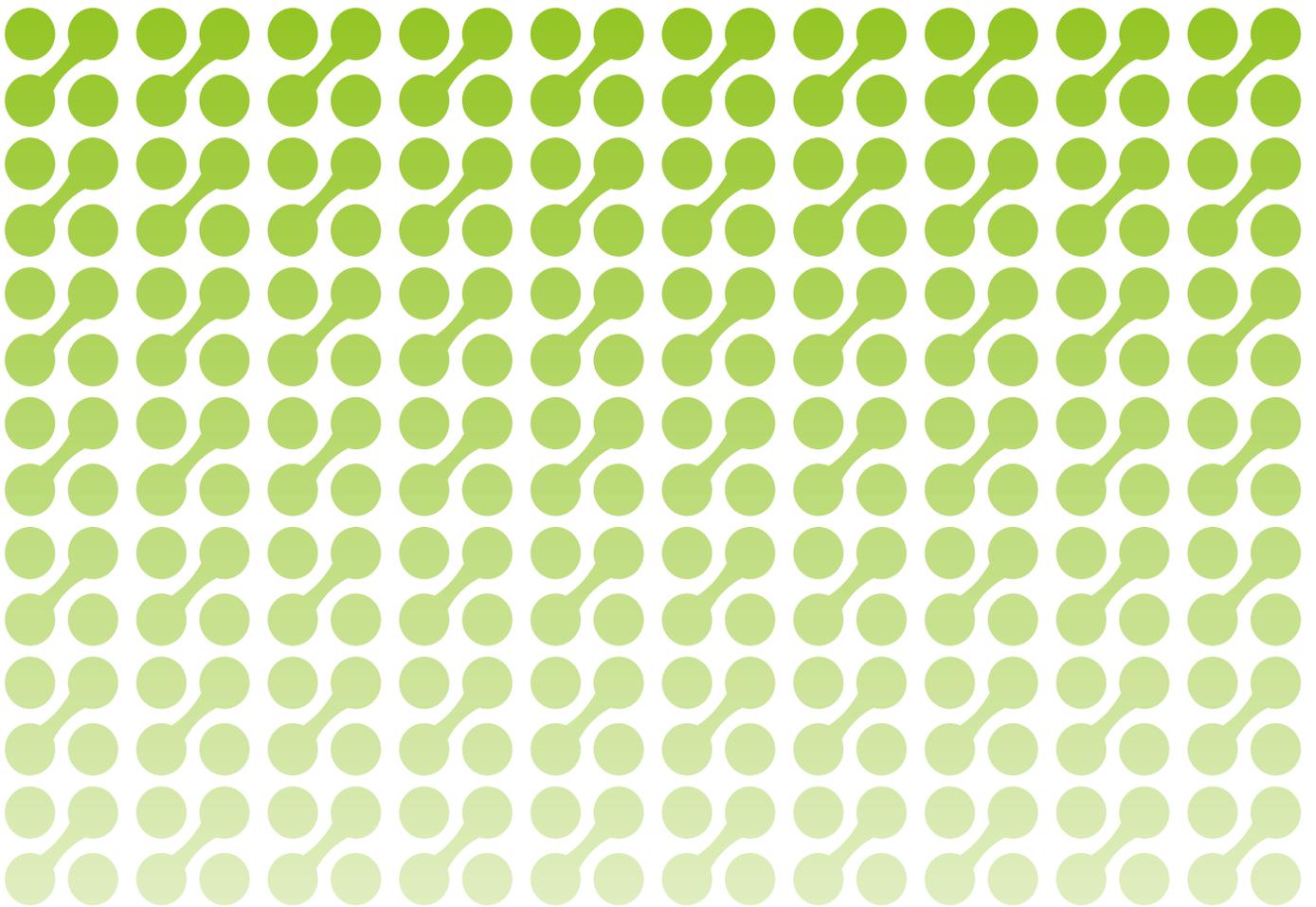




# Office of the Public Guardian Annual Report & Accounts

2015/16



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2015/16

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

As we close one business year and prepare for the next, I am proud to reflect that during 2015/16 the Office of the Public Guardian (OPG) achieved its most successful performance since the agency was formed in 2007.

In the past year we met or exceeded almost all of our performance targets during a period of significant change. We achieved this success within the context of a continuing rise in demand for all of our services and against the backdrop of continuing fiscal challenges across government.

Our aim this year was to offer a high level of service to our users and implement our programme of transformation. Our successes include:

- introducing new, simpler forms for making and registering lasting powers of attorney
- running a pilot of our new digital service for deputies and making a live version available on GOV.UK
- replacing our lasting power of attorney case management system; the first case management system in government that has been developed using Government Digital Service principles
- deputies receiving a new tailored approach resulting in better service from us and, by having a better overview of each case, we can take prompt action where vulnerable people may be at risk of abuse
- implementing a new, more modern finance system, introducing a new approach to digital communications and relocating our Nottingham staff to new premises.

These are achievements to be proud of but there is still much to do.

As we go forward into 2016/17, we will continue to put the needs of our users at the heart of all we do. We will work towards our long term vision, as outlined in our strategy, taking further steps towards being recognised for excellence and innovation.

Most importantly we will ensure we have the skills, people and systems in place to support and protect adults at risk who may have diminished mental capacity.

I would like to express my gratitude to all OPG staff for their continuing hard work, to members of our board for their support and to our partner organisations for their ongoing support in helping build greater understanding of the role of deputies and attorneys.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016



As at 31 March 2016 we were supervising **57,122 deputyship orders**, an **increase of 8%** from the end of 2014/15.



The number of applications to register LPAs and EPAs received in **2015/16** was

**547,021**



This is an increase of **34%** on the previous year.

We ended the year with

**1,870,393**

current instruments on the register.



## Against this backdrop we achieved the following performance:

aim 40 days



Average clearance times for powers of attorney

**39 days**

aim 5 days



Average time for register searches

**5 days**

aim 85%



Deputy first contact

**95%**

aim 40 days



Average time to obtain annual report

**41 days**

aim 15 days



Average time to review annual report

**8 days**

aim 45 days



Average time to implement OPG owned actions

**28 days**

aim 95%



Percent of risk assessment in 2 days

**95%**

aim 100%



Professional and public authority reviews

**102%**

aim 70 days



Average time to conclude investigations

**69 days**



# Performance report

## Introduction

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 Office of the Public Guardian (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 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 OPG do?

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.

OPG's core functions are to:

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

### Our customers and stakeholders

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 (known as 'P') – people who have lost capacity and whose welfare or financial affairs are subject to proceedings before the CoP
- deputies – lay or professional individuals or authorities (such as solicitors or local authorities) who have been appointed by the court to manage the welfare or finances of a client
- other stakeholders – relatives of a client or donor, local authorities, GPs or other health professionals, charities, and the legal sector.

## Ministry of Justice

OPG is an executive agency of MoJ.

The government ministers responsible for OPG are:

- The Right Honourable Michael Gove MP, Lord Chancellor and Secretary of State for Justice
- Caroline Dinenage MP, Parliamentary Under Secretary of State for Family Justice.

As an MoJ executive agency, alongside HM Courts and Tribunals Service (HMCTS), the National Offender Management Service (NOMS), the Legal Aid Agency (LAA) and Criminal Injuries Compensation Authority (CICA), our aims are in line with MoJ's single departmental plan. We act to ensure the best possible service for citizens by working to make our services efficient and more open, through policies driven by evidence.

## 2015/16 business priorities and objectives

The key risks and issues managed throughout the year are set out in the governance statement on page 78.

### Power of attorney forms and applications

The significant growth in LPA applications seen in 2014/15 continued into 2015/16. This year we received more than 530,000 applications to register an LPA. We also saw a further modest decline in EPA registrations.

Power of attorney (PoA) applications	2014/15	2015/16	Increase
EPAs	14,970	13,792	-7.87%
LPAs	394,079	533,229	35.31%
<b>Total PoA</b>	<b>409,049</b>	<b>547,021</b>	<b>33.73%</b>

We know that our customers often apply for registration at a time of crisis. They rightly expect us to return registered documents when we say we will, so they can be put to use.

This year is the first year that we have achieved our end to end customer service target of 40 days or less average actual clearance time (AACT). We achieved this in a period the number of PoA applications we received in month grew from 44,106 in April 2015 to 54,757 in March 2016. Our success was a result of effective workload forecasting and workforce planning combined with an effective programme of continuous improvement.

Our AACT was significantly challenged in early 2016. This was partly because of accommodation changes in Birmingham and Nottingham during 2015. We expect sustained benefits from IT improvements to start materialising early next financial year, which should move AACT performance well within target.

In July, we introduced new, simpler and clearer LPA forms for both property and financial affairs LPAs and health and welfare LPAs. The new forms reflect the responses to our 2013 consultation and feedback from users who were directly involved in their development. We removed the requirement for a second certificate provider, as this was making it difficult for some people who wanted to make an LPA. All other safeguards remain unchanged.

### Impact indicator: Powers of Attorney

An EPA must be registered when the donor loses capacity. An LPA, although similar in principle, requires 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 OPG sends out notification to the party or parties who did not make the application.

Purpose	Calculation method	Data source	Achieved to 31 March 2016
<p>This indicator calculates the average number of working days taken to register and dispatch all PoAs in a given reporting period.</p> <p>This is the time taken between the date of application and the date of dispatch.</p>	<p>Of all PoAs, with a date of dispatch within a reporting period, the number of working days (excluding bank holidays and weekends) between the 'date of dispatch' and the 'date of receipt' are summed and then averaged between the number of applications.</p> <p>'Date of receipt' is the day the fee is paid or, alternatively, the date of decision for a successful remission or exemption application. This is the point OPG begins processing the application.</p> <p>'Date of dispatch' is the date the registered PoA is dispatched as the last part of the application process which then shows an application as registered within our internal case management systems.</p>	OPG's internal case management systems.	AACT of 39 working days against a target of 40 working days.

### The Register

This year we received 30,323 requests to search our register of PoA and deputyships.

### Impact indicator: Searches of the Register

Average time to clear Tier 1 searches is within 5 working days

Purpose	Calculation method	Data source	Achieved to 31 March 2016
<p>OPG has a statutory duty to hold a register of PoA and deputyships.</p> <p>This indicator measures OPG's statutory duty to hold the register in a timely manner.</p>	Sum of working days to undertake search requests completed within the month divided by total number of requests completed within the month.	Casework Support Team data.	Average clearance time of 5 working days.

## Digital

We continued on our journey to becoming a fully digital agency this year.

We introduced a new case management system for all LPA applications. Known internally as Sirius, it is the first case management system in government that has been developed using Government Digital Service principles; it is open source with open standard code, cloud hosted and maintained by teams in OPG. It is already allowing us to work faster and more flexibly. Our new scanning solution for LPA applications also went into live use this year and now receives more than 2,500 applications each day.

The new online ‘Complete the Deputy Report’ service is an important part of OPG’s new delivery model to supervise according to deputy type (lay, professional and public authority). It was live tested with deputies in August 2015 and in March 2016 it was made available on GOV.UK. All lay deputies with property and affairs deputyships can now use this online service to submit their annual report to OPG.

Our online LPA service – introduced in May 2014 and the first government exemplar to pass the Digital by Default service standard – has continued to be developed and improved as a direct result of user feedback. In July 2015, the system was adapted to enable people to use the new LPA forms. Of those who applied to register an LPA this year, over 26% did so using the online LPA digital service. This service has maintained a steady user satisfaction score with 93% of those surveyed saying that they were satisfied or very satisfied with the service.

Customer service indicator: OPG digital customer satisfaction survey			
Target percentage of customers ‘very’ or ‘fairly satisfied’ with OPG digital services is 80%			
Purpose	Calculation method	Data source	Achieved to 31 March 2016
This impact indicator helps to ensure we are developing our digital services to meet our customers’ needs.	Number of customers who are ‘very’ or ‘fairly satisfied’ with digital services divided by number of survey responses received answering this question.	LPA digital tool customer satisfaction survey.	Customer satisfaction survey score at year end was 93%.

We have continued to work with our MoJ policy colleagues to take forward work on a fully digital LPA without the need for wet signatures. We consulted with our stakeholders and partners and will continue to work with them to design any such system. We remain dependent on a change in legislation to allow us to introduce a fully digital LPA.

We introduced OPG’s first ever digital communications strategy to inform and engage our audiences. Its aims include:

- helping people understand the benefits of an LPA and encouraging them to consider making one
- helping people to understand OPG’s safeguarding role – what we can and cannot do – and supporting and promoting safeguarding practices that minimise the risk of abuse
- sharing and consulting with key partners and intermediaries on our services and service improvements.

We also introduced new, dedicated OPG social media channels, including an official Twitter account, blog and YouTube channel. Our new social media channels are helping to support the evidence base on the barriers and enablers that will help us to ensure our services reach the widest possible audience. New digital communications channels will be developed over the next financial year.

We continued to develop our GOV.UK presence to meet the needs of our users and to make interacting with us as easy as possible. This year we have published over 90 new documents, including new attorney and deputy guidance designed to support them in carrying out their duties.

This year we replaced our financial accounting system with a new, more modern platform. We successfully moved all of our current accounting data and processes to the new system with limited disruption to our customers. This new system provides us with a joined up HR and finance system, in common with the rest of MoJ.

### **Change management**

We have combined our project, programme and continuous improvement skills into a single change management function. We have also designed and implemented a new change and portfolio management framework based on best practice from Government Digital Service; this is optimised for an agile delivery model in line with our goals to become a fully digital agency.

### **Partnerships, policy and research**

An important part of our work is to help to ensure the principles of the Mental Capacity Act 2005 (MCA) are being followed by attorneys and deputies. This year we made a significant contribution to the cross-government MCA Implementation Group and worked closely with the new National MCA forum lead, Baroness Finlay.

We have also supported a number of successful events in the last 12 months, including the first ever OPG Safeguarding Round Table in Wales. This has drawn us much closer to the Welsh agenda and opened other doors such as with the Older Persons Commissioner for Wales. We have also ensured that OPG continues to take forward its legislative duties in relation to the Welsh language.

Our work with the financial industry this year has focused on strategic outcomes. One big success was our role in providing input to the British Banking Association Taskforce Report “Improving outcomes for customers in vulnerable circumstances.” The report included recommendations designed to make it easy for friends and family to support vulnerable people, with some specifically relating to PoA and the CoP.

We also developed some online learning for banks and building societies. This learning helps customer-facing staff recognise LPA and deputyship order documents and understand the role of attorneys and deputies. One major UK bank tested the online learning this year and initial feedback has been very good. We plan to share this learning package with other banks and building societies soon.

We have continued to progress our fees review although we have not been able to make any changes during the year. Discussions are progressing between MoJ and HM Treasury, following the Spending Review in the autumn, and we will push ahead with any necessary changes at the earliest opportunity.

Ongoing customer surveys have told us that LPA customer satisfaction levels have averaged 79.9% this year, with deputyship customer satisfaction levels at 62%. We use all feedback from our customers to make improvements to our services.

#### Customer service indicator: OPG customer satisfaction survey

Target percentage of customers 'very' or 'fairly satisfied' with OPG services is 80%

Purpose	Calculation method	Data source	Achieved to 31 March 2016
This indicator helps us to understand our customers' needs. It also helps us to identify trends so we can continually improve services.	Number responding 'very' or 'fairly satisfied' divided by number of survey responses.	LPA and deputyship customer satisfaction surveys.	Customer satisfaction survey score at year end was 75%.  In response to the main area of concern OPG is implementing a plan to allocate a designated case manager to each lay deputy to provide end to end support.

#### Customer contact centre

Our customer contact centre received 314,059 calls in 2015/16, a 16% increase on the previous year. We recorded a significant increase in call volumes in all categories rather than an increase in one particular area. In response, OPG's Board agreed in February to conduct a systematic review of our customer contact centre. The aim is to develop a more sustainable approach to delivering effective management of telephone enquiries.

#### Customer service indicator: Customer contact centre

Target average caller wait time for calls to OPG's customer contact centre is 60 seconds

Purpose	Calculation method	Data source	Achieved to 31 March 2016
This indicator measures timely and accurate support and guidance for all of OPG's services, and signposting to CoP services where appropriate.	Total call wait time* divided by total calls presented.  Calls that are re-directed, as they do not relate to our services are deducted from our total calls to avoid double counting.  * wait time does not include the time the caller listens to the pre-recorded introductory message.	OPG's telephony data management system.	Average wait time at year end was 117 seconds.

## Protecting the vulnerable

### Supervision of deputies

When someone loses mental capacity, and they have not appointed an attorney, the CoP will appoint a deputy to make decisions on their behalf. OPG supervises these deputies. We continued to improve how we provide proportionate supervision and support to deputies in 2015/16.

The number of deputyship orders we supervise has increased around 8% from just over 53,000 in April to over 57,243 at the end of the 2015/16. This follows a 6% increase in 2014/15.

An important area of our work is the support we provide to newly appointed deputies to manage and administer the finances of people who lack the capacity do so for themselves. Many deputies are lay people. They are often relatives of the person lacking capacity, with limited knowledge or understanding of what being a deputy involves. We know how important it can be to offer our help and advice at what can be a challenging and stressful time and we are particularly pleased that this year we made direct contact with 94% of deputies within 35 days of our letter confirming their supervision arrangements. We know from feedback from deputies that the first contact can be a vital element of the support and advice they require.

It has been challenging, but we have met or exceeded all but one of our supervision performance indicators in 2015/16.

The exception was the average time taken to obtain a deputy's annual report, which is 41 days, slightly outside our target of 40 days. At the beginning of April, 2.1% of our deputyship cases had outstanding reports and by the end of March this had reduced to 1.3%.

This year we introduced a number of new procedures tailoring our services to different deputy types and supervision levels:

- In July we published a set of standards for professional and public authority deputies. The standards set out what is expected of deputies, including an important checklist of actions and the behaviours expected of them. The standards, together with assurance visits, now form an important part of our improved approach to supporting and supervising these deputies.
- We assessed 1,004 professional and local authority deputyships using the standards, achieving our goal of reviewing 40% of the total caseload in this category.
- Professional deputies are now required to submit a cost estimate report to us for the coming year for all of their cases. We have worked closely with the Senior Court Costs Office to agree the format and process for managing cost estimates and developed supporting guidance to support professional deputies.
- We also introduced a new annual report requirement for cases with a minimal level of supervision. We plan to roll this out to all minimal supervision cases within the next two years.
- A new client risk evaluation tool assists our case managers to assess risk and identify potential case management actions. This helps to ensure that risk assessment features throughout the life of a case, ensuring proportionate and appropriate actions are taken to support deputies and safeguard clients.

We completed most of the transition to our new delivery model of supervision in 2014/15. During 2015/16, the final stage of our transition brought deputyship investigators to work alongside case managers. This has allowed complex case issues to be discussed in a supportive environment making sure any issues can be managed quickly.

**Impact indicator: Supervising deputies**

- a) Target average time to conclude first contact support within 35 days is 85%
- b) Target average time to obtain annual reports within 40 working days
- c) Target average time to review annual reports within 15 working days
- d) Target to review 40% of all professional and local authority deputyships using the standards

Purpose	Calculation method	Data source	Achieved to 31 March 2016
<p>These indicators help us to ensure that we provide proportional and appropriate support for all deputies.</p>	<ul style="list-style-type: none"> <li>a) The average number of working days between the date the deputy is notified in writing of their supervision level and the date personal contact is concluded. We record:                             <ul style="list-style-type: none"> <li>• the date introductory and settling-in calls are completed</li> <li>• the date of a completed returned questionnaire</li> <li>• the date a successful visit takes place</li> <li>• the date we decide to refer a case for action that could include discharge of the deputy for non-compliance.</li> </ul> </li> <li>b) The average number of working days between the 'due date' of the report (40 working days after the anniversary of the court order) and the date which the report was received in OPG.</li> <li>c) the average number of working days between the date on which an annual report is received and the date it was reviewed.</li> <li>d) This is measured by recording a count of assurance visits or a desk based review which can be a telephone review, a full review of the financial reports or a case review.</li> </ul>	<p>OPG's internal case management systems.</p>	<ul style="list-style-type: none"> <li>a) At year end 94% of deputies were contacted within 35 working days.</li> <li>b) At year end average time to obtain annual reports was 41 days.</li> <li>c) At year end all annual reports were reviewed within 8 days.</li> <li>d) At year end 1,004 deputyships were reviewed, which is 40% of the total.</li> </ul>

## Investigations and safeguarding

Safeguarding referrals came from a number of sources, including relatives, local authorities, care homes and financial institutions. We continue to work very closely with our external partners – including the CoP, security bond providers, local authorities and the police – to protect and safeguard our clients.

OPG received a total of 2,681 new safeguarding referrals during 2015/16, an increase of 26.5% from the previous year. This year we investigated 876 cases, an increase of 15.2% from the previous year, of which 151 cases resulted in an application to the CoP. All of our investigations were concluded within 69 days on average, exceeding our target of 70 days. Where cases were not appropriate for us to investigate, we offered advice or directed referrals to the right agency such as the local authority or police.

We introduced fast-track investigations in 2014/15. These are investigations centred on singular aspects or concerns, such as cases where the investigation is focused on solitary allegations of financial or welfare related abuse. Typical examples of cases we have looked at this year include: undervalued house sales, the client's home being sold to the attorney, large financial sums transferred from the client's bank account to another bank account and creating fraudulent LPAs. All of our fast-track investigations were concluded within 51 days.

In July 2015 we put in place a memorandum of understanding with the Department for Work and Pensions so we can share information to jointly protect adults at risk. In December we agreed an information sharing protocol with the National Police Chiefs' Council. This is to ensure we apply best practice to referrals made to the police where any criminal activity is suspected.

The Public Guardian opened a review of the way OPG safeguards its vulnerable customers this year. Known as OPG's safeguarding study; it aims to address some of the recommendations from the House of Lords' review of the MCA. The study is considering our internal culture and processes and how we can continue to work with partner organisations to ensure we are joined-up and efficient. This year we created a welfare lead within OPG, addressing risk in all investigations in health and welfare cases. Work on the safeguarding study will continue into 2016/17.

We are now a registered and recognised practice partner at Birmingham City University's (BCU) Department of Social Work. We are the first government department to work in partnership with BCU in this way; social work students will gain practical experience through working with us and our staff will be able to exchange views and approaches to safeguarding. This partnership will help to build further understanding of OPG's work in the care sector.

We continued to develop the approach to resolving issues with deputies and attorneys without the need for recourse to the CoP. A pilot in-house mediation scheme was evaluated and considered by OPG's Board this year and we plan to launch a mediation service in 2016/17.

**Impact indicator: Investigations**

- a) Target is to risk assess 95% of concerns raised within 2 working days
- b) Target is to conclude all investigations within 70 working days
- c) Target is to conclude recommendations within 45 working days

Purpose	Calculation method	Data source	Achieved to 31 March 2016
<p>These indicators centre on OPG’s responsibility to safeguard vulnerable adults.</p> <ul style="list-style-type: none"> <li>a) OPG will carry out a risk assessment process to determine:                             <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</li> <li>• whether the concern can be investigated over a longer period.</li> </ul> </li> <li>b) An investigation is classed as concluded if:                             <ul style="list-style-type: none"> <li>• a formal written report is signed off by the Public Guardian</li> <li>• approval of a court application is agreed (where this pre-dates a Public Guardian report)</li> <li>• a compliance manager agrees to conclude an investigation as a report to the Public Guardian is deemed unnecessary</li> <li>• the client dies (where the compliance manager judges sufficient work had been done on the case to merit classification).</li> </ul> </li> <li>c) A recommendation is classed as concluded if:                             <ul style="list-style-type: none"> <li>• a case is approved for closure</li> <li>• the investigator shares 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>• an application is made to the CoP, where this was as a result of a recommendation approved by the Public Guardian</li> <li>• the deputy makes an application to the CoP.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a) 2 working days start from the date that the concern is received by OPG. Day 1 is the next working day after the concern is received.</li> <li>b) The 70 working day period starts the date that the concern leading to an investigation is received by OPG. Day 1 is the next day after the concern is received.</li> <li>c) The 45 working day period starts from the date the Public Guardian approves the report. Day 1 will be the next day after the report is approved.</li> </ul>	<p>All complaints and concerns are risk assessed and the Public Guardian’s jurisdiction is considered. Referrals are recorded and include:</p> <ul style="list-style-type: none"> <li>• date of concern received by OPG</li> <li>• date of concern received by 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 the CoP</li> <li>• investigation (pre-report) time period</li> <li>• investigation (post report) time period</li> <li>• recommendations closure approvals date.</li> </ul>	<ul style="list-style-type: none"> <li>a) At year end 95% of concerns were risk assessed within 2 working days.</li> <li>b) At year end the average time to conclude investigations was 69 working days.</li> <li>c) At year end the average time to conclude all recommendations was 28 working days.</li> </ul>

## Visitors and panel deputies

CoP visitors completed 9,829 visits during the year supporting the Public Guardian's supervision and investigations activity. Cases involving suspected abuse were prioritised with 97.3% of commissions issued to a visitor within 24 hours.

This year we recruited two new general visitors, with 20 contractor visitors set to join OPG early in 2016/17. We also introduced a code of conduct for our visitors, which will become part of the appraisal process for permanent visitors. It will also be the first step towards performance of contractors being monitored by permanent visitors.

OPG administers the panel of deputies, which the CoP draws on in cases where no one is able or willing to act as deputy. In 2015/16, the CoP made 366 panel deputy referrals and OPG made 186 panel deputy referrals. 29 assurance visits were made to panel deputies, along with 117 visits to their clients.

A refresh of the deputy panel in June 2015 saw 71 deputies appointed throughout England and Wales. The new deputy panel offers a wide range of skills and experience so that the appropriate deputy can be matched to each client who needs one. In November 2015 the new deputy panel had an opportunity to meet with OPG staff to network and share good practice. We also held conferences for special (medical) and general visitors during the year.

## Complaints

We operate a tiered complaints process for customers who are unhappy with the service they receive. First tier complaints are considered by the business area responsible. If a customer is unhappy with this response, the complaint can be escalated to the second tier. The complaint, and the way it was handled, is then reviewed by the Public Guardian. If a customer remains unhappy, they can ask their MP to refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO) for an independent review.

This year the number of complaints we have seen has increased slightly, though there has been a decrease when considered in proportion to our workload. We received 6,945 complaints in 2015/16 compared to 6,376 complaints in 2014/15 and 3,549 complaints in 2013/14.

Complaints relating to power of attorney registrations increased to 6,002 in 2015/16 from 5,790 in 2014/15. The percentage of complaints against volumes of work has decreased to 1.1% (of 547,021 applications) from 1.4% (of 409,049 applications).

Most complaints were about how LPA and EPA applications were processed. Typically they involved:

- delays in processing applications and refunds
- quality of customer service
- decisions relating to the validity of LPAs and EPAs.

During the business year we set up a complaints forum where staff responsible for handling complaints identify and feed back emerging themes to business managers to consider changes and improvements.

There has been a decrease in complaints about our supervision of deputies, which is significant given the increase in our workload, having received 381 complaints in 2015/16 compared with 388 in 2014/15. The percentage of complaints against volumes of work has decreased to 0.6% (against a caseload of 57,243) from 0.7% (against a caseload of 53,100).

Improved communication with deputies has helped manage expectations on timescales and improved understanding about our fee policies. We expect this improvement to be reflected in complaint numbers in the coming year.

We aim to respond to 90% of complaints within ten working days. In 2015/16, we responded to 68.2% within this timescale compared to 51.2% in 2014/15. Although the percentage completed within our 10 day goal was significantly lower than our target, the average number of days taken to respond to complaints over the year was 9.8 working days, within our 10 working day target.

5.9% of all the complaints we received were escalated for a response from the Public Guardian, compared with 4.3% for 2014/15. Seven new cases were accepted by the Parliamentary and Health Services Ombudsman for full investigation this year and six investigations were concluded within the year. Of these, one was partially upheld and five were not. We use feedback from the PHSO to identify improvements and we have complied with all PHSO recommendations.

Our focus for the year ahead will be to continue to learn lessons from the complaints we receive. Our quarterly complaints reports will share trend information across our business and the complaints forum will continue to encourage the sharing of best practice and collaborating to drive service improvements. We are determined to act on user feedback and to continuously improve the service we offer.

#### Customer Service Indicator: Complaints

Target is to respond to 90% of all customer complaints within 10 working days of receipt

Purpose	Calculation method	Data source	Achieved to 31 March 2016
This indicator plays an important part in helping OPG understand to what extent we are achieving our customers' expectations.	Performance is measured by adding together the total time to answer all of the complaints answered in month divided by the total number of complaints.  This indicator is measured on a monthly basis.	Management information from each individual business area.	At year end, 68% of complaints were responded to within 10 working days of receipt.

#### Correspondence

This year we received 85,109 pieces of correspondence. Most of this came from customers regarding PoA applications and from deputies regarding their powers and responsibilities.

#### Customer Service Indicator: Correspondence

Target is to respond to 90% of correspondence within 10 working days

Purpose	Calculation method	Data source	Achieved to 31 March 2016
This indicator helps to ensure we respond to our customers in a timely way. It also informs continuous improvement to the way we work and the way we deliver services.	Number of items of customer correspondence responded to within 10 working days divided by number of items of customer correspondence responded to in month.	OPG's internal case management systems and postal data.	94% of correspondence received a response within 10 working days.

## Legal

OPG drafts and submits applications and represents the Public Guardian at hearings at the CoP. We continue to work very closely with the CoP, particularly so with the shift to the regionalisation of court sittings. This year we have focussed on efficiency and speed; our aim has been to reduce the time taken to protect vulnerable people ensuring that any court action is taken quickly.

Drafting and submitting applications and representing the Public Guardian involves close collaboration between our court applications team and our investigations, safeguarding and supervision teams. It also involves working with partner organisations including local authorities, police, care homes, financial institutions and solicitors as well as with attorneys and deputies.

We have been involved in over 300 unreported cases involving action against misbehaving attorneys and deputies. We also assisted judges under Section 49 of the MCA in over 200 cases, instigating new inquiries and investigations where needed.

The Public Guardian was represented in 17 important judgments published at [www.bailii.org/ew/cases/EWCOP/](http://www.bailii.org/ew/cases/EWCOP/). These are:

- The Public Guardian and ED [2015] EWCOP 26
- The Public Guardian and EL (revoking an LPA) [2015] EWCOP 30
- The Public Guardian and HC [2015] EWCOP 29
- The Public Guardian and SM (revocation of an LPA) [2015] EWCOP 27
- The Public Guardian and HS [2015] EWCOP 33
- The Public Guardian v SR & Anor [2015] EWCOP 32
- The Public Guardian and XZ [2015] EWCOP 35
- The Public Guardian and ARL [2015] EWCOP 55
- The Public Guardian and AMH [2015] EWCOP 70
- The Public Guardian and SF [2015] EWCOP 68
- The Public Guardian and AFR [2015] EWCOP 73
- The Public Guardian and DWA [2015] EWCOP 72
- The Public Guardian and HNL [2015] EWCOP 77
- The Public Guardian v AM [2015] EWCOP 86
- The Public Guardian and WP deceased and EP (Rev 1) [2015] EWCOP 84
- The Public Guardian and SH [2016] EWCOP 2
- The Public Guardian and YW [2016] EWCOP 18

We have worked to simplify the approach to mistakes in LPAs so that the overarching aim of allowing people to make choices with a valid LPA is honoured wherever possible. We also have revised the process to sever LPA applications making it entirely electronic, reducing processing times by over 40 days. This means that customers now see severances completed before the end of the statutory waiting period, providing a better service to our customers.

We now have a dedicated email inbox for professional technical issues so that practitioners and the judiciary can contact us about unusual drafting, our approach to emerging issues, new case law, and raise concerns in confidence. We have also surveyed practitioners about future training and begun work on practice notes to share some of our thinking and improved processes.

### Sustainability report

We report on utilities used, travel and waste generated. We previously measured this against the Greening Government Commitments (GGC) for the period April 2009 to March 2015; this year we are reporting against its final year targets.

Our data is taken directly from utility meters, suppliers, and waste disposal contractors. Where we share buildings and utility supplies we base our consumption on the space we occupy. This information is collated as part of MoJ’s year end figures.

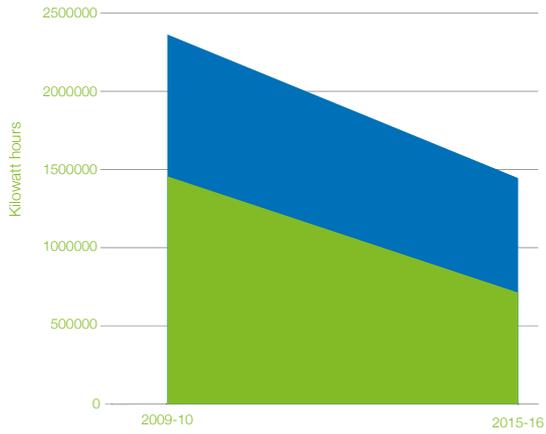
### Estates transformation

In December we moved into new accommodation in Nottingham to allow for an increase in staff. This building is much newer than the one it replaced and has a better efficiency rating (D). The refurbishment works included energy saving measures such as dimmable LED and low energy lamps and low-flush toilets.

### Our targets

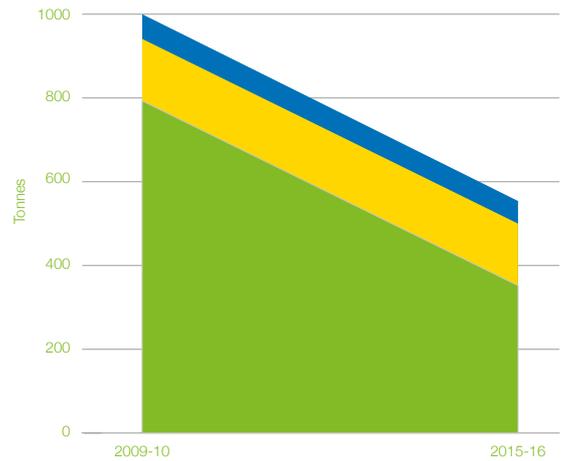
We exceeded last year’s performance and have met all but two of the GGC commitments this year.

Greening Government Commitment		Government reduction target to 31 March 2015	Performance to 31 March 2016	Outcome
	<b>Greenhouse gas emissions</b>	25%	45% decrease	<b>Exceeded</b>
	<b>Waste</b>	25%	47% decrease	<b>Exceeded</b>
	<b>Water</b>	6m³ per FTE	1.4m³ per FTE	<b>Exceeded</b>
	<b>Paper</b>	10%	65% increase	<b>Not met</b>
	<b>Travel</b>	25%	10% decrease	<b>Not met</b>



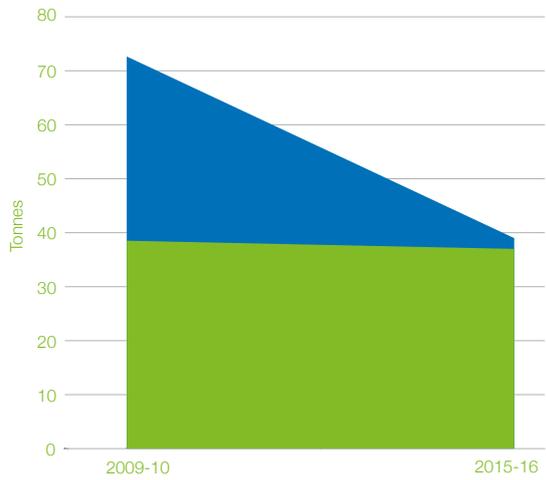
Energy use

- Gas
- Electricity



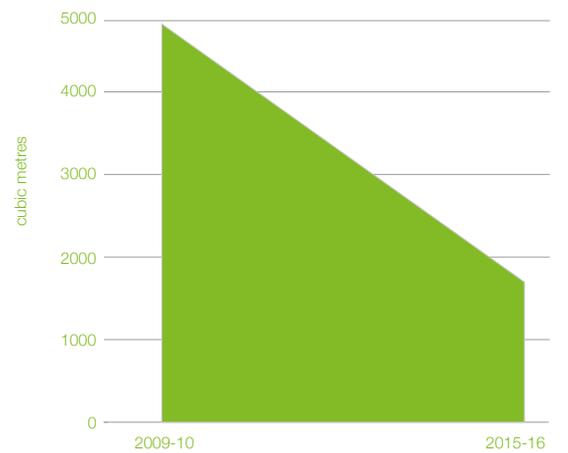
CO2 Emissions

- Travel
- Gas
- Electricity

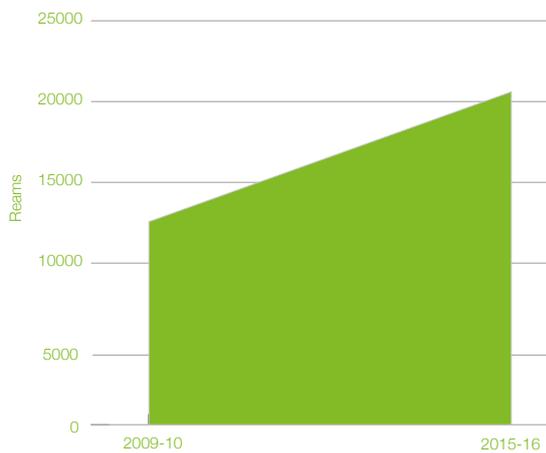


Waste

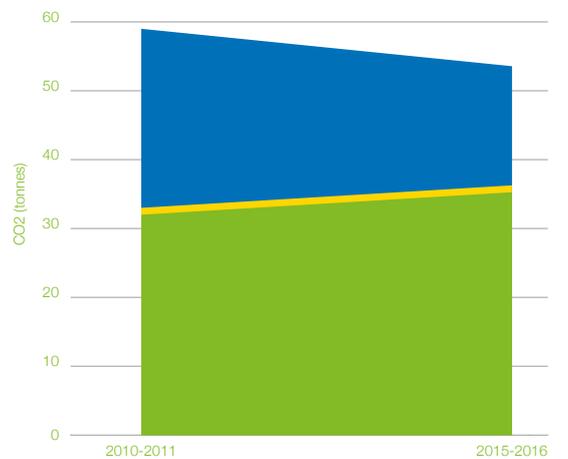
- Landfill
- Recycled



Water use



Paper



Travel emissions

- Car
- Tube
- Train

We have consolidated our offices into two buildings, which are both much more efficient than OPG's estate was 2009/10. This has led to most of our energy and emissions savings, even with year on year increases in occupancy. We also have a small presence in Petty France, London, which is reported on by MoJ Headquarters.

Last year 95% of all our waste was recycled, with 100% of paper waste being recycled in a closed loop. Contracts for zero-to-landfill waste disposal are now in place in Birmingham and Nottingham, which means 100% of our waste next year will be recycled or converted to fuel oil.

Our water use has fallen by two-thirds this year due to improvements in our estate, including new low-flush toilets, urinals and foaming taps.

CO<sub>2</sub> emissions from travel have decreased by 10% this year; we make extensive use of teleconferencing to reduce unnecessary travel. We also use one third of the volume of paper per case that we used six years ago, despite year-on-year increases in our workload and headcount. New, more flexible tele-conferencing and video conferencing tools will be available to us next year which will further reduce our need to travel.

### **Biodiversity, community and charity**

We work with our local communities to improve understanding of mental capacity issues and raise money for charities.

Last year our staff supported the Windmill Community Garden Project in Nottingham that provides support and activities for vulnerable people in the local area. The gardens are home to hundreds of species of plants and attract many rare insects and birds.

Our charity committee raised £3,110 for local and national charities, £700 of which went to Friends of Nottingham Mental Health, £1,280 to Comic Relief and £540 to Children in Need.

### **Embedding sustainability in our work**

OPG strongly encourages use of public transport; the majority of our staff travel to work in this way. We further support use of public transport by holding regular travel information and ticket sale events in Birmingham and Nottingham, and we also have facilities for cyclists at all of our offices.

Our staff receive regular sustainability updates and we have a small network of sustainability champions to engage staff and encourage a sustainable approach to all our work.

We also make use of the furniture clearing house to dispose of and obtain furniture, helping reduce waste and expenditure.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016

# Accountability report

## Corporate Governance Report

### Directors' Report

#### Our OPG Board

#### Our Executives



**Alan Eccles CBE**

Public Guardian, Accounting Officer and Chief Executive



**Karen Morley**

Head of Corporate Services



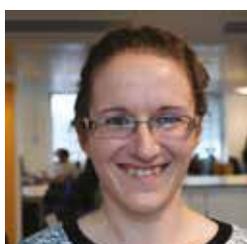
**Iain Dougall**

Head of Operations



**Angela Johnson**

Head of Practice and Compliance  
(responsible for Supervision and Investigations until February 2016)



**Ria Baxendale**

Head of Supervision and Investigations  
(from March 2016)



**Chris Jones**

Head of Strategy and Business Development

## **Our Non-Executive Directors**

**Sarah Wood**

Non-executive director & chair of OPG Audit & Risk Committee  
(until June 2015)



**Dean Parker**

Non-executive director and chair of OPG Audit & Risk Committee  
(from July 2015)



**Professor Anthony Schapira**

Non-executive director



**Janet Grossman**

Non-executive director

## **Our MoJ Representative**



**Dr Elizabeth Gibby**

MoJ Deputy Director, Strategy & Specialist Policy

## 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 for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Office of the Public Guardian at financial year-end and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

The Principal Accounting Officer for MoJ has designated the Chief Executive of OPG as the Accounting Officer for the agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding OPG's assets, are set out in Managing Public Money published by HM Treasury.

As Accounting Officer I confirm that:

- there is no relevant information of which the auditors to the Office of the Public Guardian are unaware
- I have taken all the steps I ought to ensure that I am aware of the relevant audit information
- I have taken all the steps I ought to establish that the auditors are aware of such information
- the annual report and accounts as a whole is fair, balanced and understandable and
- I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016

## Governance Statement

This statement explains how I, as OPG's Accounting Officer, have discharged my responsibility to manage and control OPG's resources during the year. This statement describes OPG's governance arrangements and provides an assessment of how I have balanced risk, assurance and control throughout 2015/16.

### Introduction

The MoJ Permanent Secretary is the department's Principal Accounting Officer (PAO). The responsibilities of an Accounting Officer are set out in Chapter 3 of Managing Public Money, issued by HM Treasury. The PAO designated me, as the Accounting Officer (AO) for OPG's administrative expenditure, defined my responsibilities and the relationship between OPG, AO and the PAO.

The Public Guardian is a statutory office holder appointed by the Lord Chancellor and Secretary of State for Justice under Section 57 of the Mental Capacity Act 2005 (MCA). This statutory role is combined with the administrative role of the Chief Executive of OPG and Accounting Officer for the agency, as set out in the MoJ/OPG Framework Document.

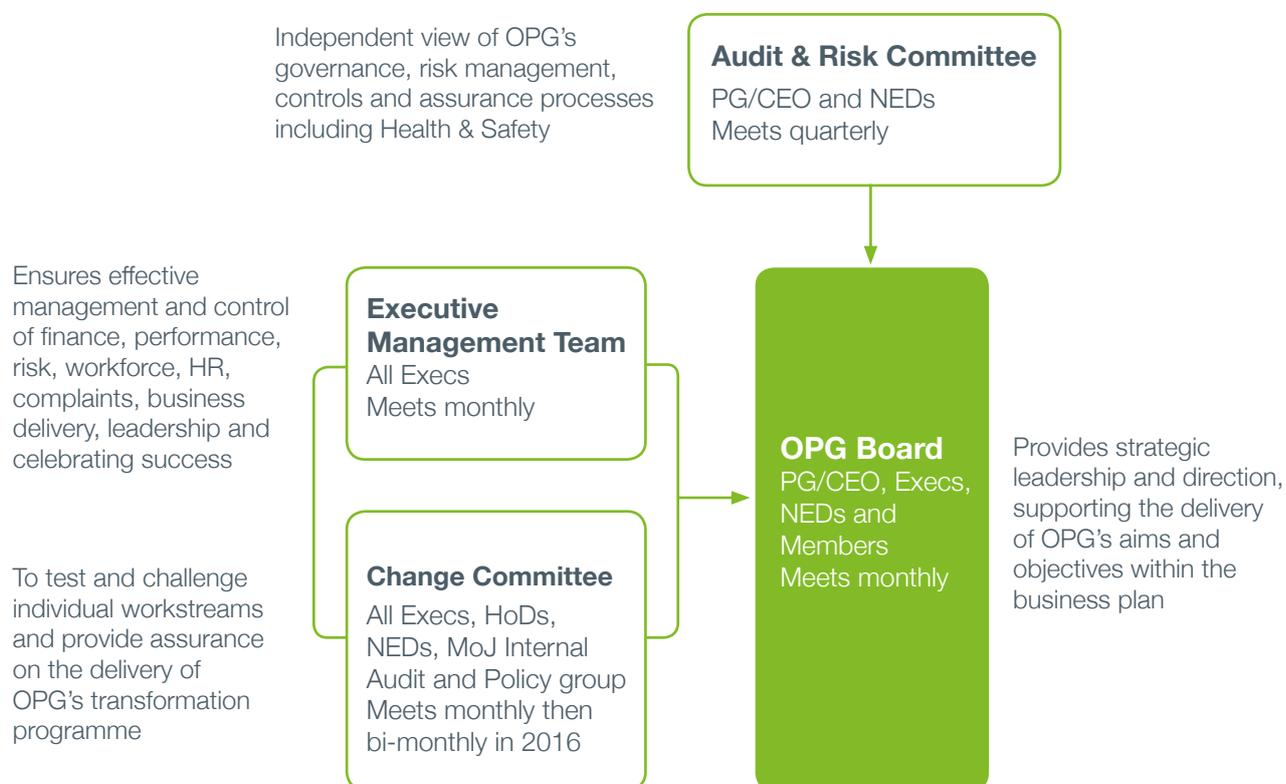
### Governance framework

The effectiveness of OPG's governance arrangements, risk management and the system of internal control are set out within this Governance Statement.

The statement includes the required assessment of compliance with the Treasury's Corporate Governance Code. While the focus of the code is on ministerial departments, where applicable, OPG applies the principles that it considers are commensurate with its size, status and legal framework.

## OPG Governance Framework

The current board and committee structures are shown in the diagram below:



### What the Board does

The Board led OPG both strategically and operationally. It also scrutinised and challenged issues affecting our performance and policies. The Board has 8 main areas of responsibility:

- to protect and enhance the reputation of the OPG. It does so by steering and overseeing the direction of OPG in delivering its aims and objectives
- to operate within the Ministry of Justice/OPG framework document agreed with the Minister and the appropriate Director General. Its members take decisions collectively and not as representatives of the business areas which they may lead
- to provide strategic direction for OPG, agreeing business aims, objectives and planning, whilst setting targets for the organisation and delivering the vision
- to monitor performance of OPG, communicating with staff on values and behaviour whilst overseeing operations and managing risk
- to approve the allocation of the annual budget and any significant in-year changes to it
- to support the maintenance of a strong working relationship between the staff of OPG and its partner organisations
- to approve OPG's corporate governance framework and controls and monitor their operation quarterly
- to ensure that the planning, performance and financial management of OPG is carried out efficiently and effectively and with openness and transparency, and contribute to the development of, and approve, OPG's annual business plan.

### Key successes and effectiveness

- Dean Parker was appointed as Non Executive Director (NED) to OPG and Chair of the Audit and Risk Committee in June 2015.
- Secured the appointment of non executive directors: Professor Anthony Schapira's contract was extended for a further 3 years from 30 September 2015 – 30 September 2018 and Janet Grossman's contract was extended for a further 2 years from 30 September 2015 – 30 September 2017.
- The Board oversaw the production of OPG's 2014/15 annual report and accounts which was laid before Parliament in June 2015 following sign off by the Comptroller and Auditor General.
- The Board was consulted on, and signed off, the business plan for 2015/16 and organisational strategy, using these documents to review and monitor progress at each meeting on receipt of monthly reports on finance and performance; also incorporating the Business Plan theme into the agenda bi-monthly.
- Monitored the financial management of the agency, including specific challenges in connection with fees and cost recovery.
- Decision taken by the Board in September 2015 that LPAs and EPAs can be processed using Sirius (OPG's new case management system).
- Supported the Estates project, providing appropriate assurance and challenge, in securing new premises in Nottingham and reconfiguring our accommodation in Birmingham.
- Signed off the agency's spending review plans.
- Undertook a quarterly review of risk registers and ensured risk management was considered as an integral part of receiving papers and presentations made to the board.
- The Board also paid particular focus on key undertakings and 'deep dive' activities including:
  - monitoring implementation of spending controls
  - development of robust demand forecasting methodologies
  - challenging the effectiveness of projects and programme focus to add value now and in the future
  - reviewing our operating model, capability and future ways of working
  - absence levels and attendance management
  - staff survey and employee engagement activities.

Following the implementation of a new structure for MoJ in November 2015, OPG moved into the Operations business group, of which Matthew Coats was appointed Director General.

## Our sub-committees and independent advisory committee

The Board had two sub-committees: the Executive Management Team (EMT) and the Change Committee (formerly known as the Transformation Programme Committee). OPG's Audit and Risk Committee is an independent advisory committee to the Board. The Board delegates work to the committees/executives so smaller groups of members can examine issues in more detail. The committees then present their findings to the Board for discussion and conclusion (as described in 'Corporate Governance in Central Government Departments: Code of Good Practice').

	Executive Management Team	Change Committee	Audit and Risk Committee
<b>Roles and Responsibilities</b>	To focus primarily on the day to day operational delivery of OPG's business, including: finance, performance, risk, workforce change/planning, complaints, HR (attendance management, recruitment), business delivery, leadership, employee engagement and celebrating success.	To bring together the key stakeholders from across OPG, Justice Policy Group, MoJ ICT and partners in delivery, MoJ Digital Services and Government Digital Service to ensure the Transformation programme runs effectively, in particular through providing the primary forum for the relationship between OPG, MoJ, GDS, JPG and transformation colleagues.	To provide an independent view of the appropriateness, adequacy and value for money of our governance, risk management, control and associated assurance processes and advise the OPG Accounting Officer and the OPG Board on the following: <ul style="list-style-type: none"> <li>• processes for risk management, control and governance and the Governance Statement</li> <li>• adequacy of information security and assurance procedures with controls specifically covering security of information procedures and responsibilities</li> <li>• accounting policies and accounts for the OPG</li> <li>• planned activity and results of both internal and external audit</li> <li>• adequacy of management responses to issues identified by audit activity, including internal and external audit management letters</li> <li>• assurances relating to the Ministry of Justice (MoJ) and corporate governance requirements</li> <li>• adequacy of anti fraud policies, whistle blowing</li> <li>• processes, and arrangements for special investigation</li> </ul>
<b>Chair</b>	Alan Eccles, Public Guardian/CEO and Accounting Officer	Alan Eccles, Public Guardian/CEO and Accounting Officer	Dean Parker, Non-Executive Director

	Executive Management Team	Change Committee	Audit and Risk Committee
<b>Key Successes and Effectiveness</b>	<p>EMT has continued to build on the finance and performance hub as a means of managing performance and forecasting future workloads. EMT members represented the organisation at numerous external events and those hosted by OPG during the year.</p> <p>EMT approved the creation of a Senior Leadership Team, reporting directly to EMT, the aim of which is to support EMT in the operational delivery of the business and act within delegated authorities to progress specific business initiatives. Areas devolved included Reward and Recognition, Attendance Management, Workforce Profiling and policy review.</p> <p>EMT has facilitated a series of leadership events to raise standards and capability across the leadership cadre including a Wider Leadership event all middle managers in OPG.</p> <p>EMT oversaw the launch of social media tools including OPG Twitter account and OPG Blog on GOV.UK pages.</p> <p>EMT oversaw the successful transition from a stand alone finance system to the main MoJ system in January 2016.</p>	<p>OPG has an annual portfolio plan, service area plans and a portfolio report which is used to gauge the level of planned change in order for the Committee to support relevant changes across the business year. This highlights any exceptions, issues, or requests a progression/cessation of a change.</p> <p>The Committee approved a project initiation document for an organisational development review looking at how OPG operates as an organisation, reviewing our processes and procedures, cultural elements, with a focus on the people aspect too.</p> <p>The digital deputyships tool allows deputies to complete their annual reporting online. The Committee approved public beta launch following a successful assessment from Government Digital Services and the tool is live on GOV.UK.</p> <p>Our online LPA tool which was launched in 2014 now has functionality in place to support new LPA forms.</p> <p>The Sirius LPA pilot began on 20th April 2015, giving functionality to progress an LPA through to registration, breaking the reliance on existing case management systems no longer able to cope with our demand.</p> <p>The business case to develop Sirius supervision functionality, continue development of other digital products and new products was signed off by the Committee and is progressing through necessary approval routes with MoJ and HM Treasury.</p>	<p>Supporting OPG in the substantial changes made in Supervision, which have delivered significantly higher levels of service to customers.</p> <p>Sustained improvement of accounts closure process for 2015/2016.</p> <p>Continued monitoring of Information Assurance, in particular the implementation of a Cyber Security policy that will underpin the digital transformation that is progressing as the agency moves toward a Digital by Default exemplar.</p> <p>Encouraging and supporting the business to take a more proportionate view of risk management.</p> <p>Ensuring risk scores reflected the overall risk to the business and that external and emerging risks are also captured and considered by the Executive.</p> <p>Reviewing and refreshing ARCs agenda to allow for more focussed attention to key risks and understanding of specific business areas.</p> <p>Supporting OPG in its efforts to improve attendance management and reduce the number of days lost to absenteeism.</p> <p>Advising and supporting a change in capital thresholds to better suit the needs of the business.</p> <p>Supporting the OPG Estates programme including endorsing escalation of key risks to the MoJ for inclusion in its risk register.</p>

## Board/Committee attendance

\* CEO/Public Guardian and Head of Corporate Services attend ARC in the capacity of additional attendees

	OPG Board		Executive Management Team		Audit and Risk Committee		Change Committee	
	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting
Alan Eccles, CEO and Public Guardian	12	12	12	12	4*	4	4	10
Sally Jones, Head of Legal	8	12	10	12				
Karen Morley, Head of Corporate Services	12	12	9	12	4*	4	10	10
Iain Dougall, Head of Operations	9	12	11	12			7	10
Angela Johnson, Head of Supervision, Practice and Compliance	11	12	12	12			5	10
Ria Baxendale, Head of Supervision and Investigations (from March 2016)	1	1	1	1				
Chris Jones, Head of Strategy and Business Development	8	12	11	12			9	10
Sarah Wood, Non-Executive Director; Chair Audit and Risk Committee (to June 2015)	3	3			2	2		
Dean Parker, Non-Executive Director; Chair Audit and Risk Committee (from July 2015)	7	10			2	2		
Janet Grossman, Non-Executive Director	12	12					9	10
Professor Anthony Schapira, Non-Executive Director	9	12			3	4		
Dr Elizabeth Gibby, MoJ Deputy Director, Strategy and Specialist Policy	8	12						
Steve Rider, Head of Chief Executive's Office	9	12						

	OPG Board		Executive Management Team		Audit and Risk Committee		Change Committee	
	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting
Anne Fletcher, Independent Member, Audit and Risk Committee					4	4		
Helen Journeaux, Strategic Projects and Policy Lead							5	10
Neil Campbell, Acting Head of Digital (from Sept – Nov 2016)							3	3
Jane Fallon, Head of Digital (from Nov 2016)							3	3
Liz Eaton, MoJ Policy Group							9	10
Jeannine Hoechx, MoJ Internal Audit & Assurance							9	9

\* CEO/Public Guardian and Head of Corporate Services attend ARC by invitation

## Terms of reference

OPG's Terms of Reference (ToR) are in line with the Financial Reporting Council's Guidance on Board Effectiveness (March 2011) and Good Governance Standard for Public Services, published by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Office for Public Management Ltd (OPM), to ensure its governance arrangements are reflected within the ToRs. The ToRs ensure that consistency and clarity of governance is being applied across the business, ensure there are clear lines of decision making and strengthen the ownership and accountability of OPG's overall governance framework.

## Internal Audit

As Accounting Officer and Chief Executive, I have established and maintained arrangements for the provision of internal audit services from MoJ within 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 OPG in support of the Permanent Secretary's responsibilities as PAO that includes access to all books, records, data, assets, personnel and premises of OPG as may be considered desirable or necessary to discharge OPG's responsibilities. MoJ receives copies of OPG's annual internal audit plans and annual report from me. MoJ is notified of any fraud or irregularity within the definition set out by HM Treasury.

During the reporting year, 10 final reports were issued for work relating to 2015/16 and two final reports relating to work from the 2014/15 audit plan. Of these, eight reports received substantial ratings, two received moderate ratings and two received limited ratings. No critical areas of weakness were identified in any of the audits.

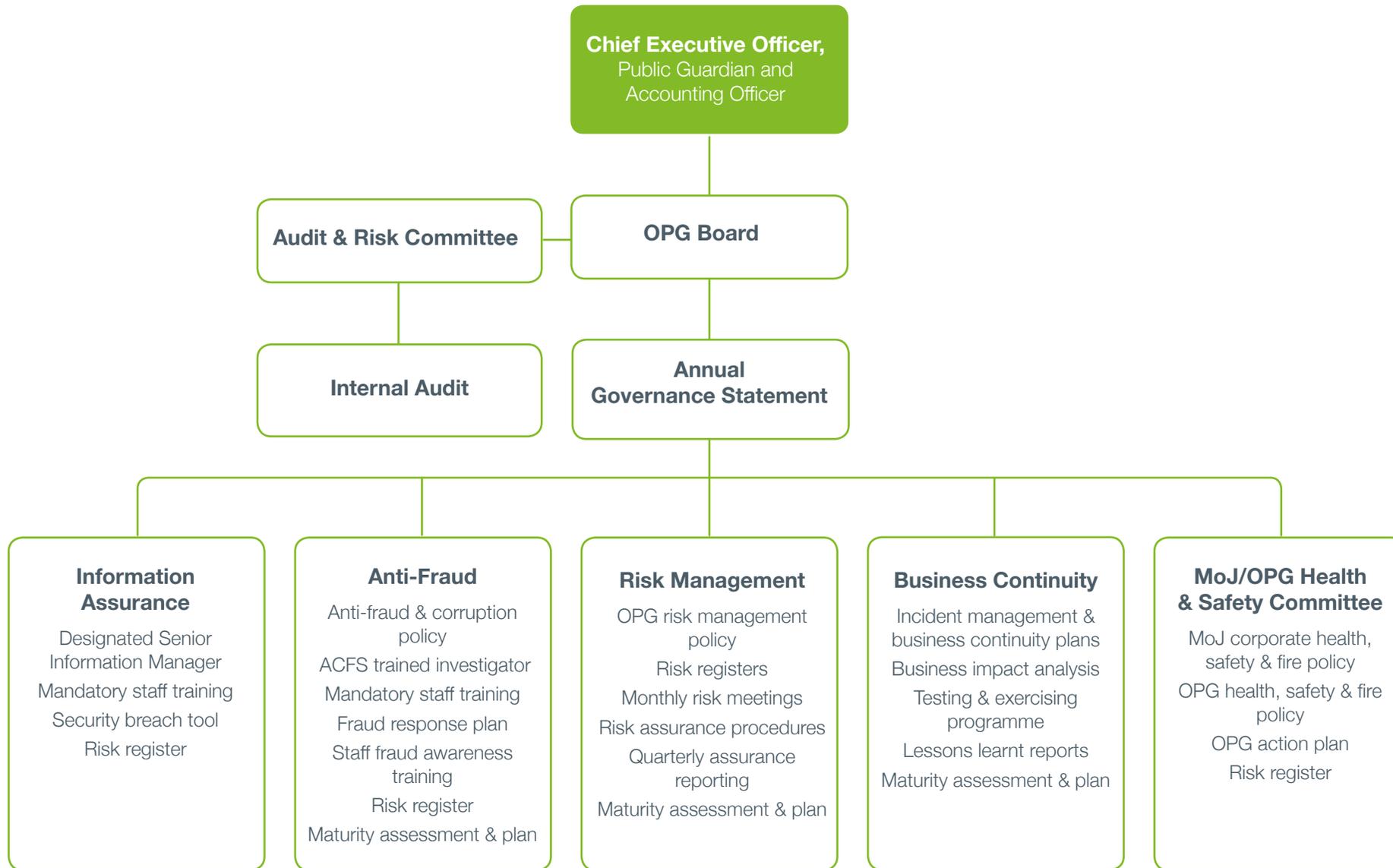
On the basis of the work completed during the year and knowledge of OPG's governance, risk management and internal controls:

- Internal Audit provided a **moderate** level of assurance. This is described as "Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control".

## Risk management, control and assurance

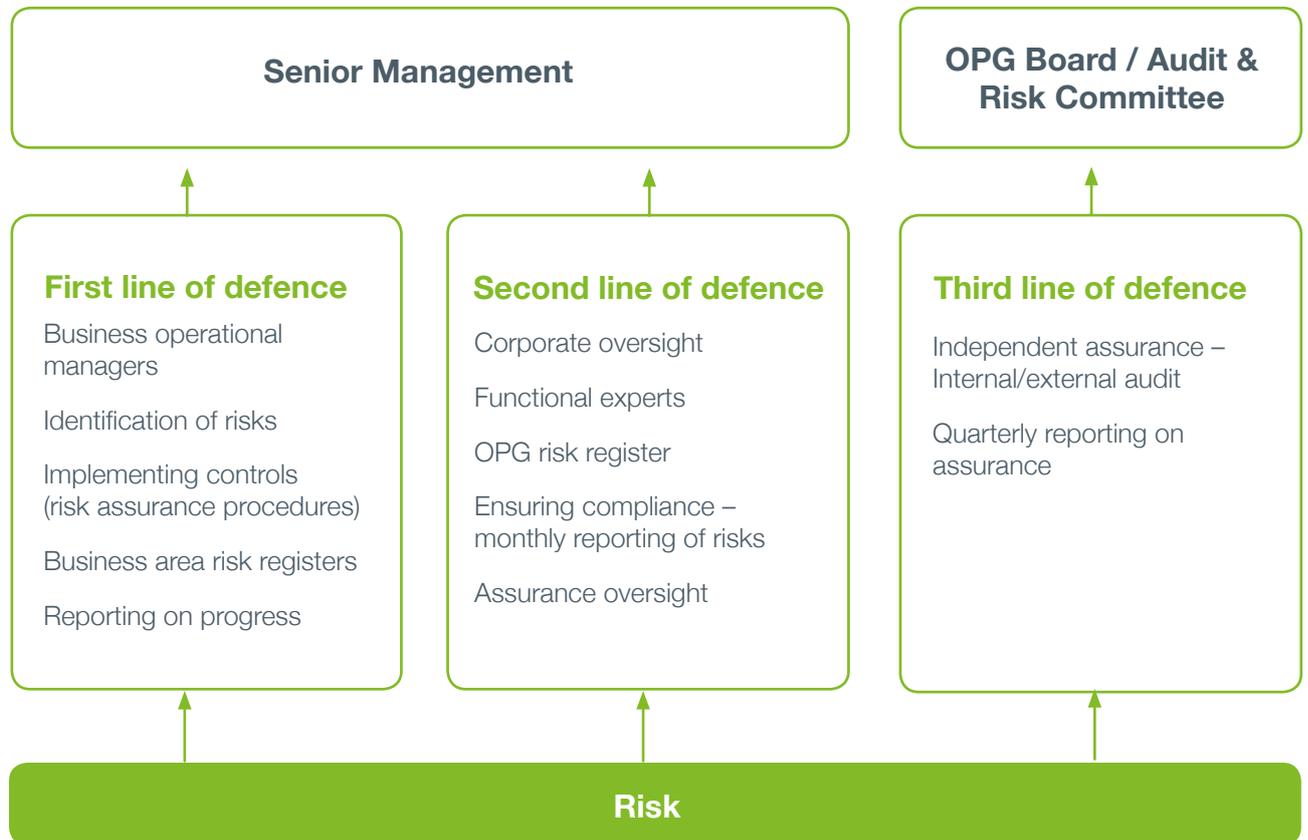
OPG maintains a risk management framework in accordance with the guidance in HM Treasury's Managing Public Money and Management of Risk – Principles and Concepts, and other official guidance that may be issued from time to time. It is consistent with MoJ's Risk Management Policy, escalating risks as necessary. OPG's Risk Management Policy includes the OPG assurance structure, risk assurance framework and risk assurance procedure. It encompasses all areas of risk including information assurance, business continuity, fraud, health and safety. Risk management is used across OPG as an enabling tool to encourage innovation and efficiency.

# OPG Assurance Structure

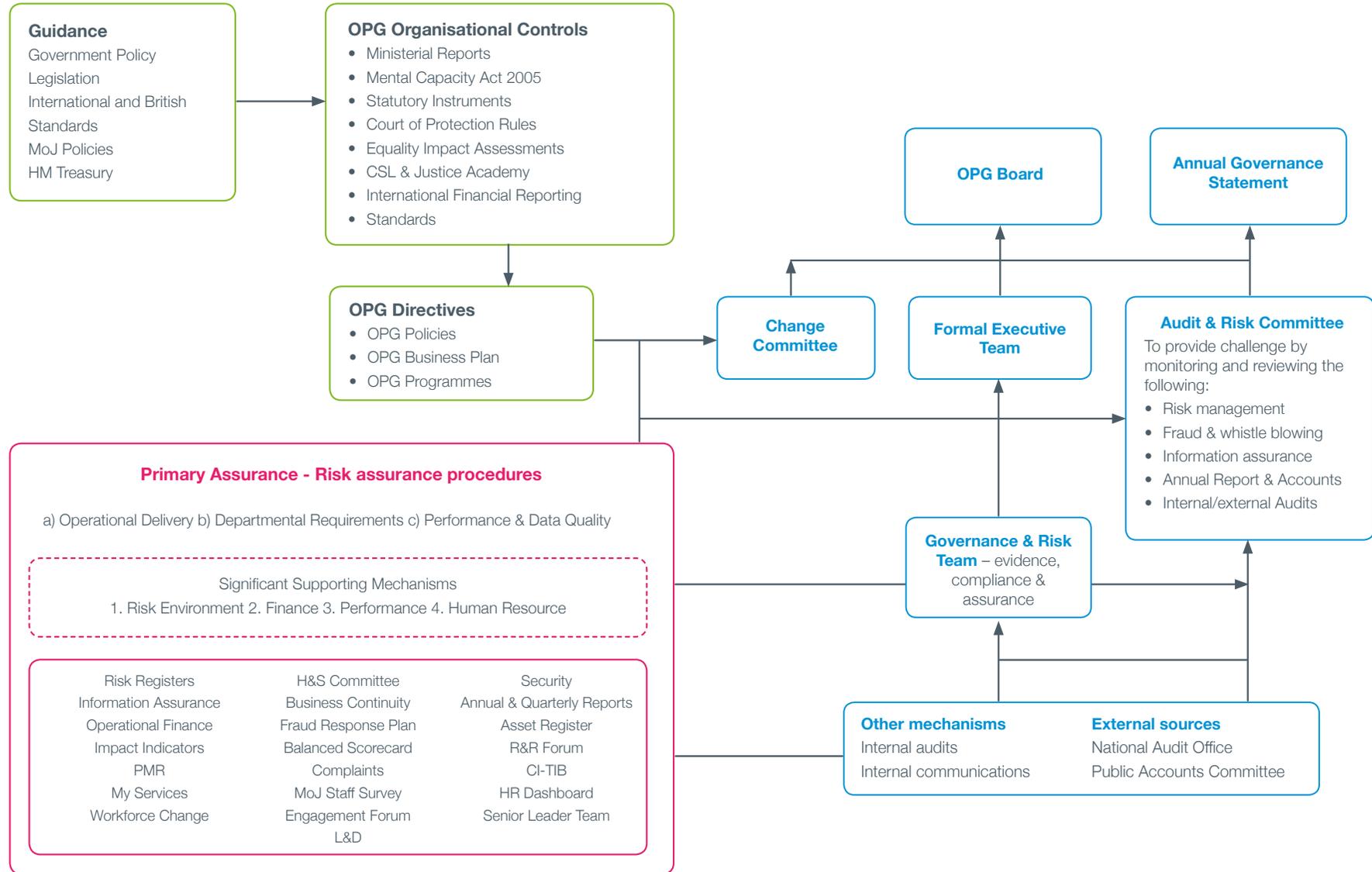


OPG adopts the ‘three lines of defence’ approach to the way we manage risks, to ensure compliance and enable effective assurance.

## Three Lines of Defence



# Risk Assurance Framework



OPG's risk appetite is that it considers itself a forward-facing and innovative organisation more willing to take and manage risk in the areas of:

- delivering improved service to clients
- modernising and transforming 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.

OPG as a risk averse organisation is less willing to take and manage risk in the areas of:

- exercising effectively the Public Guardian's statutory functions and powers
- providing a risk-based supervision regime for deputies and ensuring that safeguards are applied for vulnerable adults in identifying, preventing and stopping abuse where possible, and
- its internal governance and management control systems.

OPG's risk register highlights the main risks to the achievement of OPG's business objectives and the successful execution of its strategies. This register is in place and is updated monthly along with business area risk registers. It forms part of the quarterly Audit and Risk Committee agenda.

### Corporate risks managed in 2015/16

Principal risks	Key mitigating actions
<b>Attendance management</b>	
Staffing levels are severely impacted by the high levels of staff absence across OPG (Average working days lost)	<p>The senior leadership team have taken responsibility to look at reducing the sickness absence throughout OPG through monthly working groups with detailed and timely actions as follows:</p> <ul style="list-style-type: none"> <li>the effective use of managing attendance champions to support managers through the process and provide advice and guidance</li> <li>MoJ introduced a new managing attendance policy in February 2016, prior to rollout the group ensured that all managers received face to face training in understanding the new processes and how to use them in practice</li> <li>regular communications to all staff through the transition period and through the official rollout of the new policy</li> <li>monthly reporting to the Formal Executive Team on progress against actions and milestones</li> <li>approval from the OPG Board to apply for accreditation of a 'well being charter' which is run through local authorities, this will be ongoing through the next financial year.</li> </ul>
<b>OPG Estates</b>	
<p>Project fails to deliver within the revised (planned) timeframes and budgets.</p> <p>Legal risk of leases being unsigned and works commencing at risk.</p> <p>Operational risk of not having sufficient space to accommodate staff to process forecast and increasing workloads.</p>	<p>The OPG Estates Project has delivered the following:</p> <ul style="list-style-type: none"> <li>a full re-stack of our building in Birmingham to maximise the occupancy levels to meet performance targets with increasing workloads</li> <li>the relocation from an outdated and inefficient office in Nottingham to a modern and efficient building, which has been fitted out to support the ongoing flexible working policies within MoJ. This has also been resourced to accommodate the requirement of recruiting additional staff resource to meet the growing demands of the business.</li> </ul>
<b>Impact of spending review / Change of MoJ Structure</b>	
Required to stop all non essential expenditure for projects and programmes; cease recruitment and deliver additional savings to MoJ HQ.	<p>Our Change Programme Team have provided MoJ and HM Treasury with detailed business cases to support our continued delivery of digital products to our customers and to our staff to improve the service and value for money of our objectives.</p> <p>The senior leadership team have a specific workforce committee to ensure that there is a consistent approach to all recruitment, succession planning, talent management and internal movements throughout OPG, which meets with the required criteria in the MoJ recruitment freeze.</p> <p>Monthly reporting to the Formal Executive Team to provide assurance.</p>
<b>Sirius/Document and Data Capture (DDC) (new case management functionality)</b>	
Operations is unable to provide an efficient, accurate or high quality service of registered LPAs and fails to transform current services through wider delivery.	<p>Regular weekly and monthly updates/meetings with all teams across the Digital teams and Operations teams to identify and resolve issues, with the use of a specific Trello Board to co-ordinate all activities to support the implementation of SIRIUS and DDC.</p> <p>Extensive user testing and training has taken place throughout the year to fix issues and to up-skill operational staff in using SIRIUS to allocate and manage cases through to registration.</p>

### Anti-fraud and corruption

OPG has a fraud response plan, underpinned by the MoJ Anti-Fraud and Corruption Policy. OPG has an accredited counter fraud specialist who is a member of the Institute of Counter Fraud Specialists, the MoJ Counter Fraud Co-ordination Group, and is able to draw upon best practice across the department when necessary.

A rolling programme of fraud awareness sessions has taken place for new and existing staff. OPG also took part in an MoJ fraud and whistleblowing awareness week in February/March 2016. During this week OPG held sessions for over 300 staff, added an OPG blog to the MoJ intranet and facilitated a 'lunch and learn' session to MoJ staff in London. This achieved one of the deliverables in the MoJ fraud action plan to increase awareness.

There have been no reported incidents of external fraud against OPG during this financial year. There have been a number of reported scams, all which have been reported to Action Fraud with no loss suffered.

### Effectiveness of whistleblowing arrangements in MoJ/OPG

In March 2015, MoJ launched a refreshed whistleblowing policy, to enhance existing compliance with the National Audit Office and Public Accounts Committee findings of 2014. In conjunction with the policy refresh MoJ created a central database to capture whistleblowing cases across business groups. The centralised system provides for improved trend analysis and progress tracking. OPG adopts the MoJ policy and guidance and, as such, considered the effectiveness of the whistleblowing policy at its Audit and Risk Committee in January 2016.

MoJ has three nominated officers, one of whom is from OPG. During 2015/16, OPG received and investigated one whistleblowing case regarding two OPG members of staff. Lessons were learned and we informed the concern raiser that the investigation had been concluded. The case did not relate to crime, breach of legal obligations or any other issues required to be disclosed under the Public Interest Disclosure Act.

Whistleblowing concerns are raised when there is a breach of the Civil Service Code of Conduct. Questions surrounding the Code, how to raise concerns and confidence that these will be investigated were measured in the annual civil service staff engagement survey. OPG scored 84%, 63% and 63% respectively. In response OPG conducted fraud and whistleblowing awareness sessions for over 300 staff during 2015/16. These will continue in 2016/17.

### Business continuity

There was one major incident in October 2015; our Birmingham site was affected over the course of a week due to an electrical outage. This caused an initial loss of two office wings, and later one wing. This meant that approximately 75 staff were re-located to other areas of our Birmingham site. The incident management and business continuity (IMBC) team invoked the IMBC plans. They effectively managed the incident, ensuring all staff had regular communication throughout the week.

Due to the successful management of this incident, performance against our objectives was not affected.

OPG Governance and Assurance team has two trained business continuity practitioners to support this function. OPG continues to build capability to manage the risk of disruption, improve resilience both now and in the future and maintain plans for incidents to assist recovery.

## Information Security and 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, Governance and Facilities. OPG's approach is consistent with government policy comprising an information security process, asset registers, 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 continuously and was reviewed in summer 2015.

Controls include:

- management procedures specifically covering security of information and staff responsibilities
- access for all staff to receive training on information security with additional remedial training mandated when 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 securely classify information and the 'roles and responsibilities' of staff in handling client information
- managers with specific security of information responsibilities are Certificated in Information Security Management Principles (CISMP)
- information risk and Privacy Impact Assessments completed in respect of all our key IT systems with a designated Data Projects Manager appointed to aid the business in relation to the ongoing IT Transformation
- a clear desk/flexible workspace policy.

## Information (loss/compromise) incidents

559 incidents of information loss and/or misdirection were recorded against OPG's information incident management process, a significantly lower figure than last year. The year end report on these incidents identified the majority (524) occurring within Operations – Applications and Processing. Incident volumes remain very low overall, equating to less than 0.086% of total (PoA) incoming 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 ensure relevant areas/individuals remain aware of, and accountable for, the information they manage and handle.

No incidents were deemed significant enough to be reported to the Information Commissioner.

During 2015 OPG conducted a pilot exercise with some of its suppliers, inviting them to self-assess their adherence to a range of expected government requirements. Following the success of the pilot, the scheme will be renewed to include a larger supplier group during 2016/17.

### Accounting Officer

As Accounting Officer, I have responsibility for reviewing the effectiveness of OPG's 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 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 OPG has a 'moderate' level of assurance. I have been advised on the implications of the result of my review by the Board and the Audit and Risk Committee. I am satisfied that a plan to address weaknesses in the system of internal control, and ensure 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.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016

## Remuneration and Staff Report

### Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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.civilservicecommission.gov.uk](http://www.civilservicecommission.gov.uk)

### Remuneration policy

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

Salaries for executive board members are determined by the Permanent Secretary of 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, motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff
- government policies for the 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
- 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
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by MoJ on behalf of OPG and is therefore 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.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2015/16 relate to performance in 2014/15 and the comparative bonuses reported for 2014/15 relate to the performance in 2013/14.

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the members of OPG's Board.

## Remuneration

Members	2015/16					2014/15				
	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 CBE, Chief Executive and Public Guardian	110–115	-	-	54	165–170	110–115	-	-	54	165–170
Karen Morley, Head of Corporate Services	55–60	-	-	25	80–85	55–60	0–5	-	15	75–80
Angela Johnson, Head of Supervision, Practice and Compliance	50–55	0–5	-	20	70–75	55–60	0–5	-	18	75–80
Iain Dougall, Head of Operations	65–70	-	-	26	90–95	65–70	-	-	25	90–95
Chris Jones, Head of Strategy and Business Development (From 22/04/14)	60–65	-	-	27	85–90	60–65 (60–65 full year equivalent)	-	-	10	70–75
Ria Baxendale, Head of Supervision and Investigations (From 01/03/2016)	0–5 (55–60 full year equivalent)	-	-	2	5–10	n/a	n/a	n/a	n/a	n/a
Elizabeth Gibby, MoJ Deputy Director, Access to Justice Strategy and Specialist Policy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sarah Wood (until 30/06/15)	0–5 (5–10 full year equivalent)	-	-	-	0–5	5–10	-	-	-	5–10
Dean Parker (from 01/07/2015)	0–5 (5–10 full year equivalent)	-	-	-	0–5	n/a	n/a	n/a	n/a	n/a
Prof Anthony Schapira	5–10	-	-	-	5–10	5–10	-	-	-	5–10
Janet Grossman	5–10	-	-	-	5–10	5–10	-	-	-	5–10
<b>Band of highest paid director total remuneration (£000)</b>	<b>110–115</b>					<b>110–115</b>				
<b>OPG median total remuneration (£)</b>	<b>20,036</b>					<b>20,224</b>				
<b>Ratio</b>	<b>5.6</b>					<b>5.6</b>				

Angela Johnson partially retired with effect from 1 January 2016. Ria Baxendale gained responsibility for supervision and investigations from 1 March 2016. Elizabeth Gibby is the designated MoJ representative on the Board. As such her salary is not in respect of any significant OPG role and is not subject to disclosure.

Information in the above table has been audited.

### **Fair pay disclosure<sup>1</sup>**

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 OPG in the financial year 2015/16 was £110–115k (2014/15: £110–115). This was 5.6 times (2014/15: 5.6 times) the median remuneration of the workforce, which was £20,035 (2014/15: £20,224).

In 2015/16, 6 members of the workforce (2014/15: 0 members of the workforce) received remuneration in excess of the highest-paid director. Remuneration ranged from £117,000 to £140,000.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

### **Compensation for loss of office<sup>1</sup>**

No compensation payments were made in 2015/16 (2014/15: nil) for early retirement or loss of office.

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<sup>1</sup> The information contained in this section has been audited

## Pension benefits

Members	Accrued at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/16	CETV at 31/3/15	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Alan Eccles CBE, Chief Executive and Public Guardian	70–75	2.5–5	1,307	1,164	48	-
Karen Morley, Head of Corporate Services	20–25 plus lump sum of 60–65	0–2.5 plus lump sum of 0–2.5	378	333	12	-
Angela Johnson, Head of Practice and Compliance	25–30	0–2.5	521	464*	20	-
Iain Dougall, Head of Operations	15–20	0–2.5	244	202	20	-
Chris Jones, Head of Strategy and Business Development (From 22/04/14)	10–15	0–2.5	135	110	7	-
Ria Baxendale, Head of Supervision and Investigations (From 01/03/2016)	10–15	0–2.5	108	93	9	-

Information in the above table has been audited.

\* This figure is different from the prior year's report due to a revised calculation provided by the pension administrator.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3% to 2.8%. This rate affects the calculation of CETV figures in this report.

## Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants, and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits

'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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 initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

### **Cash equivalent transfer values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

## Staff Report

Staff costs	2015/16			2014/15
	£000			£000
	Total	Permanently employed staff	Others	Total
Wages and salaries	27,191	22,943	4,248	22,305
ERNIC	1,320	1,320	-	987
Other pension costs	3,988	3,988	-	2,484
<b>Total net costs</b>	<b>32,499</b>	<b>28,251</b>	<b>4,248</b>	<b>25,776</b>

Information in the above table has been audited.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit scheme but OPG is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2015/16, employers’ contributions of £3,916,000 were payable to the PCSPS (2014/15 £2,484,000) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £72,000 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings.

## Staff numbers

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

Number	2015/16			2014/15
	Total	Permanent staff	Other	Total
Directly employed	984	984	-	707
Other	87	-	87	158
<b>Total</b>	<b>1,071</b>	<b>984</b>	<b>87</b>	<b>865</b>

Information in the above table has been audited.

### Staff composition

	Male	Female
Board Members	3	3
SCS1	0	1
OPG employees (excluding SCS)	465	629

The staff composition table above shows the number of staff in post at 31 March 2016. The board members include 1 male SCS2 (not included on SCS row).

### Sickness absence

Average working days lost (AWDL) this year was 8.7 days, greater than our target of 7.5 days. We have already begun taking steps to address this issue:

- we introduced a revised absence management policy in February 2016. All line managers received training on the new policy and all staff received a briefing on the new policy. We are expecting the new policy to have a positive impact and will continue to monitor results
- we are developing a “wellbeing at work” programme with a focus on mental health.

### Staff policies applied in year

The OPG complies with the MoJ disability policy in relation to the recruitment, training and development of staff with disabilities. We recruit, train and develop people on the basis of their skills, aptitude and ability to do the job.

As part of the MoJ, we operate according to a range of human resources policies, procedures and practices underpin and support equality and diversity. The following policies all have specific elements that have been applied:

- flexible working
- bullying and harassment
- mediation
- recruitment and selection
- equality and diversity
- managing attendance (we have a number of staff with a disability where reasonable adjustments have been agreed in order to enable them to carry out their duties)
- performance management
- training.

### Expenditure on consultancy

OPG did not employ any consultants during 2015/16.

### Off-payroll engagements

Summary of off-payroll engagements 2015/16	Members of the workforce
Less than one year	10
Between one and two years	6
<b>Total</b>	<b>16</b>

All of the above appointments have been subject to a risk based assessment regarding the payment of correct tax.

### Reporting of civil service and other compensation schemes – exit packages

No exit packages were paid in 2015/16 (2014/15: Nil). This information has been audited.



#### **Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016

## Parliamentary Accountability and Audit Report

### Statement of Parliamentary supply

OPG is funded by 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, MoJ, and by Parliament. Approval has already been given for 2016/17 and there is no reason to question OPG's future funding. Financial statements have therefore been prepared on a going-concern basis for financial reporting and asset valuation purposes.

### Regularity of expenditure

The Principal Accounting Officer for MoJ has designated the Chief Executive of OPG as the Accounting Officer for the agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding OPG's assets, are set out in Managing Public Money published by HM Treasury.

### 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 OPG involving 100% cost recovery. This strategy was reflected in both statutory instruments and was implemented from 1 October 2007.

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

	2015/16	2014/15
	£000	£000
Operating income	(65,857)	(51,411)
Fees remitted	(6,762)	(6,132)
<b>Total income</b>	<b>(72,619)</b>	<b>(57,543)</b>
<b>Total expenditure</b>	<b>53,321</b>	<b>40,293</b>
<b>Deficit/(surplus)</b>	<b>(19,298)</b>	<b>(17,250)</b>
<b>Cost recovery (%)</b>	<b>136%</b>	<b>143%</b>

Information in the above table has been audited.

The financial objective agreed with HM Treasury, for OPG to achieve full cost recovery (excluding fee exemptions and remissions), was met and exceeded, achieving 136% in 2015/16, a further reduction from 143% achieved in 2014/15.

As reported last year, this over-recovery was anticipated as it was not possible to change our fees during the year. We have successfully delivered significant resource investment and improved the quality of our services.

Discussions are being held between MoJ and HM Treasury to review the financial objective and if necessary amend our fee structure at the earliest opportunity.

### Losses and special payments

The information in this section has been audited.

#### Fees remitted

There were 76,253 cases where fees were remitted or exemptions applied. The total value was £6,762,000 (2014/15: 67,810 cases – £6,132,000 as described in note 2).

#### Cash losses

There was one case involving cash losses totalling £14 (2014/15: 1 case – losses £37).

#### Special payments and fee waivers

There were 205 special payments totalling £10,000 (2014/15: 179 special payments, totalling £12,000) relating to compensation and consolatory settlements.

There were 3,042 fee waivers totalling £386,000 (2014/15: 4,382 cases, totalling £473,000). 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 judgment of the Public Guardian, payment of the fee would cause undue hardship
- in recognition of maladministration.

### Remote 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.



#### Alan Eccles CBE

Chief Executive and Accounting Officer

30 June 2016

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

I certify that I have audited the financial statements of the Office of the Public Guardian for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements 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 and Staff Report and the Parliamentary Accountability disclosures that is described in those reports as having been audited.

### **Respective responsibilities of the Board, 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 2016 and of the net operating surplus for the year then ended
- 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with directions made by the Secretary of State under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and 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**

**Date: 1 July 2016**

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



# Financial statements

<b>Statement of Comprehensive Net Expenditure</b>		<b>2015/16</b>	<b>2014/15</b>
<b>for the period ended 31 March 2016</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
Programme:	7		
Staff costs	3	32,499	25,776
Other expenditure	4/5	20,822	14,517
Income	2/6	(65,857)	(51,411)
Net operating surplus		(12,536)	(11,118)

<b>Other Comprehensive Net Expenditure</b>	<b>Note</b>	<b>2015/16</b>	<b>2014/15</b>
		<b>£000</b>	<b>£000</b>
Net (gain) / loss on revaluation of property, plant and equipment	8	147	(48)
Net loss on revaluation of intangibles	8a	-	7
Total comprehensive income and expenditure		(12,389)	(11,159)

The notes on pages 61 to 78 form part of these accounts.

Statement of Financial Position as at 31 March 2016	Note	31 March 2016		31 March 2015	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	8		4,218		1,065
Intangible assets	8a		5,792		7,982
<b>Total non-current assets</b>			<b>10,010</b>		<b>9,047</b>
<b>Current assets</b>					
Trade and other receivables	9	46,100		35,419	
Cash and cash equivalents	10	5,879		1,356	
<b>Total current assets</b>			<b>51,979</b>		<b>36,775</b>
<b>Total assets</b>			<b>61,989</b>		<b>45,822</b>
<b>Current liabilities</b>					
Trade and other payables	11	(8,013)		(3,144)	
Provisions	12	(230)		(230)	
<b>Total current liabilities</b>			<b>(8,243)</b>		<b>(3,374)</b>
<b>Total assets less current liabilities</b>			<b>53,746</b>		<b>42,448</b>
<b>Non-current liabilities</b>					
Provisions	12		(119)		(119)
<b>Total non-current liabilities</b>			<b>(119)</b>		<b>(119)</b>
<b>Total assets less total liabilities</b>			<b>53,627</b>		<b>42,329</b>
<b>Taxpayers' equity</b>					
General fund			53,385		41,940
Revaluation reserve			242		389
<b>Total taxpayers' equity</b>			<b>53,627</b>		<b>42,329</b>

The notes on pages 61 to 78 form part of these accounts.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

30 June 2016

OPG – Statement of Cash Flows for the period ended 31 March 2016	Note	2015/16	2014/15
		£000	£000
<b>Cash flows from operating activities</b>			
Surplus for the year		12,536	11,118
Other non-cash charges	5	6,053	3,822
Other non-cash operating costs	4	1,204	1,184
Other non-cash		11	14
		<b>19,804</b>	<b>16,138</b>
Increase in trade and other receivables		(10,971)	(11,417)
Increase/(decrease) in trade and other payables		3,434	(63)
Utilisation of provisions settled by OPG	12	0	(188)
<b>Net cash inflows from operating activities</b>		<b>12,267</b>	<b>4,470</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(146)	-
Purchase of intangible assets		(1,848)	(4,361)
<b>Net cash outflow from investing activities</b>		<b>(1,994)</b>	<b>(4,361)</b>
<b>Cash flows from financing activities</b>			
MoJ transfer		(5,750)	(1,664)
<b>Net financing</b>		<b>(5,750)</b>	<b>(1,664)</b>
<b>Net increase/(decrease) in cash</b>	10	<b>4,523</b>	<b>(1,555)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>1,356</b>	<b>2,911</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>5,879</b>	<b>1,356</b>

The notes on pages 61 to 78 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2016	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2015</b>		<b>41,940</b>	<b>389</b>
<b>Net gain/(loss) on revaluation of:</b>			
Revaluation of property, plant and equipment		-	(147)
Revaluation of Intangible assets		-	-
<b>Non-cash charges</b>			
Auditor's remuneration	5	52	-
Costs settled by MoJ	4	1,204	-
Notional element of departmental recharge	5	3,392	-
Reserves movement MoJ		(5,750)	-
Other		11	-
<b>Net surplus for the year</b>		<b>12,536</b>	<b>-</b>
<b>Balance at 31 March 2016</b>		<b>53,385</b>	<b>242</b>

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2015	Note	General Fund	Revaluation Reserve
		£000	£000
<b>Balance at 31 March 2014</b>		<b>28,762</b>	<b>348</b>
<b>Net gain/(loss) on revaluation of:</b>			
Revaluation of property, plant and equipment		-	48
Revaluation of intangible assets		-	(7)
<b>Non-cash charges</b>			
Auditor's remuneration	5	52	-
Costs settled by MoJ	4	1,184	-
Notional element of departmental recharge	5	2,505	-
Reserves movement MoJ		(1,664)	-
Other		(17)	-
<b>Net surplus for the year (SoCNE)</b>		<b>11,118</b>	<b>-</b>
<b>Balance at 31 March 2015</b>		<b>41,940</b>	<b>389</b>

The notes on pages 61 to 78 form part of these accounts.

# Notes to the accounts

For the period ended 31 March 2016

## 1. Statement of accounting policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the 2015/16 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 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 OPG, which is mainly front-line services. This classification has been agreed with HM Treasury.

OPG has made an assessment of the proposed changes in the FReM for 2015/16, 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.

Approval has already been given for 2016/17 and these accounts have 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 relates directly to the operating activities of OPG. 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 2015/16 has been in place since when it was altered at 1 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 two types of supervision and bring in annual fees according to the level allocated. The majority of cases fall into the category of general level of supervision. 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. 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. OPG criteria adopt 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.

OPG 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

An accrual is made for untaken employee leave and flexi leave.

### 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 the remuneration and staff report, cover past and present employees. The defined benefit schemes are unfunded. 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. OPG accounts for the schemes as defined contribution schemes as sufficient information is not available to account for them as defined benefit schemes. The agency therefore recognises the contributions payable for the financial year.

## 1.7 Leases

OPG's 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) 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

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 £10,000 (including VAT). It was increased from £1,000 in the prior year, which has had the impact of reducing property, plant and equipment at 31 March 2016 by £175,000.

### Capitalisation threshold – grouped assets

Where a significant purchase of individual assets, which are individually beneath the capitalisation threshold, arises 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

Tangible assets held for their service potential are carried at their current value in existing use.

They 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.

## 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. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to ensure 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 and fittings – 10 years
- plant and 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 current value in existing use. As no active market exists for OPG's intangible assets, current 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 two to seven years. Purchased software licences are amortised over the licence period.

### **1.12 Capitalisation thresholds for intangibles**

OPG's capitalisation threshold for software projects is £10,000 (including VAT). It was increased from £1,000 in the previous year, which has had the impact of reducing intangible assets at 31 March 2016 by £39,000.

### **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 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 held for its service potential is current value in existing 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 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 MoJ's registration, which advises the agency of any recoverable input VAT.

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

#### 1.15 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 in 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 OPG generates net cash inflows, these are periodically surrendered to 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 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 MoJ's favour. These transactions are described as 'other non-cash MoJ funding' in the SoCF and SoCiTE.

<b>2. Income</b>	<b>2015/16</b>	<b>2014/15</b>
<b>Operating income</b>	<b>£000</b>	<b>£000</b>
<b>OPG fee income</b>		
Lasting Powers of Attorney	(58,341)	(43,340)
Enduring Powers of Attorney	(1,241)	(1,657)
Supervision	(11,487)	(11,054)
Appointment of Deputy	(1,550)	(1,492)
	<b>(72,619)</b>	<b>(57,543)</b>
<b>Exemptions and remissions</b>		
Lasting Powers of Attorney	4,695	3,564
Enduring Powers of Attorney	143	87
Supervision	1,640	2,169
Appointment of Deputy	284	312
	<b>6,762</b>	<b>6,132</b>
<b>Total operating income</b>	<b>(65,857)</b>	<b>(51,411)</b>

<b>3. Staff costs</b>	<b>2015/16</b>			<b>2014/15</b>
	<b>£000</b>			<b>£000</b>
<b>Staff costs</b>	<b>Total</b>	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>
Wages and salaries	27,191	22,943	4,248	22,305
ERNIC	1,320	1,320	-	987
Other pension costs	3,988	3,988	-	2,484
<b>Total net costs</b>	<b>32,499</b>	<b>28,251</b>	<b>4,248</b>	<b>25,776</b>

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit scheme but OPG is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2015/16, employers’ contributions of £3,916,000 were payable to the PCSPS (2014/15 £2,484,000) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £72,000 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings.

4. Other operating costs	2015/16	2014/15
	£000	£000
Cash losses and ex gratia payments	11	18
Consumables	287	220
Maintenance	*1,039	*776
Computer running costs	3,830	2,345
Travel and subsistence costs	420	510
Other running costs	*3,360	1,389
Postage	2,508	2,051
Rates	*490	*414
Accommodation	*1,147	*1,085
Utilities	*49	*50
Visitor services (assessment of client needs)	1,628	1,340
<b>Total other operating costs</b>	<b>*14,769</b>	<b>10,198</b>

\* Of the above amounts, £1,204,000 (2014/15 £1,184,000) was settled by the Ministry of Justice and have no cash impact on OPG. The affected categories are starred.

5. Non-cash charges	2015/16	2014/15
	£000	£000
MoJ Headquarters support charges	3,392	2,505
Depreciation – Property, plant & equipment	325	258
Amortisation – Intangible assets	1,101	772
External auditor's remuneration	52	52
Loss on disposal of property, plant and equipment	290	32
Downward revaluation of assets below depreciated value	603	-
Increase in provision for bad and doubtful debts	217	-
<b>Provision for liabilities:</b>		
Provided in the year	-	203
Provisions written back	-	-
	<b>5,980</b>	<b>3,822</b>
Increase in impairment of trade receivables	-	(42)
Bad debts written off	73	539
	<b>6,053</b>	<b>4,319</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.

The financial objective agreed with HM Treasury, for OPG to achieve full cost recovery (excluding fee exemptions and remissions), was met and exceeded, achieving 136% in 2015/16, a further reduction from 143% achieved in 2014/15.

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

	2015/16	2014/15
	£000	£000
Operating income	(65,857)	(51,411)
Fees remitted	(6,762)	(6,132)
<b>Total income</b>	<b>(72,619)</b>	<b>(57,543)</b>
<b>Total expenditure</b>	<b>53,321</b>	<b>40,293</b>
<b>Deficit/(surplus)</b>	<b>(19,298)</b>	<b>(17,250)</b>
<b>Cost recovery (%)</b>	<b>136%</b>	<b>143%</b>

The financial objective agreed with HM Treasury, for OPG to achieve full cost recovery (excluding fee exemptions and remissions), was met and exceeded, achieving 136% in 2015/16, a further reduction from 143% achieved in 2014/15. As reported last year, this over-recovery was anticipated as it was not possible to change our fees during the year. We have successfully delivered significant resource investment and improved the quality of our services.

Discussions are being held between MoJ and HM Treasury to review the financial objective and if necessary amend our fee structure at the earliest opportunity.

## 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 OPG, which is mainly front-line services; this classification has been agreed with HM Treasury.

<b>8. 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 2015	891	203	676	1,103	-	<b>2,873</b>
Additions	-	-	-	-	2,224	<b>2,224</b>
Reclassifications**	-	475	253	574	386	<b>1,688</b>
Disposals	(9)	(205)	(86)	(71)	-	<b>(371)</b>
Revaluation	(385)	2	3	25	-	<b>(355)</b>
<b>At 31 March 2016</b>	<b>497</b>	<b>475</b>	<b>846</b>	<b>1,631</b>	<b>*2,610</b>	<b>6,059</b>
<b>Depreciation</b>						
At 1 April 2015	(335)	(72)	(622)	(779)	-	<b>(1,808)</b>
Provided in year	(29)	(27)	(76)	(193)	-	<b>(325)</b>
Disposals	5	93	74	58	-	<b>230</b>
Revaluation	359	(14)	(194)	(89)	-	<b>62</b>
<b>At 31 March 2016</b>	<b>0</b>	<b>(20)</b>	<b>(818)</b>	<b>(1,003)</b>	<b>-</b>	<b>(1,841)</b>
<b>Net book value at 31 March 2016</b>	<b>497</b>	<b>455</b>	<b>28</b>	<b>628</b>	<b>2,610</b>	<b>4,218</b>
<b>Net book value at 1 April 2015</b>	<b>556</b>	<b>131</b>	<b>54</b>	<b>324</b>	<b>-</b>	<b>1,065</b>

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

\* Closing balance of £2,610k is comprised of Information Technology (£1,121k), leasehold improvements (£934k) and furniture (£555k) under construction.

\*\* Refer to footnote to note 8a.

	Leasehold improvements	Furniture & fittings	Plant & equipment	Information technology	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2014	824	240	687	1,095	<b>2,846</b>
Reclassification	-	17	-	-	<b>17</b>
Disposals	-	(54)	(11)	-	<b>(65)</b>
Revaluation	67	-	-	8	<b>75</b>
<b>At 31 March 2015</b>	<b>891</b>	<b>203</b>	<b>676</b>	<b>1,103</b>	<b>2,873</b>
<b>Depreciation</b>					
At 1 April 2014	(228)	(75)	(602)	(649)	<b>(1,554)</b>
Provided in year	(83)	(23)	(25)	(127)	<b>(258)</b>
Disposals	-	26	5	-	<b>31</b>
Revaluation	(24)	-	-	(3)	<b>(27)</b>
<b>At 31 March 2015</b>	<b>(335)</b>	<b>(72)</b>	<b>(622)</b>	<b>(779)</b>	<b>(1,808)</b>
<b>Net book value at 31 March 2015</b>	<b>556</b>	<b>131</b>	<b>54</b>	<b>324</b>	<b>1,065</b>
<b>Net book value at 1 April 2014</b>	<b>596</b>	<b>165</b>	<b>85</b>	<b>446</b>	<b>1,292</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 2015	414	7,082	*7,186	<b>14,682</b>
Additions	-	-	1,205	<b>1,205</b>
Reclassification	-	5,282	(6,970)	<b>(1,688)</b>
Disposals	(281)	(799)	(147)	<b>(1,227)</b>
Revaluation	2	120	(575)	<b>(453)</b>
<b>At 31 March 2016</b>	<b>135</b>	<b>11,685</b>	<b>**699</b>	<b>12,519</b>
<b>Amortisation</b>				
At 1 April 2015	(384)	(6,316)	-	<b>(6,700)</b>
Provided in year	(21)	(1,080)	-	<b>(1,101)</b>
Disposals	279	799	-	<b>1,078</b>
Revaluation	(4)	-	-	<b>(4)</b>
<b>At 31 March 2016</b>	<b>(130)</b>	<b>(6,597)</b>	<b>-</b>	<b>(6,727)</b>
<b>Net book value at 31 March 2016</b>	<b>5</b>	<b>5,088</b>	<b>699</b>	<b>5,792</b>
<b>Net book value at 1 April 2015</b>	<b>30</b>	<b>766</b>	<b>7,186</b>	<b>7,982</b>

All intangible assets disclosed above are owned outright by OPG.

\* Of £7,186k opening balance, £5,498k relates to intangible assets and £1,688k relates to property, plant and equipment.

The reclassification from intangible assets to property, plant and equipment is due to the opening balances containing IT projects which are not wholly internally generated software but are defined as hardware e.g. document and data capture scanners.

The migration of accounting system, with a full year effect in 2016/17, offers the functionality to record a project code as part of the accounting classification; this offers the enhancement in reporting to avoid a recurrence.

\*\* Closing balance of £699k is wholly comprised of projects that will be classified under internally generated software when development is complete.

<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 2014	1,003	6,675	3,300	<b>10,978</b>
Additions	-	-	4,361	<b>4,361</b>
Reclassification	-	429	(475)	<b>(46)</b>
Disposals	(589)	-	-	<b>(589)</b>
Revaluation	-	(22)	-	<b>(22)</b>
<b>At 31 March 2015</b>	<b>414</b>	<b>7,082</b>	<b>7,186</b>	<b>14,682</b>
<b>Amortisation</b>				
At 1 April 2014	(922)	(5,610)	-	<b>(6,532)</b>
Provided in year	(51)	(721)	-	<b>(772)</b>
Disposals	589	-	-	<b>589</b>
Revaluation	-	15	-	<b>15</b>
<b>At 31 March 2015</b>	<b>(384)</b>	<b>(6,316)</b>	<b>-</b>	<b>(6,700)</b>
<b>Net book value at 31 March 2015</b>	<b>30</b>	<b>766</b>	<b>7,186</b>	<b>7,982</b>
<b>Net book value at 1 April 2014</b>	<b>81</b>	<b>1,065</b>	<b>3,300</b>	<b>4,446</b>

All intangible assets disclosed above are owned outright by OPG. The balance of assets under construction, £7.2m, was wholly made up of expenditure related to digital transformation.

9. Trade receivables and other current assets	31 March 2016	31 March 2015
Amounts falling due within one year	£000	£000
<b>Balances with other central government bodies</b>		
Amount due from Ministry of Justice	35,015	25,099
VAT recoverable	279	83
	<b>35,294</b>	<b>25,182</b>
<b>Balances with bodies external to government</b>		
Prepayments	218	548
Staff receivables	40	48
Trade receivables	9,809	9,341
Accrued income	739	300
	<b>10,806</b>	<b>10,237</b>
<b>Total receivables</b>	<b>46,100</b>	<b>35,419</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 MoJ (see note 1.18).

Trade receivables are shown net of a provision for doubtful debts of £423,000 (2014/15: £206,000) and a provision for remissions of £602,000 (2014/15: £634,000).

10. Cash and cash equivalent	31 March 2016	31 March 2015
	£000	£000
Balance at 1 April 2015	1,356	2,911
Net cash inflow/(outflow)	4,523	(1,555)
<b>Balance at 31 March 2016</b>	<b>5,879</b>	<b>1,356</b>
<b>The following balances at 31 March are held at:</b>		
Government Banking Service	<b>5,879</b>	<b>1,356</b>

<b>11. Trade payables and other current liabilities</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>
<b>Amount due to other central government bodies</b>		
Amount due to Ministry of Justice	1,918	795
	<b>1,918</b>	<b>795</b>
<b>Balances with bodies external to government</b>		
Accruals	5,840	2,204
Trade payables	255	145
	<b>6,095</b>	<b>2,349</b>
<b>Total payables</b>	<b>8,013</b>	<b>3,144</b>

<b>12. Provisions for liabilities and charges</b>	<b>Early retirement</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2015</b>	<b>157</b>	<b>192</b>	<b>349</b>
Provided in the period	-	-	-
Provisions utilised in the period	-	-	-
<b>Balance at 31 March 2016</b>	<b>157</b>	<b>192</b>	<b>349</b>
<b>Analysis of expected timings of cashflow</b>			
Not later than one year	38	192	<b>230</b>
Later than one year and not later than five years	119	-	<b>119</b>
Later than five years	-	-	-
	<b>157</b>	<b>192</b>	<b>349</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 2016	31 March 2015
	Land & buildings	Land & buildings
	£000	£000
Not later than one year	1,173	499
Later than one year and not later than five years	4,331	2,191
Later than five years	20	1,132
<b>Total</b>	<b>5,524</b>	<b>3,822</b>

### 14. Related party transactions

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

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.

### 15. 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.

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

### 16. Financial instruments

As OPG's cash requirements are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts 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 amortised cost.

# Appendices

## Five-year financial record

	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000

<b>Operating income</b>					
Lasting Powers of Attorney	20,817	27,094	31,580	39,776	53,646
Enduring Powers of Attorney	2,183	2,048	1,791	1,570	1,098
Supervision*	7,192	8,061	9,255	10,065	11,113
Other	-	-	-	-	-
	<b>30,192</b>	<b>37,203</b>	<b>42,626</b>	<b>51,411</b>	<b>65,857</b>

<b>Fees remitted</b>					
Lasting Powers of Attorney	3,908	3,330	3,453	3,564	4,695
Enduring Powers of Attorney	186	174	123	87	143
Supervision*	2,658	3,510	2,676	2,481	1,924
Other	-	-	-	-	-
	<b>6,752</b>	<b>7,014</b>	<b>6,252</b>	<b>6,132</b>	<b>6,762</b>

Total income	36,944	44,217	48,878	57,543	72,619
Total expenditure	28,989	27,918	31,895	40,293	53,321
(Deficit)/surplus	7,955	16,299	16,983	17,250	19,298
Cost recovery	128%	158%	153%	143%	136%

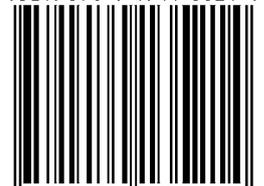
\* includes Appointment of Deputy

Fee volumes	2011/12	2012/13	2013/14	2014/15	2015/16
LPA fees	178,790	241,214	294,946	395,309	475,037
EPA fees	18,912	17,968	16,034	15,037	11,482
Office copy fees	1,408	4,196	1,416	1,819	1,606
Appointment of Deputy fees	12,744	11,801	14,017	14,938	15,432
General supervision fees	41,720	43,176	43,695	42,466	43,873
Minimal supervision fees	10,804	13,751	16,929	20,915	21,636

Remissions volumes	2011/12	2012/13	2013/14	2014/15	2015/16
LPA fees	32,086	36,217	39,281	43,949	58,706
EPA fees	1,608	1,923	1,298	1,005	829
Search fees (no fee payable after 1 October 2011)	36	0	0	0	0
Appointment of Deputy fees	3,931	3,263	3,682	3,403	2,809
General supervision fees	20,225	16,090	17,814	18,703	13,452
Minimal supervision fees	19	627	673	750	457

Payment methods – volumes	2011/12	2012/13	2013/14	2014/15	2015/16
Cheque	178,454	168,496	237,339	308,245	320,028
Credit Card	5,211	11,755	17,726	49,971	107,404
Direct Debit	10,447	11,402	9,528	8,559	12,282
<b>Total</b>	<b>194,112</b>	<b>191,653</b>	<b>264,593</b>	<b>366,775</b>	<b>439,714</b>

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