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## Protecting

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

## Supporting

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

## Empowering

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

# 06/07

Annual Report & Accounts



public  
**guardianship**  
office

Report by the Chief Executive and Public Guardian Designate to the Lord Chancellor on the work of the Public Guardianship Office for the year 2006/07.

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

Ordered by the House of Commons to be printed 10 July 2007



## 2006/07 Highlights

- Best operational performance against targets since the PGO was formed in 2001
- The PGO has met or exceeded 23 of 29 targets
- 75% customer satisfaction target met for the first time – this is the fifth consecutive year where we have seen an increase.
- Receiver applications up 9%
- Registration of Enduring Powers of Attorney up 15%
- The PGO Financial Investigations Unit (FIU) was involved in 78 investigations into alleged financial abuse. In total over £1.1 million of client funds were recovered either by the FIU or other agencies.

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**Richard Brook**

*Chief Executive and Public  
Guardian Designate*

# Annual Report

## Chief Executive's Foreword

I am pleased to present the Public Guardianship Office (PGO) Annual Report and Accounts for 2006/07.

### **The role of the PGO**

Every day, we all make financial decisions about things that affect us and those close to us, such as deciding what bills to pay, the things we buy and about our bank accounts. Some of these decisions are taken spontaneously, while others take some thinking about.

In society there are people, while capable of making decisions on everyday things like what to eat or what to wear, lack the capacity to make complex decisions about their finances such as what investments they want to make. Some people cannot make any decisions at all, while others may experience a temporary lack of capacity to make financial decisions.

This loss or temporary loss of capacity can be related to many things such as a learning disability, mental health problems, and dementia or brain injury.

The services we provide help to protect the financial well-being of people who lack mental capacity whilst providing help, support and advice to their relatives, friends and carers at very difficult times.

### **Our Performance in 2006/07**

2006/07 represented the most challenging year that the organisation has faced since its creation in 2001. During the last year, as well as focusing on maintaining the service delivery levels that our customers expect of us, we have been working towards the successful implementation of the Mental Capacity Act in October 2007.

*Customer  
satisfaction  
increase from  
34% in 2002 to  
75% in 2007*

I am pleased to say that we have met these challenges head on and this year represents the most successful year the PGO has ever had in terms of organisational performance. We achieved 23 out of 29 measured performance targets that make up our key performance indicators with improvement in most areas of our work.

The achievements of the PGO during 2006/07 reflect the hard work and continuous improvement made over the last five years. In this time we have seen:

- The number of Receivers we appoint and supervise increase by 7%;
- The number of EPA's we register increase by 70%; and
- Customer satisfaction increase from 40% in 2002 to 75% in 2007.

This increased workload and improvement has been delivered whilst staffing levels have stayed broadly static.

## **Mental Capacity Act Implementation Milestones**

As well as delivering improved operational performance, much of our work this year has focused around planning for and managing the transition of the PGO into the Office of the Public Guardian (OPG) and fully implementing the provisions of the Mental Capacity Act.

Work in 2006/07 enabled us to reach some significant milestones in this process including:

- The formal implementation timetable was announced in December 2006 with the Act being implemented in two distinct phases, April 2007 and October 2007;
- We began transitioning existing Receivers to a new empowered regime;
- Lasting/Enduring Powers of Attorney and Public Guardian regulations finalised and laid before Parliament on 17 April 2007;
- Code of Practice – published and issued on 23 April 2007;
- Court of Protection and Public Guardian fees consultation response issued on 30 April 2007; and
- User acceptance testing for the IT has been completed.

More detail on this work is contained later in this report.

## **Working through Change**

One of the key parts of the implementation process has been preparing staff for the changes that the Act will bring. As with any significant change programme there is uncertainty amongst staff about their roles and how the changes will affect them.

Considerable work and consultation has gone into the development and implementation of the new OPG organisational structure. We have developed training plans which will ensure that staff have the necessary skills for their new roles and will be able to deliver good performance in the new organisation.

## Communicating with our Stakeholders

We recognise that to ensure successful implementation of the Act it is important to keep stakeholders up to date with developments and to consult and work with them where appropriate. During the year the Outreach team delivered 17 events to various stakeholders around the country about the Act.

We produced a number of articles for inclusion in various stakeholder magazines and newsletters and we attended nine exhibitions. We distributed 240,000 leaflets on the Act to doctors' surgeries in England and Wales and, working in partnership with colleagues from the DCA, we produced six advice booklets on the Act.

## The Months Ahead

The next six months will represent a major challenge for the organisation. As well as working on the final parts of the implementation process it will be just as important to ensure we maintain the improvements in performance that we have achieved over the last few years.

In the next six months implementation work will focus on finalising the processes for the new services created by the Act. We will implement the final parts of the IT infrastructure and develop the customer and staff guidance to support these new processes.

We will continue to communicate and consult with staff and stakeholders on developments around the Act, and ensure that all staff are fully prepared for their new roles.

I am confident that with the commitment and support of staff we will continue to provide the level of service expected by our customers whilst ensuring the successful implementation of the Mental Capacity Act.



**Richard Brook**

*Chief Executive and Public Guardian Designate*

5 July 2007

## Background Information

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

## About the Court of Protection

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

These functions include:

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

The Court of Protection is supported by the PGO, which implements its orders and decisions. The Chief Executive of the PGO and certain staff are nominated officers of the Court of Protection and may carry out some functions under the Mental Health Act 1983, subject to directions given by the Master of the Court of Protection pursuant to section 94 (1) of that Act. There is a review of the work of the Court of Protection for 2006/07 on page 30.

## The Public Guardianship Office

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

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

## PGO Strategic Objectives

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

We have four strategic objectives:

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

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

The Agency employs 406 whole-time equivalent staff (2005/06: 411) and is responsible for the supervision of around £2.5 billion (2005/06: £2 billion) of clients' funds.

## Ministers

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

### **Lord Falconer of Thoroton**

*The Secretary of State for Justice and Lord Chancellor*

### **Baroness Ashton of Upholland**

*Parliamentary Under Secretary of State*

## Management Board

The Management Board as at 31 March 2007 consisted of five executive staff members and two external representatives (non-executives). Their roles are to develop the strategic direction of the Agency. Each staff member has responsibility for overseeing a particular division and reports on the performance of that division to the Management Board. In addition, the Management Board monitors the financial and business performance of the Agency and identifies and manages risks. The Chief Executive of the Agency, supported by senior staff, is responsible for operational activity including the Agency's commitment to equality in its activities.

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

As at 31 March 2007 the Management Board comprised:

<b>Richard Brook</b>	<i>(Chief Executive and Public Guardian Designate)</i>
<b>Louise Lawrence</b>	<i>(Head of Performance and Change/MCIP OPG<sup>2</sup> Implementation Manager)</i>
<b>Steve Rider</b>	<i>(Acting Head of Customer Contact Centre)</i>
<b>Craig McIlwrath</b>	<i>(Director of Operations and Head of Applications and Processing Designate)</i>
<b>Stephen Taylor</b>	<i>(Head of Finance and Resources)</i>
<b>Jane May</b>	<i>(Non-executive Director)</i>
<b>Bryan Thompson</b>	<i>(Non-executive Director)</i>

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

## Equal Opportunities Policy

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

## Learning and Development

During the year the PGO continued to give high priority to training and developing all our staff to enhance their professionalism to support the PGO's objectives.

## Employee Involvement

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

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2 MCIP OPG stands for Mental Capacity Implementation Programme Office of the Public Guardian

## Creditor Payment, Policy and Performance

The PGO pays all supplier invoices in accordance with the Government's payment performance targets. These require us to pay all invoices not in dispute within 30 days or within the agreed contractual terms. They also require us to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time within these terms. In 2006/07 the PGO paid 98% of invoices within this time span (2005/06: 97%). Payments are only made once they have been properly authorised under the terms of the PGO's scheme of financial delegation. No interest was paid under the Late Payment of Commercial Debt (Interest) Act 1998.

## Health and Safety

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

During 2006 the PGO issued a Health and Safety Policy Statement and schedule of responsibilities. It created a Health and Safety section on the home page of its intranet site to provide staff access to all necessary guidance.

The PGO has a Health and Safety Committee, which meets quarterly, and its minutes and action points are available on-line to all staff in the Health and Safety section of the PGO Intranet.

Training has been provided to managers and staff during 2006/07 covering a range of issues from legal responsibilities to handling difficult situations.

The PGO has recently provided to all staff access to Workstation Safety Plus, a Health and Safety on-line training programme and self-risk assessment questionnaire for the computer workstation.

A DCA Health and Safety management system audit was carried out in January 2007, which reported that the PGO has a well-set-up Health and Safety management system, with an active Committee and good co-operation with the local trade union. Every member of staff receives Health and Safety induction training and a pack including useful Health and Safety information.

As outlined above, important improvements have been made in the field of Health and Safety throughout the reporting period. The PGO remains committed to continual improvement in this field, in consultation with staff and trade union representatives, who have played a constructive part throughout.

# Management Commentary

## Financial Activity

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

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

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

New fees came into force on 1 April 2006 by making various changes to the fees charged by the Court of Protection. The fees Statutory Instrument increased fees in line with cost inflation in the Court and PGO of 3.5% to move closer to optimum cost recovery, in line with HM Treasury Guidance. The Instrument changed the point at which the annual administration fee becomes payable from annually, on the anniversary of the appointment of a Receiver, to 31 March each year, making the payment date align with the end of the financial year. It also changed the point at which the subsequent winding-up fee stops being payable from the passing of or dispensing with the Receiver's final account to the receipt of grant of representation or the receipt or dispensing with the Receiver's account, whichever is the later. Fees for 2006/07 will remain unchanged until the implementation of the MCA for which a new fees and charges regime has been through consultation and the response published on 30 April 2007.

The result for the financial year was an operating deficit of £5,241,000 (2005/06: £4,664,000) on net income of £16,872,000 (2005/06: £16,109,000). The PGO's net assets at 31 March 2007 amounted to £8,737,000 (31 March 2006: £7,676,000) and included working capital of £4,685,000 (31 March 2006: £3,974,000). The increase in net assets of £1,061,000 is due primarily to investment in Information Technology for the MCA implementation. The Agency continues to make progress towards full-cost recovery and for this financial year achieved 87% (2005/06: 83%). The PGO has grown its business again over the year, influenced in part by the continuing awareness campaign and at the same time managing the additional workload with minimal increase to the cost base. Receivership applications have increased this year by 9% (2005/06: 12%) and registrations of EPAs by 15% (2005/06: 20%).

Gross fee income has increased by 7% and the cost base is marginally stable when adjusting the previous year's figures for the rate rebate received in 2005/06 with a 14% reduction in net deficit on adjusting for MCA investment as follows:

	<b>2006/07</b>	<b>2005/06</b>		<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Invoiced Fees	<b>-17,147</b>	-16,029	-1,118	<b>7%</b>
Fees Remitted	<b>1,226</b>	1,063	163	<b>15%</b>
Other Income	<b>-951</b>	-1,143	192	<b>-17%</b>
Net Income	<b>-16,872</b>	-16,109	-763	<b>5%</b>
Staff costs	<b>11,656</b>	11,850	-194	<b>-2%</b>
Other operating costs	<b>3,702</b>	3,681 <sup>^</sup>	21	<b>1%</b>
Notional	<b>6,755</b>	6,179	576	<b>9%</b>
Expenditure	<b>22,113</b>	21,710	403	<b>2%</b>
Net Deficit	<b>5,241</b>	5,601 <sup>^</sup>	-360	<b>-6%</b>
MCA	<b>-638</b>	-262	-376	<b>144%</b>
	<b>4,603</b>	5,339	-736	<b>-14%</b>
Cost Recovery	<b>87%</b>	83%		<b>4%</b>
Cost Recovery	<b>87%</b>	79% <sup>^</sup>		<b>8%</b>

<sup>^</sup> Adjusted by Rate Rebate 2005/06 of £937k

# Operational Activity

## *Protecting*

### **Enduring Power of Attorney**

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

If someone does lose the capacity to make decisions and no Enduring Power of Attorney (EPA) is in place then an application will have to be made to the Court for the appointment of a person called a Receiver to make these decisions. This process can be complicated, time consuming and expensive and the Court decides who to appoint as Receiver.

Creating an EPA gives a person (called a donor) the opportunity of **choosing** someone they trust (called an attorney) in advance to manage their finances in the event that they lose the mental capacity to do so in the future. Creating an EPA is simple and costs nothing to make. In 2006/07 we registered 22,508 EPAs.



## Case study

### Enduring Power of Attorney

John is a 37-year-old man and is married with two children. He is due to go in to hospital shortly for surgery and is worried about what might happen if there are any complications.

John recently read a leaflet from the Public Guardianship Office (PGO) that he picked up in his local doctors surgery. The leaflet explained the steps he could take to appoint someone he trusts, using an enduring power of attorney (EPA), to manage his financial affairs should he lose the capacity to do so himself.

John decides, because of the risks associated with the surgery, he should make an EPA before he goes into hospital. He contacts the PGO and asks for an EPA creation pack. He receives the guidance and forms and after discussing it with his wife he decides to appoint her, as his attorney should anything happen during his surgery.

*In 2006/07 we registered and returned 99.5% of all correctly lodged EPAs within five working days of the notification period.*

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

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

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

The provisions of the Enduring Power of Attorney Act 1985 mean that an EPA cannot be registered for 35 days (the notification period) from the date the attorney formally gives notice to all those entitled to receive it. Notification is usually given to family members of the donor.

## Case study

### Enduring Power of Attorney

Sophie is a 83-year old widow with one son and one daughter. Sophie made an Enduring Power of Attorney (EPA), several years ago, appointing her son and daughter joint and several attorneys.

Sophie was diagnosed with Alzheimer's a couple of years ago and since then has found it more and more difficult to look after herself and her affairs. Her son and daughter decide, upon advice from healthcare and social care professionals, that Sophie should move into a nursing home specialising in the care of people with Alzheimer's. However Sophie has no assets, apart from her house, to pay the nursing home costs and as such they need to sell her house.

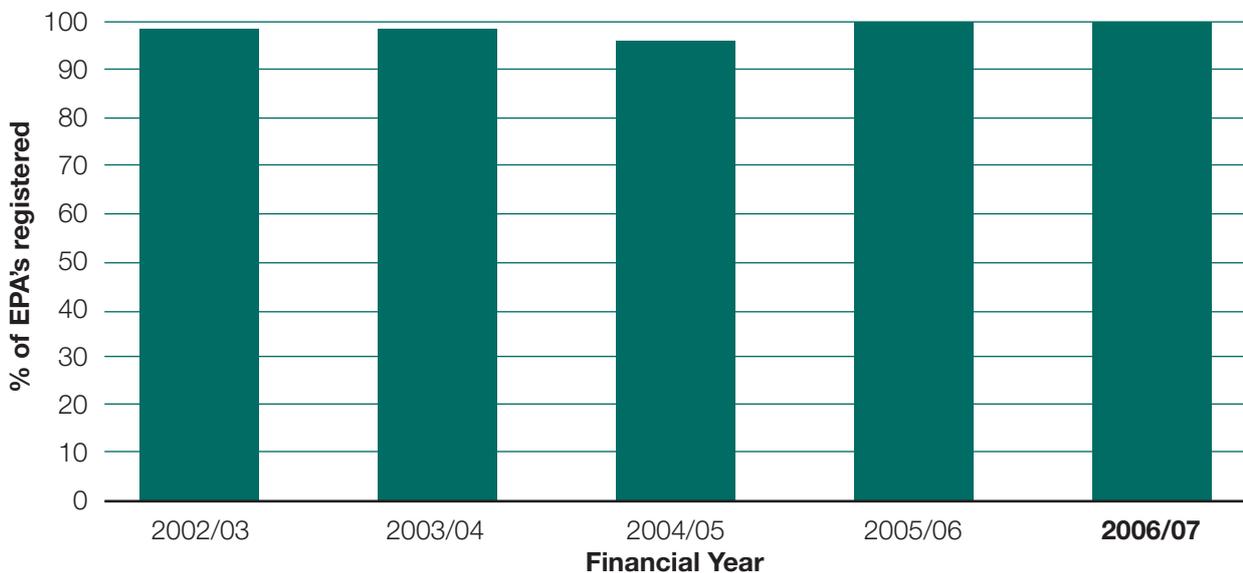
Because Sophie no longer has the mental capacity to sell the house herself, her son and daughter decide to register the EPA. Registering the EPA will enable them to sell the house on Sophie's behalf.

They contact the PGO and request a registration pack. They send the notices to family members and the registration form back to the PGO and 5 days after the 35-day notification period they receive the registered EPA. The registered EPA enables them to sell the house and fund their mother's care in the nursing home.

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

Supporting the Court of Protection, our aim is to register and return an EPA within five days of the end of the notification period where no objections have been raised. In 2006/07 we registered and returned 99.5% of all correctly lodged EPAs within five working days of the notification period. This exceeds our target of 98% and maintains our excellent performance in this area over the last five years – see Figure 1.

**Figure 1** We will register & return correctly lodged EPA's where there are no objections within five working days of the end of the statutory period



## The Appointment of a Receiver

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

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

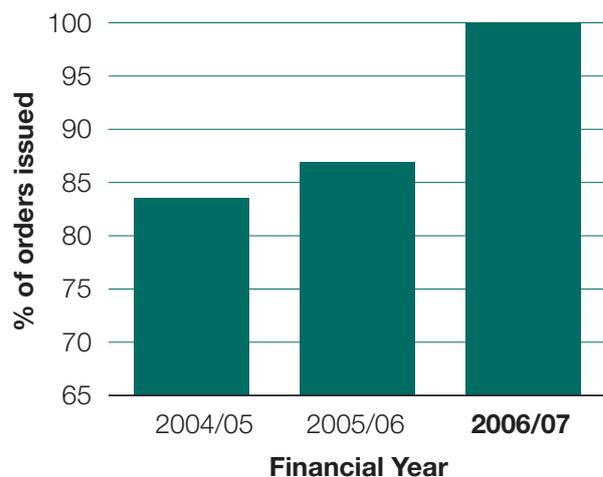
Once a Receiver is appointed they are responsible, with the Court's supervision, for managing the day-to-day finances of the client. This can include receiving pensions and benefits, paying bills, buying clothes and providing extra comforts, and generally acting in the client's best interests.

There are a number of targets<sup>3</sup> set for each part of the process of appointing a Receiver. One of the most important targets in the process is issuing the first general order<sup>4</sup>, or a short order<sup>5</sup> to the applicant as soon as possible following the Court hearing. This enables them to begin managing the client's financial affairs as soon as possible.

In 2006/07, 94.6% of orders appointing a Receiver were sent out within ten days of the Court making the order (where we had received all information and documents required).

This figure demonstrates significantly improved performance on 2005/06 (87%) and, despite narrowly missing our 95% target, shows continued improvement over the previous two years (2005 – 2006) – See Figure 2.

**Figure 2** Orders issued within 10 working days in 95% of cases where all information and documents have been received



3 See appendix 2 for full details of KPI targets.

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

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

## Case study

### Receivership

Mukesh is a 47-year old man, married with two young daughters. On his way to work Mukesh was involved in a road traffic accident and suffered a severe brain injury. As a result of the injury Mukesh has been mentally incapable of managing his own financial affairs and helping to maintain his family.

Mukesh had not made an Enduring Power of Attorney and as such his wife, Amba, had to make an application to the Court of Protection to be appointed his Receiver. The Court received her application and decided that Amba was the best person to appoint to act as his Receiver. Amba received the order appointing her as Receiver and was able to begin managing her husband's financial affairs.

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

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

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

### Providing Protection through Visits

During 2006/07, where the Court had appointed a Receiver, we arranged for a Lord Chancellor's Visitor to visit the client within six months of the Receivers appointment or within 12-18 months where a short order has been made.

In the coming six months the primary focus for the visiting service will be on preparation for the implementation of the Mental Capacity Act and the development of a new visiting process that will work effectively post enactment.

Visitors are independent, self-employed and have knowledge of mental health legislation and how it affects our clients. The visitors work on behalf of the Court to ensure that the Receiver is acting in the client's best interest and that their needs are being met. The visitor may also make suggestions, where appropriate, on how to improve the client's quality of life, for example, the recommendation to purchase a new type of bed or wheelchair.

During the year we issued instructions to visit 1,632 clients who had not had the benefit of a visit in the last three years.



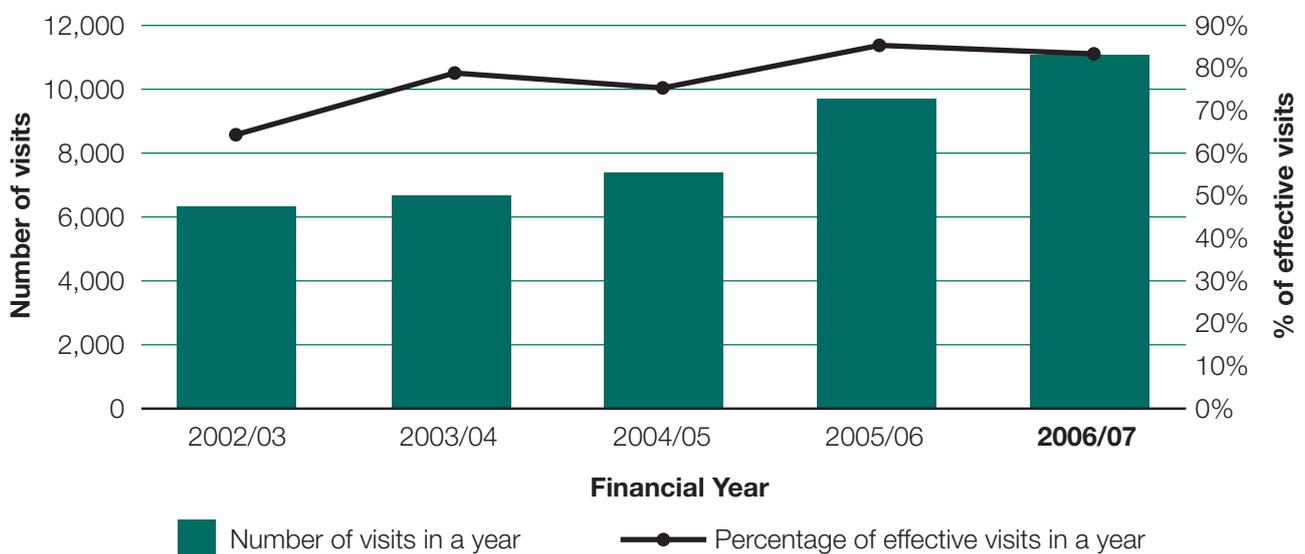
*Our visits criteria have resulted in a total of 10,448 visits taking place in 2006/07, which is just over a 6.5% increase on the number of clients visited in 2005/06*

Our visits criteria resulted in a total of 10,952 visits taking place in 2006/07, which is just over a 6.5% increase on the number of clients visited in 2005/06. The key aim is to ensure that each visit undertaken is effective and meets its objectives. We measure effectiveness by:

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

Of the visits conducted in 2006/07, 82% were effective against these criteria. This figure represents success against our KPI target for the second consecutive year, but is a slight decrease on the 2005/06 figure (83.6%) – see Figure 3.

**Figure 3** Number of visits and % of effective visits



## The Accounts Collection Process

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

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

Our targets for this work include aiming to have 95% of all accounts collected within six months of the due date. In 2006/07 we actually collected 76.8% of accounts within two months of the due date and 96.2% within the six-month target.

In 2006/07 we completed the review of, or requested further information on all submitted accounts (100%) within 20 days of receipt. This figure demonstrates sustained performance over a five-year period.

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

*In 2006/07 we actually collected 75.7% of accounts within two months of the due date and 96.2% within the six-month target.*

## The Financial Investigations Unit

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

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

An investigation can be conducted by:

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

During 2006/07 the FIU received 57 referrals and accepted a total of 45 new investigations (27 full investigation cases and 18 monitoring only cases). During 2006/07 we received allegations of abuse from:

- Social Services (28)
- Whistleblowers (4)
- Carers (1)
- Lord Chancellor's Visitors (3)
- Existing Receiver/Attorney (1)
- Friend (1)
- Police (1)
- Relatives (14)
- Solicitors (4)

The FIU concluded 78 investigations throughout the year which enabled the recovery of approximately £650,000 of client funds and helped or kept in contact with other agencies in their work which resulted in the recovery of over £450,000. The case summary below is included by way of an illustration of a case concluded where funds were recovered: -

## Case study

A client ("X") is 64 years of age. She has one brother.

X was understood to have been or been becoming mentally incapable for some time prior to the medical certificate being signed confirming her lack of capacity in June 2004.

X executed a will in October 1996. The will appointed the son of a friend ("Y") as sole executor and beneficiary of X's estate.

In May 2004, X was admitted as a permanent resident to a nursing home following a lengthy stay in hospital. Prior to this X was living in her own property.

In June 2004 a Local Council submitted an application for the appointment of the Group Director of Community Services to act as Receiver on X's behalf. The Council advised that they had concerns about the possible misappropriation of monies belonging to X by her friend, Y.

The concerns were initially raised after X was admitted to hospital in June 2003, but her benefits continued to be cashed by Y. It was also alleged that Y had possession of the keys to X's property and that certain items of X's furniture and personal effects went missing whilst she was in hospital.

The main investigation conducted by the Police with support from the Local Authority and the PGO Investigations Unit was concluded as follows: -

- (1) A First General Order was issued appointing the Divisional Director of Community Services as Receiver for X.
- (2) The Court Of Protection determined that the medical evidence provided by the Local Authority was adequate in terms of establishing the patient to have sufficient Testamentary Capacity to give instructions for the execution of a new will
- (3) Following Police involvement, £1,560 was recovered from Y.

## Supporting

### After Appointment

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



### Contacting the PGO

We remain committed to providing the best possible service to our customers when contacting the PGO. When a customer telephones, our staff aim to answer the call within 30 seconds. During 2006/07 we answered 85% of the 344,000 calls we received within our 30-second target.

Most of the contact with the PGO is via letter, fax or email and in 2006/07 we received in excess of 142,000 pieces of correspondence, which is an increase on 2005/06 (140,000).

Many of the queries we receive are complex and sometimes need to be referred to one or more specialists within the organisation, or to the Court.

Our aim is to provide prompt<sup>7</sup>, relevant and accurate responses to all correspondence received. During 2006/07 we improved on responses to correspondence within five days (68.9%) and ten days (85.3%) for the third consecutive year.

Although we missed our 98% target for responding to correspondence within 15 working days of receipt, we did see a sound improvement (95.2% in 2006/07) on what we achieved in 2005/06 (92.8%)

### Access to Capital

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



*During 2006/07 we improved on responses to correspondence within 5 days (68.9%) and 10 days (85.3%) for the third consecutive year.*

<sup>7</sup> See appendix 2 for full details of KPI target for correspondence.

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

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

In 2006/07 we achieved our KPI<sup>8</sup> target and responded to 95.6% of requests for release of funds within ten working days. This figure represents an improvement on the previous four years – see Figure 4.

**Figure 4** Requests for release of funds



## Customer Satisfaction with the PGO

Over 4,700 customers took part in the PGO customer satisfaction survey during 2006. This year overall satisfaction with the service we provided across all customer groups was 75%. This represents success against our KPI target for the first time since we started surveying in 2002.

This figure also demonstrates an increase of three percentage points on the 2005 overall satisfaction figure (72%) and the fifth consecutive increase in overall customer satisfaction.

There were good increases in the satisfaction levels across most customer groups, but a slight decrease in satisfaction amongst existing lay Receivers.

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

During 2006 we continued to work hard on achieving the performance targets set for 2006/07 whilst also improving the elements of our service that are most important to our customers. The efforts we have made have been recognised and are reflected by the encouraging improvements in the following key areas:

- In the time taken to respond to letters, satisfaction has increased from 49% in 2005 to 55% in 2006;
- Satisfaction in the solving of problems/issues/complaints has increased from 60% in 2005 to 64% in 2006;
- Satisfaction with the PGO doing what has been promised has increased from 64% in 2005 to 69% in 2006;
- Satisfaction with the PGO's responsiveness to clients increased from 64% in 2005 to 67% in 2006; and
- Our customers also felt that the helpfulness of staff was important to them; we achieved 77% satisfaction in this area.

Despite the improvements we have seen, there is, as always, scope to do better, and we will be focussing on the following areas throughout the coming six months:

- Responsiveness to clients;
- Helpfulness of staff;
- Doing what has been promised;
- Improving the time taken to respond to letters;
- Solving problems/issues/complaints;
- Dealing with applications efficiently; and
- Time taken to receive the First General Order.

## Meeting Our Customers

During 2006/07 we held six Receiver Open Days<sup>9</sup> across England and Wales. Open Days provide an opportunity for Receivers to meet with individual case-workers for in depth discussions and allow us to provide the Receivers with updates on the implementation of the Mental Capacity Act and any other issues affecting them.

*In 2006/07 we achieved our KPI8 target and responded to 95.6% of requests for release of funds within 10 working days.*

<sup>9</sup> An open day is where a team of caseworkers visits selected regions around England and Wales to meet with Receivers and discuss any issues they may have regarding the client.

We continued to work closely with organisations such as Age Concern and the Pension Service in providing information booklets, specialist help and advice on their services to visiting Receivers.

Once again feedback showed that Receivers attending the Open Days were pleased to be given the opportunity for discussions with individual caseworkers and to visit the various information stands supplied by partner organisations and us.

## Signposting

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

In 2006/07 we continued to work on raising awareness of the services we provide and the changes that the Mental Capacity Act will bring to key customers, organisations and individuals that deal with the care of people lacking mental capacity, such as local authority officers, social workers, health professionals and care home staff.

## Awareness Activities

We carried out the following awareness-raising activities during 2006/07:

- 240,000 leaflets on planning for the future distributed through 6,000 GP surgeries in England and Wales;
- 240,000 leaflets on the Mental Capacity Act distributed through 6,000 GP surgeries in England and Wales;
- PGO presence at nine major exhibitions including:
  - National Pensioner’s Parliament 16–18 May 2006
  - Mental Health Today 1 November 2006
  - Learning Disability Today

Articles in the following publications:

- **Touchbase** – A DWP publication distributed to 80,000 professionals in the health, legal and welfare fields;
- **Journal of Adult Protection** – A publication providing access to research and service innovation in the field of adult protection; and
- **Elderly Client Adviser** – A publication for professionals who advise older people.

## Raising Awareness through Stakeholder Engagement

Building on the successful raising-awareness work undertaken last year with organisations such as the Veterans Agency, Age Concern, the Alzheimer's Society and care home providers, during 2006/07 we made further links with the following organisations:

- **British Association for Women Police** – raising awareness of the Mental Capacity Act (MCA) amongst the Women Police, through the provision of articles on the MCA and its impact on Police; with the possibility of providing talks at a later date;
- **Ministry of Defence** – we assisted in the production of fact sheets for service men/women on planning for the future;
- **The Pension Service** – following a successful pilot of increasing awareness of PGO services amongst Pension Service customers, we developed a National Partnership Framework Agreement with the Pension Service. The Agreement was finalised and signed by Richard Brook for the PGO and Mary Fothergill for the Pension Service in May 2006.

The Agreement demonstrates the PGO's commitment toward joint government working, and allows both the Pension Service and the PGO to build a solid working relationship to meet the needs of our mutual clients. Under the Agreement, both organisations will be participating in various tasks to raise awareness and support the other organisation.

This includes:

- Providing advice to Pension Service staff on PGO services;
- Delivering presentations on the PGO's services to the Pension Service Local Staff;
- Benefit enquiries from customers referred to the Pension Service by the PGO;
- Pension Service Visiting Officers will provide information to customers on the PGO and its services;
- The provision of a benefits fact sheet that provides an outline of all benefit entitlement conditions relevant to PGO customers over pension age. A copy of this fact sheet can be found on the PGO website.

## The PGO Outreach Team

The PGO Outreach Team was established in 2005 with the aim of raising the profile of the PGO and its services to outside groups and organisations. The forthcoming implementation of the Mental Capacity Act meant that during 2006/07 most groups and organisations wanted presentations that focussed mainly on the changes that the Act will bring and what they mean to them. During 2006/07 the PGO Outreach Team undertook 17 events including presentations to Adult Protection Officers, Police Staff and Will Writers about the MCA.

Feedback from delegates continues to be very positive and we will be increasing the number of events we deliver in the run up to the implementation of the Act and beyond.

## Supporting Our Staff

The PGO's greatest asset is its staff. We are proud of our diverse workforce; of those staff who identified their ethnicity, over 50% are from ethnic minority communities. The PGO has

an almost equal number of male and female staff and just fewer than 5% of staff who have declared themselves as disabled.

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

- **PROUD** – People from Diverse Racial Origins Uniting the Department – supporting staff networks that enable the views of staff from different sections of society to be expressed directly to senior management;
- **Rainbow** – To enable staff to share experiences and ideas on lesbian, gay, bisexual and transsexual issues more effectively and make it easier to support other staff in remote parts of the country;
- **Carers Network** – To support all staff in the DCA, Court Service and associated offices with caring responsibilities;
- **Disability Network** – To significantly improve the level of attainment and working conditions of people with disabilities in the Civil Service;
- **Women’s Issues Network** – To address women’s issues and concerns within the DCA with the aim of bringing individual benefits for women, business improvement and long-term cultural change; and
- **Faith Forum** – To develop a better shared understanding of faith in relationship to daily life, particularly in the work place.

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

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

- **Work life balance** – We strongly promote work life balance throughout the PGO and approximately 11% of our staff work reduced hours or alternative working patterns, enabling them to balance both their working and domestic/caring commitments;
- **Why don’t we?** – The staff suggestion scheme called ‘Why Don’t We?’ recognises and rewards the creativity and innovation of our staff. Staff are required to submit suggestions that are considered to improve:
  - Our internal operations – improving efficiency, reducing costs and simplifying administration procedures;
  - The service that we provide – to our customers, both internal and external.
- **Reward and Recognition** – The Reward and Recognition Scheme is available to all staff and provides the opportunity to immediately recognise a colleague’s contribution by either giving them a ‘thank you card’ or, if the colleague has given ‘that little bit extra’, a gift voucher, (the maximum single gift voucher award is £50); and

Another part of the scheme is the Claire People Employee of the Year Award. This is awarded to a member of staff who, following a nomination from one of their peers, is voted for in an anonymous voting process.

## Staff Satisfaction Survey

The PGO along with all parts of the DCA took part in a Pulse Survey in September 2006. This was a short survey to gain a snap shot of staff opinion at that specific time. The survey was completed by a total of 220 PGO staff, representing a response rate of just over 53%.

Some of the key results include:

- 95% of PGO staff have a clear understanding of how their work contributes to the objectives of the PGO;
- 88% of PGO staff constantly look for better ways of serving their customers and stakeholders – this is not only an increase on 2005 but is higher than staff in other central government departments surveyed;
- 62% of PGO staff feel adequately informed about how the implementation of the Mental Capacity Act (MCA) will change the focus and work of the PGO; and
- 43% of PGO staff feel informed about how and why the implementation of the MCA will affect their job.

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

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

The PGO will continue to work on addressing the key issues raised in the staff opinion survey and also use the information obtained in the development of the future OPG.

## Staff Conference

The PGO held its first staff conference on 10 January 2007 with the aims of:

- Promoting an understanding of how the work of the new Office of the Public Guardian and Court of Protection will ensure the rights and freedoms of those lacking capacity and their representatives; and
- Enabling staff to understand their role in the new organisations.

During the conference various workshops gave staff the opportunity to gain an understanding and provide input on the various areas of work of the future OPG. Speakers at the conference included the Lord Falconer (Lord Chancellor), Gary Fitzgerald (Chief Executive of Action on Elder Abuse) and Richard Brook (Chief Executive and Public Guardian Designate).

The feedback received from staff was positive with many expressing appreciation that they had an opportunity to share in this event. Many also said that it was a real opportunity to meet people from other parts of the organisation.

## Equality and Diversity

During the year, the PGO undertook a range of initiatives to promote diversity. Our Learning and Development Team worked with Prospects (part of the National Autistic Society) to develop disability workplace awareness training sessions for staff that were specifically geared towards PGO needs. These were very well received by our staff. The PGO's Equality and Diversity Group also ran a series of articles in the staff newsletter aimed at highlighting the support available internally on a range of disability issues – these helped to bring disability issues to the forefront in the lead-up to publication of the DCA's Disability Equality Scheme (of which the PGO is a part) in December 2006.

The Equality and Diversity Group also organised a second Pride in Culture Event in April 2006, building on the success of the first event in 2005. The aim of the event was to celebrate the rich diversity which exists at the PGO, and for staff to learn more about the cultures of their work colleagues. The large amount of positive feedback both during and after the event indicated that the event clearly met its aims!

The PGO has also run a number of community safety seminars for staff, and these, together with other such events, will continue to be arranged so that staff are provided with information and advice on issues which matter most to them.

As part of the DCA's Race and Disability Equality Schemes, the PGO has set out how it plans to meet its duties under the legislation. This includes monitoring the background of customers to help ensure that our services are accessible to all, as well as developing links with groups which represent people with disabilities and those from ethnic minority backgrounds and to raise awareness of what we do.

Actions will be monitored and reported against on a regular basis.

## Welsh Language Scheme

In preparation for the implementation of Phase 2 the Mental Capacity Act in October 2007, we have drafted a Welsh Language Scheme for the future Office of the Public Guardian (OPG) and the Court of Protection. The scheme was put together with the assistance of the Welsh Language Board and is based on the principle that the English and Welsh languages will be treated on an equal basis in the conduct of public business within Wales.

The OPG Welsh Language Scheme was issued for public consultation on 11 December 2006 and ended on 16 February 2007. The responses to the consultation are currently being collated and a formal response is being drafted.

The draft scheme and consultation response will be available on the PGO website later in 2007.

## Empowering

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

Two types of Transition Orders are being issued:

**Extended General Order:** Under this Order, the Receiver has access to all of the client's assets.

**Restricted General Order:** Under this Order, the Receiver has access to a specified annual sum.

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

## Implementation of the Mental Capacity Act 2005

During 2006/07, as well as delivering improved performance and service to our customers, we have continued to work closely with our colleagues from the Department of Constitutional Affairs (DCA), Department of Health (DoH) and the Welsh Assembly for Government (WAG) in planning and preparing for the implementation of the Mental Capacity Act.

In December 2006 Baroness Ashton formally announced the implementation timetable for the Act which will come into effect in two phases:

- Phase 1, April 2007
  - **Independent Mental Capacity Advocate Service (IMCAs).** IMCAs came in to effect in **England** on 1 April 2007. The IMCA service is for people who lack capacity and have no one else to represent them when important decisions need to be made that involve them.



- **New criminal offence** – The Act created a new criminal offence of ill treatment or wilful neglect of a person who lacks capacity by anyone who is caring for them and this also came into force on 1 April 2007.
- **Sections 1-4** of the Act (*the principles, assessing capacity and determining best interests*), which are essential to how IMCAs operate, also came into force but only in situations where an IMCA could be involved, and for the purpose of the criminal offence. Sections 1–4 of the Act do not apply in any other situations until October 2007.
- **The Code of Practice** – The Act required a Code of Practice to be issued to provide guidance and information to people about how the Act will actually work in practice. For the purposes of IMCAs and the criminal offence the Code became statutory guidance on 23 April 2007.
- Phase 2, October 2007
  - All the other parts of the Act (including IMCAs in Wales) come into force in October 2007.

This year work has focussed around planning for and managing the transition of the PGO into the Office of the Public Guardian (OPG) and fully implementing the provisions of the Mental Capacity Act.

This year we have:

- Developed new processes
  - Working with colleagues from the Court of Protection, we have designed the processes for the registration of Lasting Powers of Attorney and are finalising the processes for the appointment and supervision of deputies.
- Lasting Powers of Attorney, Enduring Powers of Attorney and Public Guardian regulations
  - Working with colleagues from the DCA, the final version of the Lasting Powers of Attorney, Enduring Powers of Attorney and Public Guardian regulations were laid before Parliament on 17 April 2007. This included the final LPA forms and guidance.
- Finalised the new OPG organisational structure.
  - We have now completed the organisational restructuring in advance of implementation so that all staff are aware of what their new role in the OPG will be and to ensure that they receive the appropriate training to enable them to carry out their new roles.
- Developed forms and customer guidance – working with colleagues from DCA and DoH we have developed:
  - Forms and guidance to support the LPA process;
  - New Court of Protection forms to support the new Court processes;
  - Other customer guidance and information such as guidance for Deputies;
  - The Code of Practice which was formally published.

- IT requirements
  - We have completed the user acceptance testing of our new IT systems for Lasting Powers of Attorney (MERIS) and casework support (CASREC).
  - The casework support and call logging systems for the Contact Centre have been implemented.
- Appointment of the Public Guardian Board
  - Section 59 of the Act provides for the creation of an independent Board, of not less than five members. The Board will review and make recommendations to the Lord Chancellor about the way in which the Public Guardian discharges his functions.
  - All Board members other than a Court of Protection Judge have been appointed and had their first meeting in February 2007. The Board will run in a shadow format prior to October 2007.
- Engaged customers and stakeholders
  - We have a communications plan specifying communications with customers, stakeholders and staff.
- Reviewed all existing forms and guidance and drafted new guidance for all work areas.
- Taken on all responsibilities for communications and stakeholder management previously owned by the DCA Mental Capacity Implementation Programme team.
- During 2006/07 sent seven MCA Updates to stakeholders and other interested parties providing them with information on the progress of implementation of the Act.
- Developed Corporate and Business Plans
  - Corporate and Business Plans, including the visions/ values, key performance measures and charter standards, have been prepared for the OPG.

## Work up to Implementation

During the run up to implementation our work will involve:

### Processes

- Although high-level processes have now been agreed, development of detailed processes will continue for all new functions with the aim of piloting the new processes in July 2007.
- We will develop an assessment-based approach for the supervision of deputies. This will result in greater empowerment for the majority of deputyships compared to present arrangements for Receivers.
- Accounting processes will be reviewed to align them with the new assessment-based approach to supervision of deputies.

### **OPG guidance**

- We will continue our work on producing a range of detailed guidance material on the full range of services provided by the Office of the Public Guardian and Court of Protection.
- Clear guidance will be produced for deputies and other opportunities will be made available to assist deputies in their new role.

### **Information Technology**

- We will continue the training of staff on the use of the new IT systems for Lasting Powers of Attorney (MERIS) and Casework support (CASREC).
- The implementation date of the MERIS and CASREC systems was brought forward to mid April. The use of the new IT in the six months prior to October will give us time to iron out problems and develop organisational confidence in the new systems.

### **Staff training**

- Implementing the training plan which has been developed to support the transition of staff into the new organisation. This will ensure that all staff receive the training support required to take up roles at the appropriate time.

### **Engaging customers, staff and stakeholders**

- We will continue to keep our customers, staff and stakeholders informed about the work we are doing, consult with them on the changes and engage with them to deliver.
- A new website and intranet site for the OPG is being developed and will go live in October.

## **The Court of Protection Review**

This year the Court of Protection has continued to move forward with its ethos of modernising the way it provides financial support and protection for clients. The Mental Capacity Act (the Act) will create a new regional Court of Protection with jurisdiction that extends to health and welfare decisions and brings new challenges and significant change.

Master Lush and Deputy Master Ashton have continued to work closely with the DCA and the PGO on the implementation plans involving the arrangements for the new Court of Protection and the drafting of the new Court of Protection Rules.

In continuing its work on improving access to justice and to save expense and time for clients, Deputy Master Ashton has heard approximately 50 Court of Protection matters in the last year at Preston Combined Court. This is resulting in greater involvement with the Court by solicitors in the provinces. This initiative will be extended to other regions, namely Newcastle, Manchester, Birmingham, Cardiff and Bristol as part of the implementation of the Act.

Following on from the work undertaken last year in providing greater empowerment to professional Receivers this year the Court, as part of the transition work towards final implementation of the MCA, is gradually extending these types of powers to lay appointed Receivers where appropriate.

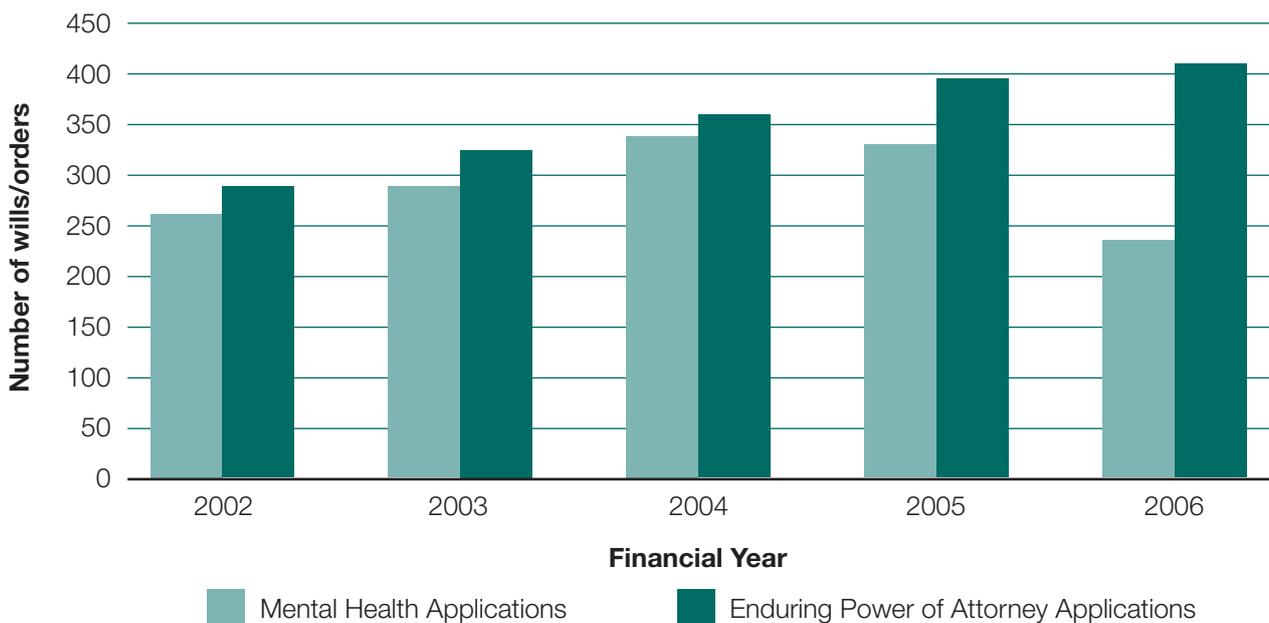
In such cases the Court sees its responsibility as being more regulatory than supervisory leaving the PGO better able to direct its limited resources to those cases requiring a greater degree of supervision.

The use of video conferencing to facilitate remote hearings with attendees in regional courtrooms or other venues and telephone conference facilities for case management with solicitors has also seen an increase during the past year.

The Court also continues to support the regional open days.

A review of the Judicial Statistics published for England and Wales for the past five years has shown a continuing increase in the numbers of wills executed for clients and sealed with the Court's seal and orders for settlements and gifts. In 2006/07 this upward trend has continued in the area of work made on applications relating to Enduring Powers of Attorney while falling back slightly in the area of MHA applications.

**Figure 5** Wills executed and sealed for clients and orders for settlements and gifts



This year the Court has further increased the number of meetings with clients, their families and advisers to discuss and agree the future management of cases involving large personal injuries awards. The Master of the Court of Protection approved 408 damages awards during 2006/07. Of these, 171 (42%) were for road traffic accidents, 146 (36%) were for clinical negligence, of which 107 were for birth or perinatal injuries. Of the other 91 cases, 27 were awards made by the Criminal Injuries Compensation Authority, 11 were damages for sexual or physical abuse suffered whilst the claimant was in the care of a Local Authority, 20 were for work injuries, and the remaining cases were for a miscellaneous variety of accidents. The total value of the damages awarded to the patients of the Court exceeded £500 million.

# Remuneration Report

Auditable Sections:

Only certain sections of the Remuneration Report have been subject to full external audit. This comprises the section Salary and pension entitlements.

## Remuneration Policy

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

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

No elements of ministerial salaries are included in these accounts.

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

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

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

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

## Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Non-executive Directors' contracts were extended for six months to September 2007.

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

## Salary and Pension Entitlements

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

### Remuneration

Members	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
<b>Richard Brook</b> <i>Chief Executive and Public Guardian Designate</i>	90-95	-	10-15 <sup>10</sup>	-
<b>Louise Lawrence</b> <i>Head of Performance and Change/MCIP OPG Implementation Manager (from 4 May 2006)</i>	45-50 <sup>11</sup>	-	-	-
<b>Glenn Dalton</b> <i>Director of Business Strategy and Innovation (until 12 October 2006)</i>	30-35 <sup>12</sup>	-	55-60	-
<b>Craig McIlwrath</b> <i>Director of Operations and Head of Applications and Processing designate</i>	50-55	-	45-50	-
<b>Stephen Taylor</b> <i>Head of Finance and Resources</i>	60-65	-	50-55	-
<b>Luke Taylor</b> <i>Executive Manager (until 30 September 2006)</i>	20-25 <sup>13</sup>	-	40-45	-
<b>Steve Rider</b> <i>Acting Head of Customer Contact (from 1 March 2007)</i>	5-10 <sup>14</sup>	-	-	-
<b>Bryan Thompson</b> <i>Non-executive Director</i>	15-20	-	15-20	-
<b>Jane May</b> <i>Non-executive Director</i>	15-20	-	15-20	-
<b>David Flinter</b> <i>Non-executive Director</i>	5-10	-	5-10	-

<sup>10</sup> Figure quoted is for the period 6 February 06 to 31 March 06. The full year equivalent is £90k-£95k

<sup>11</sup> Figure quoted is for the period 4 May 06 to 31 March 07. The full year equivalent is £50k-£55k

<sup>12</sup> Figure quoted is for the period 1 April 06 to 12 October 06. The full year equivalent is £55k-£60k

<sup>13</sup> Figure quoted is for the period 1 April 06 to 30 September 06. The full year equivalent is £45k-£50k

<sup>14</sup> Figure quoted is for the period 1 March 07 to 31 March 07. The full year equivalent is £45k-£50k

## Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

## Benefits in kind

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

## Pension Benefits

Members	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
<b>Richard Brook</b> <i>Chief Executive and Public Guardian Designate</i>	0 - 5 plus lump sum of -	0 - 2.5 plus lump sum of -	27	4	20	-
<b>Louise Lawrence</b> <i>Head of Performance and Change/MCIP OPG Implementation Manager (from 4 May 2006)</i>	10 - 15 plus lump sum of 35 - 40	0 - 2.5 plus lump sum of 2.5 - 5	181	167	11	-
<b>Glenn Dalton</b> <i>Director of Business Strategy and Innovation (until 12 October 2006)</i>	0 - 5 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	78	61	13	-
<b>Craig McIlwrath</b> <i>Director of Operations and Head of Applications and Processing designate</i>	10 - 15 plus lump sum of -	0 - 2.5 plus lump sum of -	146	135	9	-
<b>Stephen Taylor</b> <i>Head of Finance and Resources</i>	0 - 5 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	58	47	9	-
<b>Luke Taylor</b> <i>Executive Manager (until 30 September 2006)</i>	0 - 5 plus lump sum of 5 - 10	0 - 2.5 plus lump sum of 0 - 2.5	26	21	5	-
<b>Steve Rider</b> <i>Acting Head of Customer Contact (from 1 March 2007)</i>	15 - 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 5 - 7.5	283	242	37	-

## Civil Service Pensions

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of the premium scheme or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

Further details about the CSP arrangements can be found at the website

[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Cash Equivalent Transfer Values

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

CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

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

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

**Richard Brook**

*Chief Executive and Public Guardian Designate*

5 July 2007

# Corporate Governance

## Governance Framework

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

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

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

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

## The Chief Executive

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

- ensuring the proper management and propriety in handling public and client funds;
- carrying out the functions entrusted to him by the courts or by statute;
- the quality of service provided to clients;
- setting operational policy and strategy;
- managing the PGO's resources efficiently, effectively and economically;
- risk management and corporate governance within the PGO;
- preparing the PGO's corporate and business plans, and proposed key performance measures;
- submitting quarterly performance reports to the Ministerial Advisory Board so that they may advise Ministers;
- achieving the PGO's agreed key targets;
- preparing and signing audited accounts;
- operating an effective complaints procedure;
- leadership of staff;
- ensuring effective consultation with the PGO's clients and stakeholder groups.

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

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

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

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

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

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

## **Complaints**

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

## External Auditor

This year's Financial Statements have been audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. No further audit services were received aside from that of Statutory Audit by the NAO. The cost of audit work was £60,000, which is solely related to audit services and is a notional cost (see note 5). So far as the Accounting Officer is aware, there is no relevant audit information of which the PGO's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the PGO's auditors are aware of that information.

## Internal Audit

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

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

## Management Board

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

## Ministerial Advisory Board

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

## Audit Committee

The PGO has an Audit Committee that provides advice to the Accounting Officer and is compliant with the requirements of HM Treasury's Audit Committee Handbook for Audit Committees in central government bodies. The Audit Committee is chaired by a person independent of the PGO and includes three other external members. The PGO Head of

Finance and Resources and representatives of the internal audit service are required to attend all meetings of the Committee, and have the right to speak at the meetings. The Chief Executive and other Directors and officials of the PGO shall attend at the request of the Chairman and have the right to speak. The PGO's external auditors are given notice of meetings and have the right to attend and speak.

The members of the Agency's Audit Committee during the financial year were:

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

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

### **Audit Committee Terms of Reference**

The Committee considers and advises the Accounting Officer on the following matters:

- the establishment and maintenance of effective and robust:
  - accounting policies;
  - management and financial controls;
  - schemes of financial and non-financial delegation;
  - systems to identify and manage key risks.
- the corporate governance of the PGO;
- the effectiveness of the PGO's management policies and procedures to promote a culture of sound control;
- the effectiveness of both internal and external audit services (including the resourcing, performance and terms on which audit services are provided to the PGO);
- the major findings of internal and external auditor investigations and reports and management's responses to findings and recommendations;
- the annual internal audit report and the external auditor's ISA260 and management reports and management's responses thereto;
- Statement on Internal Control and its financial accounts, focussing particularly on changes in and compliance with accounting policies and practices, major judgemental areas and significant adjustments resulting from the annual audits, and recommends the financial reports to the Accounting Officer for approval;

- best value, economy, effectiveness and efficiency in the use of resources and assets in the PGO, including major contracts and policy, and of all losses and special claims involving cost to the Agency;
- the promotion of effective control culture, including the policies and procedures, the maintenance of an effective investigation capacity, any other related issues brought to the attention of the Audit Committee through management reports of whistleblowing procedures relating to compliance with the law, regularity, propriety, corporate governance or code of conduct issues.

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

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

# Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000 HM Treasury has directed the Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in their Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

The Accounting Officer for the Department for Constitutional Affairs has designated the Chief Executive of the Public Guardianship Office as the Accounting Officer for the Agency, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the 2006/07 Government Financial Reporting Manual (*FreM*) issued by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *FreM*, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis; and
- prepare a note on the stewardship of third party assets.

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

# Statement on Internal Control

## Scope of Responsibility

As the Public Guardianship Office (PGO) Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of the PGO's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Accounting Officer of the Department for Constitutional Affairs (DCA) in accordance with the principles set out in Government Accounting.

The PGO acts as the administrative office of the Court of Protection and is an Executive Agency of the DCA. The Secretary of State is the Minister accountable to Parliament for the activities and performance of the PGO. The Agency has both a Management Board and Ministerial Advisory Board (MAB), which comprise the non-executive and executive members, who serve to coordinate the governance, strategies and activities of the PGO.

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

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the PGO's policies, aims and objectives, to evaluate the likelihood of those risks realising and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the PGO for the financial year ended 31 March 2007 and up to the date of the Annual Report and Accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

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

- Risk addressed at monthly Management Board and Executive Team meetings and quarterly at MAB and Audit Committee meetings as an agenda item. Key Risks are elevated to the DCA Corporate Risk Register as appropriate.

- PGO Board Level Risk Register assessed and updated monthly by Executive Team and reviewed by the Management Board. The register includes details of mitigating actions to manage risk with delivery dates, clear ownership and status of risk. Project/Initiative risks and status are detailed in the PGO Performance Review which is reviewed monthly by the Management Board and Executive Team;
- Risk management used in business plans – Risk Register details risks associated with achievement of objectives in the PGO Business Plan. Performance and Project status reviewed monthly by the Executive Team and Management Board and quarterly at the MAB;
- Risk Management Workshop held annually to identify and prioritise risk. The PGO Management Board and Non-executive Directors, other senior managers in the PGO, representatives from DCA, and Internal Auditors, attend the Risk Management Workshop. The Risk Management Workshop has, to date, been facilitated by colleagues from the DCA Corporate Governance Branch;
- Risk Co-ordinator responsible for maintenance of Risk Register by calling for and collating updates from risk owners, liaising with DCA Corporate Governance Branch, completing Statement on Internal Control, and organising the Risk Management Workshop; and
- The PGO has currently drafted a fraud risk assessment that will in turn feed into the Departmental fraud risk assessment.

## The risk and control framework

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

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

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

- PGO Business Planning event used as an additional forum to further discuss and define the PGO's risk appetite when setting business objectives for the forthcoming year;
- Risk management used in business plans – Risk Register details risks associated with achievement of objectives in the PGO Business Plan. Performance and Project status reviewed monthly by the Executive Team and Management Board and quarterly at the Ministerial Advisory Board;
- All major projects in the PGO are run in accordance with PRINCE 2 methodology, of which assessment and management of project risks forms a major component;
- PGO staff are required to have attended a Fraud Awareness seminar run internally on induction and every 12 months; and
- Any perceived risks help inform funding requirements in terms of the spending review.

The key elements of the way in which public stakeholders are involved in the management of risks, which impact on them, including: Regulatory Impact Assessments; Consultation Exercise and other communications; and Business Continuity Plans:

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

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

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

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

## Review of effectiveness

I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Internal Audit and the Executive / (Senior) Budget Managers within the PGO who have responsibility for the development and maintenance

of the internal control framework, and comments made by the external auditors in their management letters and other reports.

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

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

- I have reviewed the stewardship reporting process in which Management Board Directors and senior managers have completed a statement confirming compliance with prescribed internal controls throughout the period, including the reporting of exceptions and remedial actions.
- I have reviewed the annual report from the Chairman of the Audit Committee.
- I have reviewed the annual report from the Head of Internal Audit for 2006/07, which states that "From the evidence of audit work completed during the year, and other sources of information available to us, it is our opinion that PGO management can take a reasonable level of assurance from the adequacy and effectiveness of arrangements for risk management, control and governance."

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

## Significant Internal Control Issues

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

## Stewardship of third party assets

Stewardship Accounting and reporting is exercised in accordance with HM Treasury Financial Reporting Manual Chapter 7, Section 7.4.68 in that third party assets are reported in the Agency's annual accounts shown at Note 24.

## Financial Losses

An improved management and control process in identifying and assessing potential liabilities has increased the accuracy of calculating the provision for financial losses. This provision amounts to £182,000 for liabilities and has been recognised as at 31 March 2007 (2005/06: £419,000) (See Note 12).

## Looking forward

In 2007/08 we will have to ensure that our existing services in supporting the Court of Protection to register EPAs and to appoint and supervise Receivers, are delivered to our published service standards and that improvements in performance that have been achieved over the last few years are sustained. Although we are not changing our Key Performance Indicators this year, we will continue to focus on improving the quality of the services we provide.

We will also continue to have a major role to play in the work of the Mental Capacity Implementation Programme during 2007/08. I am confident that we will continue to provide the level of service expected by our customers whilst ensuring the successful implementation of the Mental Capacity Act.

I am confident that the control culture for matters financial, operational and compliance are sufficiently embedded and understood to enable the successful delivery of the PGO's aims and objectives for 2007/08. The Management Board and I are committed to continuous improvement and ensuring that our internal control and governance arrangements keep pace with best practice and the changing nature of the PGO's activities and responsibilities.

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

**Richard Brook**

*Chief Executive and Public Guardian Designate*

5 July 2007

# Financial Statements

## **The Certificate and Report of The Comptroller and Auditor General to The House of Commons**

I certify that I have audited the financial statements of The Public Guardianship Office for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's Report, the Management Commentary, and the unaudited part of the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

## Basis of audit opinion

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

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

## Opinions

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the deficit for the year, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Chief Executive's Report, the Management Commentary, and the unaudited part of the Remuneration Report, is consistent with the financial statements.

### Audit Opinion on Regularity

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

### Report

I have no observations to make on these financial statements.

### John Bourn

*Comptroller and Auditor General*

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

6 July 2007

# Financial Statements

## Income and Expenditure Account for the year ended 31 March 2007

	Notes	2006/07 £'000	2005/06 £'000
<b>Income</b>			
Operating income			
Invoiced Fees	2.1	<b>17,147</b>	16,029
Fees Remitted		<b>(1,226)</b>	(1,063)
		<b>15,921</b>	14,966
Other Income	2.2	<b>951</b>	1,143
Total Income		<b>16,872</b>	16,109
<b>Expenditure</b>			
Staff costs	3.1	<b>(11,656)</b>	(11,850)
Other operating costs	4	<b>(3,702)</b>	(2,744)
Notional and other non cash charges	5	<b>(6,755)</b>	(6,179)
Total Expenditure		<b>(22,113)</b>	(20,773)
Deficit for the year		<b>(5,241)</b>	(4,664)

All income and expenditure are derived from continuing operations.

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2007

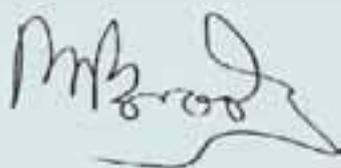
	Notes	2006/07 £'000	2005/06 £'000
Deficit for the year		<b>(5,241)</b>	(4,664)
Net gain on revaluation of tangible fixed assets	14	<b>47</b>	128
Total recognised losses for the year		<b>(5,194)</b>	(4,536)

The notes on pages 53 to 74 form part of these accounts.

## Balance Sheet as at 31 March 2007

	Notes	31 March 2007		31 March 2006	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible fixed assets	8		<b>5,299</b>		4,353
<b>Current Assets</b>					
Debtors	9	<b>5,767</b>		4,577	
Cash at bank and in hand	10	<b>328</b>		289	
			<b>6,095</b>	4,866	
<b>Creditors (amounts falling due within one year)</b>	11	<b>(1,410)</b>		(892)	
<b>Net Current Assets</b>			<b>4,685</b>		3,974
<b>Total assets less current liabilities</b>			<b>9,984</b>		8,327
<b>Creditors (amounts falling due after more than one year)</b>	11	<b>(83)</b>		(132)	
<b>Provisions for liabilities and charges</b>	12	<b>(1,164)</b>	<b>(1,247)</b>	(519)	(651)
			<b>8,737</b>		7,676
<b>Taxpayers' Equity</b>					
General Fund	13		<b>8,181</b>		7,167
Revaluation Reserve	14		<b>556</b>		509
			<b>8,737</b>		7,676

The notes on pages 53 to 74 form part of these accounts.



**Richard Brook**

*Chief Executive and Public Guardian Designate*

5 July 2007

## Cash Flow Statement for the year ended 31 March 2007

	Notes	<b>2006/07</b> <b>£'000</b>	2005/06 £'000
<b>Net Cash (Outflow) Inflow from Operating Activities</b>	15	<b>(19)</b>	934
<b>Capital Expenditure and Financial Investment</b>			
Tangible fixed assets additions	8/11	<b>(1,592)</b>	(495)
		<b>(1,592)</b>	(495)
<b>Financing</b>			
Advances on Funding Account	13	<b>1,650</b>	(420)
		<b>1,650</b>	(420)
<b>Increase in Cash in the Year</b>	10	<b>39</b>	19

The notes on pages 53 to 74 form part of these accounts.

# Notes to the Accounts

## 1. Statement of Accounting Policies

### 1.1 Basis of preparation

These accounts have been prepared in accordance with the 2006/07 *Financial Reporting Manual (FreM)* issued by HM Treasury.

The accounting policies contained in the *FreM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the *FreM* permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view, has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

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

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

### 1.2 Accounting convention

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

### 1.3 Income recognition

Operating income is income which relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided on a full-cost basis to external customers, net of fees remitted (see note 1.4) and net of VAT. Operating income represents:

**Appointing and Supervising Receivers** Fees charged under the Mental Health Act 1983 for monitoring Private Receivers.

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

**Receivership** Fees charged under the Mental Health Act 1983 for the Chief Executive of the Agency acting as Receiver of last resort for certain patients; re introduced under the Court of Protection (Amendment) Rules 2004 which came into force on 1<sup>st</sup> June 2004.

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

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

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

### 1.4 Court of Protection fees remitted

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

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

## 1.5 Deferred Income

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

## 1.6 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS) which is described in note 3.2 and the Remuneration Report, cover past and present employees. The defined benefit schemes are unfunded and non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the financial year.

## 1.7 Consumables

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

## 1.8 Leases

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

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

## 1.9 Notional and other non-cash charges

Notional and other non-cash charges are included in the Income and Expenditure account to reflect the full cost of the Agency's services, in line with the *FreM* and HM Treasury's Fees and Charges Guide. These charges include:

### **Cost of capital charge**

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



### 1.13 Value Added Tax (VAT)

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

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

### 1.14 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5%).

### 1.15 Private Finance Initiative (PFI) transactions

The Agency has had a contract from May 2002 under the Government's Private Finance Initiative (PFI) for the provision of financial and other services. PFI transactions have been accounted for in accordance with Technical Note No 1 (Revised), entitled *How to Account for PFI Transactions* as required by the *FreM*; This contract expired in January 2007 (see note 18 to the accounts).

### 1.16 Third-party assets

The Agency during the year held as custodian certain assets belonging to third parties (receivership clients). These are not recognised in the accounts since neither the Agency nor Government more generally has a direct beneficial interest in them. Note 24 prepared on a receipts and payments basis shows the movement of the assets held between balance sheet dates.

## 2. Income

	2006/07 £'000	2005/06 £'000
<b>2.1 Operating income</b>		
Court of Protection fees	15,921	14,966
	15,921	14,966

Court of Protection fees are shown net of £1,226,000 (2005/06: £1,063,000) fees remitted under the Court of Protection (Amendment) Rules 2001 (Rule 83) (see note 1.4).

## 2.2 Other income

Charges for services provided:

CAFCASS	175	158
Court Funds Office	470	636
Deferred income – CAFCASS	49	49
Miscellaneous	15	15
Recoveries in respect of outward secondments (see note 3.1)	119	162
Rental income – CAFCASS	123	123
	951	1,143

## 3. Staff numbers and costs

	2006/07 £'000	2005/06 £'000
<b>3.1 Staff costs consist of:</b>		
Salaries and wages	8,131	8,158
Social security costs	603	594
Superannuation	1,468	1,368
Agency / temporary staff	1,325	1,678
Contract staff	129	52
<b>Total Gross Costs</b>	11,656	11,850
Less recoveries in respect of outward secondments (see note 2.2)	(119)	(162)
<b>Total Net Costs</b>	11,537	11,688

Gross staff costs include £553,000 incurred in the implementation project of the Mental Capacity Act.

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

For 2006/07, employers' contributions of £1,468,000 (2005/06: £1,368,000) were payable to the PCSPS at one of four rates in the range of 17.1% to 25.5% of pensionable pay, based on salary bands (the rates in 2005/06 were between 16.2% and 24.6%). The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007/08, the salary bands will be revised but the rates will remain the same.

The contribution rates are set to meet the cost of the benefits accruing during 2006-07 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

By function:

	<b>2006/07 Number</b>	2005/06 Number
Operations	<b>361</b>	369
Business Strategy & Innovation	<b>15</b>	14
Finance	<b>30</b>	28
Total	<b>406</b>	411

Total Staff (including outward secondments)

	<b>2006/07 Number</b>	2005/06 Number
Civil Servants	<b>338</b>	335
Agency/temporary staff	<b>64</b>	73
Contract staff	<b>4</b>	3
Civil servants on outward secondments to Liberata UK Ltd	<b>3</b>	3
Total	<b>409</b>	414

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

	<b>2006/07</b> <b>£'000</b>	2005/06 £'000
Salaries and wages	<b>119</b>	117
Social security costs	<b>13</b>	13
	<b>132</b>	130

#### 4. Other operating costs

	<b>2006/07</b> <b>£'000</b>	2005/06 £'000
Cash losses and ex-gratia payments	<b>69</b>	89
Consumables	<b>124</b>	187
Maintenance	<b>510</b>	655
Other running costs	<b>413</b>	352
Postage	<b>217</b>	161
Rates (includes rate rebate of £937,000 in 2005/06)	<b>265</b>	(694)
Rentals under operating leases:		
Rental of accommodation	<b>913</b>	913
Utilities	<b>274</b>	206
Visitor services	<b>917</b>	875
	<b>3,702</b>	2,744

Other running costs include £85,000 incurred in the implementation project of the Mental Capacity Act.

## 5. Notional and other non cash charges

	2006/07 £'000	2005/06 £'000
Bad debts	18	41
Cost of capital charge	266	248
DCA Headquarters' support charges:		
E Delivery Group	2,525	2,288
Facilities Management Group	889	990
Other	865	1,009
Depreciation	979	947
Diminution in value of tangible fixed assets	140	78
External auditor's remuneration	60	58
Increase/(decrease) in provision for doubtful debts	-	23
PFI contract prepayment charge	195	260
Provision for liabilities:		
Provided in the year	1,035	235
Prior year (provisions written back)/ under provisions	(217)	2
	<b>6,755</b>	6,179

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

## 6. Fees and Charges

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

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

### Fees and Charges

(by business segment)	Appointing and Supervising Receivers £'000	Receivership £'000	Enduring Powers of Attorney £'000	<b>Total £'000</b>
Operating income	13,230	76	2,615	<b>15,921</b>
Fees remitted	930	197	99	<b>1,226</b>
Total Income	14,160	273	2,714	<b>17,147</b>
Total Expenditure	17,058	93	2,586	<b>19,737</b>
(Deficit) / surplus	(2,898)	180	128	<b>(2,590)</b>
Cost recovery (%)	83%	-	105%	<b>87%</b>

### Reconciliation

	<b>£'000</b>
Fees and charges – (deficit)	<b>(2,590)</b>
Fees remitted	<b>(1,226)</b>
Financial Losses	<b>(69)</b>
Financial Loss Notional Premium	<b>45</b>
Marketing & Research Costs	<b>(45)</b>
In year Bad Debts	<b>(18)</b>
Provision for charge (8yrs 9mths)	<b>(820)</b>
1 year Provision for charge	<b>94</b>
Mental Capacity Act Costs	<b>(638)</b>
Marketing & Research Notional Charge	<b>26</b>
Reported Income & Expenditure Account (deficit)	<b>(5,241)</b>

## 7. Analysis by administration and programme

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

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

	31 Mar 2007		31 March 2006	
	£'000	£'000	£'000	£'000
<b>Administration costs</b>				
Staff costs	11,457		11,633	
Other operating costs	3,702		2,744	
Notional and other non cash charges	6,755		6,179	
Gross administration costs	21,914		20,556	
Other income	(951)		(1,143)	
Net administration costs		20,963		19,413
<b>Programme costs</b>				
Staff costs	199		217	
Other operating costs	1,226		1,063	
Gross programme costs	1,425		1,280	
Operating income	(17,147)		(16,029)	
Net programme income		(15,722)		(14,749)
<b>Deficit for the year</b>		<b>5,241</b>		<b>4,664</b>

## 8. Tangible fixed assets

	Leasehold Improvements £'000	Furniture £'000	Equipment £'000	Computers £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2006	4,680	772	467	1,767	314	8,000
Additions	-	-	-	136	1,882	2,018
Revaluation	37	10	(8)	(132)	-	(93)
At 31 March 2007	<b>4,717</b>	<b>782</b>	<b>459</b>	<b>1,771</b>	<b>2,196</b>	<b>9,925</b>
<b>Depreciation</b>						
At 1 April 2006	2,353	523	374	397	-	3,647
Provided in year	631	61	55	232	-	979
At 31 March 2007	<b>2,984</b>	<b>584</b>	<b>429</b>	<b>629</b>	<b>-</b>	<b>4,626</b>
<b>Net book value</b>						
At 31 March 2007	<b>1,733</b>	<b>198</b>	<b>30</b>	<b>1,142</b>	<b>2,196</b>	<b>5,299</b>
At 31 March 2006	2,327	249	93	1,370	314	4,353

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

## 9. Debtors

	<b>31 March 2007</b>	31 March 2006
	<b>£'000</b>	£'000
<b>Amounts falling due within one year</b>		
Accrued income	<b>1,767</b>	2,623
Amount due from DCA	<b>875</b>	-
Input VAT recoverable	<b>31</b>	63
Prepayments	<b>62</b>	64
Prepayment on PFI contracts	-	195
Staff debtors	<b>57</b>	59
Trade debtors	<b>2,975</b>	1,573
	<b>5,767</b>	4,577

Trade debtors are shown net of a provision for doubtful debts of £88,000 (31 March 2006: £88,000).

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

## 10. Cash at bank and in hand

	Notes	<b>31 March 2007</b>	31 March 2006
		<b>£'000</b>	£'000
Balance at 1 April		<b>289</b>	270
Net cash inflow		<b>39</b>	19
Balance at 31 March		<b>328</b>	289
Of this amount the following balances at 31 March are held at:			
Office of HM Paymaster General (OPG)		<b>328</b>	289
		<b>328</b>	289

## 11. Creditors

	<b>31 March 2007</b> £'000	31 March 2006 £'000
<b>Amounts falling due within one year</b>		
Accruals / Trade creditors	<b>402</b>	529
Amount due to DCA	<b>219</b>	-
Deferred income	<b>49</b>	49
Tangible fixed asset creditors	<b>740</b>	314
	<b>1,410</b>	892
<b>Amounts falling due after more than one year</b>		
Deferred income	<b>83</b>	132
	<b>1,493</b>	1,024

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

## 12. Provisions for liabilities and charges

	Early departure costs £'000	Other £'000	<b>Total £'000</b>
Balance at 1 April 2006	100	419	<b>519</b>
Provided in the year	132	903	<b>1,035</b>
Provisions not required written back	-	(217)	<b>(217)</b>
Provisions utilised in the year	(70)	(103)	<b>(173)</b>
Balance at 31 March 2007	162	1,002	<b>1,164</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 discounted by the real rate set by HM Treasury (currently 2.8%).

## Other

The above provision represents potential liabilities that the Agency, in accordance with FRS 12, considers should be recognised at the balance sheet date, which includes financial losses (see Statement on Internal Control).

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

	Notes	2006/07 £'000	2005/06 £'000
Deficit for the year		<b>(5,241)</b>	(4,664)
Notional charges			
Cost of capital charge	5	<b>266</b>	248
External auditor's remuneration	5	<b>60</b>	58
Balance of funding account			
DCA headquarters' support charges	5	<b>4,279</b>	4,287
DCA Funding		<b>1,650</b>	(420)
Net increase/(decrease) in general fund		<b>1,014</b>	(491)
General Fund at 1 April		<b>7,167</b>	7,658
General Fund at 31 March		<b>8,181</b>	7,167

## 14. Revaluation Reserve

	Notes	31 March 2007 £'000	31 March 2006 £'000
Balance at 1 April		<b>509</b>	381
Arising on revaluation during the year	8	<b>47</b>	128
Balance at 31 March		<b>556</b>	509

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

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

	Notes	2006/07 £'000	2005/06 £'000
Deficit for the year		<b>(5,241)</b>	(4,664)
Adjustments for notional and other non-cash charges:			
Deferred income	2.2	<b>(49)</b>	(49)
Cost of capital charge	5	<b>266</b>	248
DCA headquarters' support charges	5	<b>4,279</b>	4,287
Depreciation	5	<b>979</b>	947
Diminution in value of tangible fixed assets	5	<b>140</b>	78
External auditor's remuneration	5	<b>60</b>	58
Prepayment on PFI contracts	5	<b>195</b>	260
Provision for liabilities:			
Provided in the year	5	<b>1,035</b>	235
Provision (over)/under provided	5	<b>(217)</b>	2
Adjustments for movements in working capital other than cash:			
(Increase)/Decrease in debtors	9	<b>(1,385)</b>	(24)
(Decrease)/increase in creditors falling due within one year	11	<b>92</b>	86
Use of provisions	12	<b>(173)</b>	(530)
Net cash (outflow) inflow from operating activities		<b>(19)</b>	934

## 16. Capital Commitments

Contracted capital commitments at 31 March 2007 for which no provision has been made were £1,000,000 (2005/06: £2,478,000).

## 17. Commitments Under Operating Leases

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

	<b>31 March 2007</b>	31 March 2006	<b>31 March 2007</b>	31 March 2006
	<b>Land &amp; Buildings</b>	Land & Buildings	<b>Other</b>	Other
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Expiry within one year	-	-	-	-
Expiry within two to five years	<b>913</b>	913	-	-
Expiry thereafter	-	-	-	-
Total	<b>913</b>	913	-	-

## 18. Other Financial Commitments

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

	<b>31 March 2007</b>	31 March 2006
	<b>MERIS</b>	MERIS
	<b>£'000</b>	£'000
Expiry within one year	-	150
Expiry within two to five years	<b>238</b>	-
Expiry thereafter	-	-
	<b>238</b>	150

These amounts are exclusive of recoverable VAT.

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

## 19. Contingent Liabilities

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

## 20. Related Party Transactions

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

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

The Agency also had transactions with other government departments and entities. Most of these transactions have been with CAF/CASS, which is the sub-under lessee of the Agency's rented accommodation at Archway Tower. Income received from CAF/CASS in the year 2006/07 amounted to £347,000 (2005/06 £330,000) (see note 2.2).

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

## 21. Post-balance sheet events

The financial statements were authorised for issue on 5 July 2007 by Richard Brook as Accounting Officer.

On 9 May 2007 the DCA, including the PGO, became part of the new Ministry of Justice (MoJ); Reference to the DCA for this reporting period remains. On the Prime Minister forming his new government on 28 June 2007, the Rt Hon Jack Straw MP was appointed as the new Secretary of State and Lord Chancellor.

## 22. Financial Instruments

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

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

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

### Liquidity risk

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

### Interest-rate risk

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

### Foreign currency risk

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

## 23. Accountability

### Fees remitted

There were 5,164 (2005/06: 3,187) cases where fees were remitted. The total value was £1,226,000 (2005/06: £1,063,000).

### Cash losses

There were 33 (2005/06: 47) cases involving cash losses totalling £132,000 (2005/06: £331,000).

### Special payments

There were 141 (2005/06: 285) special payments totalling £56,000 (2005/06: £228,000).

### Payments exceeding £100,000

There were no payments exceeding £100,000.

## 24. Third party assets

The Agency holds as custodian certain assets belonging to third parties. These are not recognised in the Accounts since neither the Agency nor government more generally has a direct beneficial interest in them.

The Chief Executive of the Public Guardianship Office has a duty as Receiver of Last Resort (Receiver) to account for clients' financial position in a manner, which ensures accuracy and efficiency and allows for timely recording and reporting. The Chief Executive is therefore responsible for the effective stewardship of clients' assets and monies including the maintenance of proper financial control and accounting systems.

The Chief Executive's responsibility remains until another Receiver is appointed and assets transferred or, in the event of a client's death, the client's nominated Personal Representative accepts transfer of assets to them. Once a new Receiver or Personal Representative has been appointed the Chief Executive has custodial responsibility of assets until the actual transfer has taken place.

With the advent of the Mental Capacity Act 2005, coming into force on 1 April 2007, the PGO (or the newly created OPG) was at liberty to transfer all remaining Receivership cases to either new Receivers, or hand jurisdiction over to the office of the Official Solicitor and Public Trustee.

As at 31 March 2007 all clients previously under the Chief Executive's jurisdiction had been transferred, along with all details of property, investments and valuables.

	<b>31 March 2007</b>	31 March 2006
	<b>£'000</b>	£'000
PGO Bank Balances	-	476
Court Funds Office	-	2,899
Total Cash Balance (Note 24.1)	-	3,375
Listed Securities – valued at market values (Note 24.2)	-	1,627
Total	-	5,002

**24.1 Cash Balance Breakdown**

	<b>31 March 2007</b>	31 March 2006
	<b>£'000</b>	£'000

The cash balance at 31 March 2007 comprises:

Bank of England	-	63
Court Funds Office	-	2,899
Girobank	-	11
Other (Suspense account)	-	-
Paymaster General	-	402
	<b>-</b>	<b>3,375</b>

Of this amount the following balances were held at:

Bank of England	-	63
Court Funds Office	-	2,899
Girobank	-	17
Paymaster General	<b>7</b>	491
	<b>7</b>	<b>3,470</b>

Outstanding Payments as at 31 March 2007:

Bank of England	-	-
Court Funds Office	-	-
Girobank	-	6
Other (Suspense account)	-	-
Paymaster General	<b>7</b>	89
	<b>7</b>	<b>95</b>

**24.2 Securities**

	<b>31 March 2007</b>	<b>31 March 2006</b>
	<b>£'000</b>	<b>Total</b>
		<b>£'000</b>

Value as at 1 April	<b>1,627</b>	<b>3,508</b>
Additions	-	<b>855</b>
Disposals	<b>(1,627)</b>	<b>(2851)</b>
Revaluation	-	<b>115</b>
Value as at 31 March	<b>-</b>	<b>1627</b>

### 24.3 Other significant assets

Other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values comprised physical assets, being number and asset category as listed below:

	<b>31 March 2007</b>	31 March 2006
Unlisted financial assets	-	49
Residential property	-	34
Other property assets	-	-
Chattels	-	1,194

# Appendix 1

## Six-year Financial Record

A financial comparison since the formation of the PGO on 1 April 2001 is as follows:

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure (less Other Income)	25,201	24,990	25,079	20,225	19,630	21,162
Operating Fee Income	-8,936	-9,896	-11,846	-14,738	-14,966	-15,921
Agency Deficit	16,265	15,094	13,233	5,487	4,664	5,241
Cost Recovery*	43%	45%	62%	81%	83%	87%

\* see note 6

### Source:

Annual Report and Accounts 2001/02 – Income and Expenditure Account and Fees and Charges Note.

Annual Report and Accounts 2002/03 – Income and Expenditure Account and Fees and Charges Note.

Annual Report and Accounts 2003/04 – Income and Expenditure Account and Fees and Charges Note.

Annual Report and Accounts 2004/05 – Income and Expenditure Account and Fees and Charges Note.

Annual Report and Accounts 2005/06 – Income and Expenditure Account and Fees and Charges Note.

Annual Report and Accounts 2006/07 – Income and Expenditure Account and Fees and Charges Note.

# Appendix 2

## Operational and Customer Services Statistics

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

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

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

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

<b>Target 2006-07</b>	<b>Achieved to 31st March 2005</b>	<b>Achieved to 31st March 2006</b>	<b>Achieved to 31st March 2007</b>
a) We will achieve an overall customer satisfaction rating of 75%	Not Met 69% Weighted	Not Met 72% Weighted <sup>16</sup>	Met 75%
b) We will reduce dissatisfaction amongst each of our different customer groups (lay, local authority and professional Receivers, and EPA attorneys) by 10%	Not a target for 2004/05	Not Met	Not Met

<b>Target 2006-07</b>	<b>Achieved to 31st March 2005</b>	<b>Achieved to 31st March 2006</b>	<b>Achieved to 31st March 2007</b>
<b>New Clients</b>			
a) We will visit all new clients within six months of the Order appointing the Receiver being sent and we will initiate any necessary action arising from the visit within one calendar month	Not a target for 2004/05	Met	Met
b) We will visit 10% of clients within 12 – 18 months of a short order direction	Not a target for 2004/05	Met	Met

**KPI 2:** Continued

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

Target 2006-07	Achieved to 31st March 2005	Achieved to 31st March 2006	Achieved to 31st March 2007
<p><b>Existing Clients</b></p> <p>c) We will visit a minimum of 9,500 clients using the following criteria:</p> <ul style="list-style-type: none"> <li>i. 10% of clients within 18 months of a case transfer direction</li> <li>ii. annually where the Chief Executive of the PGO is the Receiver</li> <li>iii. a repeat visit after three years where a Receiver is still in place</li> <li>iv. a repeat visit when necessary based on recommendations made by the Lord Chancellor's Visitor; and,</li> <li>v. other visits directed by the Court of Protection or requested by the PGO.</li> </ul>	Not a target for 2004/05	Met  9,789 visits	Met  10,952 visits
<p><b>Effective Visits</b></p> <p>d) We will achieve 80% effective visits over the year. An effective visit is one where:</p> <ul style="list-style-type: none"> <li>i. the visit is carried out within six months of the request being made; and,</li> <li>ii. recommended action is initiated within one calendar month of the visit.</li> </ul>	74%	Met  83.6%	Met  82%

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

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

<b>Target 2006-07</b>	<b>Achieved to 31st March 2005</b>	<b>Achieved to 31st March 2006</b>	<b>Achieved to 31st March 2007</b>
a) To collect 60% of accounts, in all cases where an account is properly due, within two calendar months of the accounting end date	72.99%	Met 75.7%	Met 76.8%
85% within four calendar months of the accounting end date	89.35%	Met 93.5%	Met 93%
95% within six calendar months of the accounting end date	100% (target for 2004/05 was 100%)	Met 96.1%	Met 96.2%
b) To complete the review of, or to have requested further information for, 100% of accounts within 20 working days of receipt	100%	Met 100%	Met 100%
c) To complete the review of 75% of furthered-on accounts (i.e. those where further information is needed) within 30 working days of the request for additional information.	Not a target for 2004/05	Met	Met 78.3%
d) No case will have two accounts outstanding unless the Court of Protection has directed otherwise	Not a target for 2004/05	Met	Not Met

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

KPI Purpose	Calculation method	Data Source
<p>To improve all operational aspects of service delivery to clients and customers by setting challenging timescales, many shorter than the published Charter Standards, for aspects of service perceived by customers as priorities .To manage customer expectation realistically having regard to the sensitivity of procedures which allow access to the funds of incapacitated clients.</p> <ul style="list-style-type: none"> <li>• Correspondence: purpose is to inform the customer as early as possible about court directions, procedural guidance or requests for information</li> <li>• Release of funds: purpose is to implement court direction for release of client's funds for his benefit as early as is commensurate with necessary protective measures</li> </ul>	<p>% performance against target met is calculated by dividing the number of items dealt-within a specified period by total number of Items due to be dealt-with and multiplying the quotient by 100.</p>	<p>Internal Organisation Data sourced from Stats Worksheets held on "G" Drives &amp; KPI ACCESS database.</p>
<ul style="list-style-type: none"> <li>• Applications for receivership: purpose is to obtain and issue court's directions regarding appointment of receiver and outlining extent of his powers and duties and to put in place such protective regime as court directs as early as possible while giving the client the opportunity to express his views</li> </ul>	<p>% target met is calculated by dividing the number of applications dealt-within a specified period by total number of applications due to be dealt-with and multiplying the quotient by 100.</p>	

<b>Target 2006-07</b>	<b>Achieved to 31st March 2005</b>	<b>Achieved to 31st March 2006</b>	<b>Achieved to 31st March 2007</b>
Correspondence (includes letters faxes and emails)			
a) Respond to:			
i. 60% of correspondence within five working days of receipt	56.2%	Met 63.9%	Met 68.9%
ii. 80% of correspondence within ten working days of receipt; and	77.2% (target 2004/05 50%)	Met 80.8%	Met 85.3%
iii. 98% of correspondence within 15 working days of receipt	96.5% (target 2004/05 95%)	Not Met 92.8%	Not Met 95.2%
<b>Release of funds</b>			
b) We work with Receivers to ensure they have access to funds to support the client for a year at a time. Where requests for release of funds are made over and above this, we will give directions to the Court Funds Office (CFO), or dispatch directions to the Receiver within:			
i. Five working days in 80% of cases and	73.1%	Not Met 78.7%	Met 84%
ii. Ten days in 95% of cases; or explain why we cannot release funds.	94.4%	Not Met 94%	Met 95.6%
<b>Applications for Receivership</b>	99.7%	Not Met 93.1%	Not Met 90.9%
c) Providing we have all the appropriate forms and information required in support of an application, we will list a case for hearing and notify the applicant within 10 working days in 95% of cases;			

**KPI 4: Continued**

KPI Purpose	Calculation method	Data Source
<ul style="list-style-type: none"> <li>Closing cases: purpose is to transfer assets held by the Court to the properly identified personal representatives to wind up the Receivership and determine any forfeit due from the Receiver as early as possible</li> </ul>		
	<p>% performance against target met is calculated by dividing the number of applications dealt-within a specified period by total number of applications due to be dealt-with and multiplying the quotient by 100.</p>	
<ul style="list-style-type: none"> <li>Enduring Powers of Attorney: purpose is to register an EPA to enable continuing valid use where the Court is satisfied that all is in proper order as early as possible after the expiry of the statutory period for formal objections</li> </ul>	<p>% performance against target met is calculated by dividing the number of EPAs registered within a specified period by total number of applications due to be registered and multiplying the quotient by 100</p>	

<b>Target 2006-07</b>	<b>Achieved to 31st March 2005</b>	<b>Achieved to 31st March 2006</b>	<b>Achieved to 31st March 2007</b>
d) The hearing date will be within 35 working days of the date the hearing was listed in 95% of cases;	99.8%	Met 99.7%	Met 99.4%
e) After the hearing, we will notify applicants of the outcome of the hearing and request any further information the Court requires within five working days in 95% of cases	96.8%	Not Met 91.1%	Not Met 94.5%
f) We will issue orders within ten working days in 95% of cases where all information and documents have been received.	83.4%	Not Met 87%	Not Met 94.6%
<b>Closing Cases</b>			
g) Where a client dies and we have a complete application for final directions, we will prepare and dispatch directions to transfer assets to personal representatives within:			
i. 15 working days in 80% of cases,	Met 56.2% (Target for 2004/05 was 30%)	Met 88.9%	Met 99.6%
ii. 20 working days in 98% of cases, and	Met 97.3% (Target for 2004/05 was 80%)	Met 98.9%	Met 99.9%
<b>Enduring Powers of Attorney</b>	96.3%	Met 100%	Met 99.5%
h) We will register and return 98% of correctly lodged EPA's, where there are no objections, within five working days of the end of the statutory waiting period.			

**KPI 4: Continued**

<b>KPI Purpose</b>	<b>Calculation method</b>	<b>Data Source</b>
<ul style="list-style-type: none"> <li>Accuracy of orders: purpose is to ensure that orders incorporating the Court's directions under seal accurately convey the Court's directions and are fit for purpose.</li> </ul>	% error level is calculated by dividing number of requests received for amendments by total number of orders issued and multiplying the quotient by 100.	
<ul style="list-style-type: none"> <li>Case transfer to short order regime: purpose is to ensure that where a case is identified as meeting the Court's criteria for the suspension of an existing Receivership in favour of a less intrusive and more economical regime the necessary consultation and directions are made as early as possible.</li> </ul>	% performance against target met is calculated by dividing the number of cases referred to CoP within a specified period by total number of cases identified for short order and multiplying the quotient by 100	
	% target met is calculated by dividing the number of cases actioned by total number of Directions issued by CoP and multiplying the quotient by 100	

Target 2006-07	Achieved to 31st March 2005	Achieved to 31st March 2006	Achieved to 31st March 2007
<p><b>Accuracy of orders</b></p> <p>i) We will ensure that the level of orders returned with errors is less than 3%</p>	1.3%	Met 1.7%	Met 0.8%
<p><b>Case transfer to short order regime</b></p> <p>j) In 85% of cases identified for consideration for a short order regime, the case will be referred to the Court of Protection within 15 working days for a decision to be made</p>	Not a target for 2004/05	Met 96.7%	Met 97.5%
<p>k) Where the Court directs a transfer, initiating action will be effected within ten days of the decision in 95% of cases</p>	Not a target for 2004/05	Not Met 93.9%	Met 100%

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

KPI Purpose	Calculation method	Data Source
To ensure that clients in all key operational business areas receive value for money in relation to the services they need to use and that as far as is possible each pays only for the services he receives.	Aggregate of costs for EPA Section which includes direct costs and overheads divided by case load volumes.	Internal Organisation data held on "SAGE", "MERIS" & "CASREC"
	Aggregate of costs for fee generating areas of Protection division which includes direct costs and overheads divided by case load volumes.	

Target 2006-07	Achieved to 31st March 2005	Achieved to 31st March 2006	Achieved to 31st March 2007
a) Enduring Powers of Attorney - £114.00	Not a target for 2004/05	Met £108.00	Met £113.00
b) Appointing and supervising Receivers - £580.00 per case	Met - £442.00	Met £530.00	Met £561.00

# Appendix 3

## Charter Standards

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

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

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

Overall performance for the year was 95.2% within 15 working days.

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

72% of visitors were seen within ten minutes of arrival at Reception.

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

Of the calls to Customer Services recorded, 59.7% were answered within 30 seconds.

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

Of the requests recorded 100% were sent out within one working day.

### **5 As long as we have all the forms and information we need to support the application, we aim to list a case for hearing and let you know within 15 working days, or tell you if we need more information**

94% of cases were listed for hearing and the applicant notified within 15 working days where all appropriate forms had been received.

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

We set a hearing date within eight weeks in 99.7% of cases

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

We notified 99.8% of applicants about the outcome of the hearing and requested any further information the court needed within ten working days.

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

We issued 98% of all short orders or orders appointing a Receiver within 15 working days.

**9 If you need to use a client's savings for their benefit, we aim to give a direction to allow access to the client's money within 15 working days, or explain why we do not agree to your request.<sup>17</sup>**

We either issued directions allowing access to a client's money, or provided an explanation as to why the request was refused in 94.% of requests.

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

In all applications for final directions supported by a grant of probate (or equivalent), 99.7% were sent directions within 25 working days.

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

Of the 19,497 that had no problems or objections to registration, 99.5% were returned within the target of five working days.

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

Of complaints received, we acknowledged 98% within two days and, 96.18% were sent a full reply within 15 working days.

During the year, the Adjudicator's Office has taken up 13 complaints (2.5% of the total number of complaints received by the PGO).

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<sup>17</sup> From April 2003, the PGO no longer includes the action taken by the CFO within its payment out target. Therefore the PGO does not record the time taken for a Receiver to gain access to funds, but rather the time taken on the action for which it is directly responsible.

# Glossary of Terms

## A

**Accounting End Date (or Accounting Due Date)** The last day of the accounting period, which will either be the day before the anniversary of the date of appointment, or 5 April.

**Attorney** Person appointed by the donor to manage their financial affairs.

## C

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

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

**Court Funds Office (CFO)** An office, which effectively provides banking services, accounting for money paid into Court and, where necessary, provides investment functions.

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

## D

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

## E

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

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

## F

**Fees** Amounts charged to clients for services provided by the PGO.

## I

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

## K

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

## L

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

## O

**Open Days** Events organised by the PGO where staff, Receivers and clients can meet and where the PGO provides updates, advice, information and support. These events include a discussion with the caseworker and are run on a regular regional basis.

## P

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

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

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

## R

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

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

## V

**Visit** A visit to the client made by a Visitor.

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

# How to contact us

## How to contact us

The Public Guardianship Office  
Archway Tower  
2 Junction Road  
London N19 5SZ  
Document exchange: DX 141150 Archway 2  
Email: [custserv@guardianship.gsi.gov.uk](mailto:custserv@guardianship.gsi.gov.uk)  
Website: [www.guardianship.gov.uk](http://www.guardianship.gov.uk)

## General Contact Numbers

Customer Literature and Application Forms  
9am – 6pm, Mon-Fri  
Tel 0845 330 2900 (local call rate)  
Fax 0870 739 5780 or  
020 7151 7531 (callers outside UK)

## Text Phone

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

## Enduring Power of Attorney (EPA) Helpline

9am – 5pm, Mon – Fri  
Tel 0845 330 2963  
Fax 0870 739 5799 / 020 7151 7550  
For any other general enquiry,  
Tel 0845 330 2900  
For international calls  
Tel +44 20 7664 7000

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