecasts	<p>Gross income relative to all costs (expenditure and recharges)</p> <p>Programmes: SAGE and MoJ Excel Reports</p>	The aim was to achieve 100% of cost recovery, the OPG, at year end, achieved 153%



### Contact details

Find out how to appoint someone to make decisions for you or get help if you're a deputy acting on behalf of someone else by visiting the web addresses below. You can download LPA forms or use the LPA digital tool to make an LPA online.

You can contact the Office of the Public Guardian's helpline if you have concerns about an attorney, deputy or a decision they've made for someone else. For example, the misuse of money, decisions that aren't in the best interests of the person they're responsible for or criminal activity.

Office of the Public Guardian  
PO Box 16185  
Birmingham  
B2 2WH

Telephone: 0300 456 0300 (from outside the UK +44 300 456 0300)  
Monday to Friday 09:00 to 17:00. (Wednesday 10:00 to 17:00)

**Textphone:** 0115 934 2778

**Fax:** 0870 739 5780

**Email:** [customerservices@publicguardian.gsi.gov.uk](mailto:customerservices@publicguardian.gsi.gov.uk)  
[opg.safeguardingunit@publicguardian.gsi.gov.uk](mailto:opg.safeguardingunit@publicguardian.gsi.gov.uk)

**Online:** [www.gov.uk/power-of-attorney](http://www.gov.uk/power-of-attorney)  
[www.gov.uk/office-of-public-guardian](http://www.gov.uk/office-of-public-guardian)

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