



Office of the  
Public Guardian



# Annual Report and Accounts

## 2017/18

Supporting you and your decisions



# Office of the Public Guardian Annual Report & Accounts

2017/18

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

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

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

Ordered by the House of Commons to be printed on 19 July 2018



© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3)

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/government/publications](https://www.gov.uk/government/publications)

Any enquiries regarding this publication should be sent to us at [customerservices@publicguardian.gsi.gov.uk](mailto:customerservices@publicguardian.gsi.gov.uk)

ISBN 978-1-5286-0560-1

CCS0618901748 07/18

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

# Contents

<b>Performance report</b>	<b>1</b>
<b>Overview</b>	<b>2</b>
Chief Executive's statement	3
About the Office of the Public Guardian	4
<b>Performance analysis</b>	<b>6</b>
2017/18 business priorities and objectives	6
Protecting the vulnerable	12
Complaints	19
Legal	21
Staff engagement	22
Financial performance	23
Sustainability report	26
<b>Accountability report</b>	<b>32</b>
<b>Corporate governance report</b>	<b>33</b>
Directors' report	33
Statement of Accounting Officer's responsibilities	37
Governance statement	38
<b>Remuneration and staff report</b>	<b>55</b>
<b>Parliamentary accountability and audit report</b>	<b>65</b>
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	68
<b>Financial statements</b>	<b>72</b>
Notes to the accounts	77
<b>Appendices</b>	<b>95</b>
Five-year financial record	95



# Performance report



# Overview

The purpose of the overview is to give a summary about the Office of the Public Guardian (OPG), our purpose, the key risks to the achievement of our objectives and how we have performed during the year.

The overview includes:

- the Chief Executive's statement, giving his perspective on our performance in 2017/18
- a description of OPG's purpose, what we do, our customers and stakeholders, our relationship with the Ministry of Justice (MoJ), and the key risks and issues we managed during the year
- A performance summary, outlining how we performed against our service delivery aims

Our performance and accountability are explained in greater detail in the remaining pages of the report.



## Chief Executive's statement

I'm pleased to be reporting on yet another record-breaking year for the Office of the Public Guardian (OPG).

During 2017/18, OPG handled more work than ever before and did so while meeting the majority of our customer service indicators. This reflects the focus we place on meeting the needs of the people using our services, and is testament to the hard work and commitment of everyone in the agency.

In our tenth anniversary year, we hit the milestone of 3 million powers of attorney on the register and nearly 60,000 deputyship orders. We expect growth to continue and we transform the business to manage increased demand.

Over a quarter of users are now choosing to create their LPAs online, with 90% saying they were satisfied or very satisfied with their experience. More than 10,000 lay deputies have registered to submit their annual reports online, with 6,000 already done. Since June, public authority deputies have also joined our digital users. Over 1.7 million new LPA applications have been processed using our case management system, Sirius, which is successfully being developed to manage supervision.

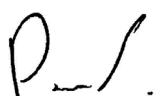
Above all, our role is to protect adults at risk and this year we have seen success from improved ways of working across our legal, supervision and investigation teams.

We've received 5,245 safeguarding referrals and 1,886 were accepted for investigation which is proportionate to our higher caseload. There has also been an increase in applications to court due to early legal intervention, with cases being submitted faster than ever before. We've also completed a thorough review of our safeguarding processes. This will result in changes across OPG during 2018/19, together with the launch of a new safeguarding strategy developed with our partners.

OPG has entered 2018/19 with a clear ambition to build on this success. Our priorities are:

- **empowering people to plan for the future** – raising uptake of lasting powers of attorney (LPAs) with disadvantaged groups
- **strengthening OPG's role in safeguarding** – working with partners to protect and support the vulnerable
- **continuing to increase our digital offer** – improving services for our customers and staff
- **focusing on our people** – tackling issues that matter to them, attracting and retaining talent, honouring our diversity

Finally, I'd like to thank our dedicated staff, our users and our partners who work with us to promote the Mental Capacity Act and protect those who lack mental capacity.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018

## About the Office of the Public Guardian

### Introduction

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

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

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

The government ministers responsible for OPG in this reporting period are:

- The Right Honourable David Gauke Lord Chancellor and Secretary of State for Justice (January 2018 onwards)
- The Right Honourable David Lidington CBE MP Lord Chancellor and Secretary of State for Justice (June 2017 to January 2018)
- The Right Honourable Elizabeth Truss MP Lord Chancellor and Secretary of State for Justice (April to June 2017)
- Dr Phillip Lee MP, Parliamentary Under Secretary of State for Victims, Youth and Family Justice

As an Ministry of Justice (MoJ) executive agency, alongside HM Courts and Tribunals Service (HMCTS), HM Prison and Probation Service (HMPPS) and the Legal Aid Agency (LAA), our aims are in line with MoJ's single departmental plan. We act to ensure the best possible service for citizens by working to make our services efficient and more open, through policies driven by evidence.

### What does OPG do?

OPG was established in October 2007. We support and enable people to plan ahead for both their health and finances to be looked after should they lose capacity in the future. We also safeguard the interests of people who may lack the mental capacity to make certain decisions for themselves.

We are responsible for:

- registering lasting powers of attorney (LPA) and enduring powers of attorney (EPA)
- supervising deputies appointed by the Court of Protection (CoP)
- maintaining the public registers of deputies, LPAs and EPAs and respond to requests to search the registers
- investigating complaints, or allegations of abuse, made against deputies or attorneys acting under registered powers

## Our customers and stakeholders

We serve several types of customers and stakeholders, including:

- donors – people who have made an LPA or EPA to protect their welfare or finances should they lose capacity in the future
- attorneys – people who have been appointed by donors to manage their welfare or finances should they lose capacity in the future
- clients (known as ‘P’) – people who have lost capacity and whose welfare or financial affairs are subject to proceedings before the CoP
- deputies – lay or professional individuals or authorities (such as solicitors or local authorities) who have been appointed by the court to manage the welfare or finances of a client
- other stakeholders – relatives of a client or donor, local authorities, GPs or other health professionals, charities, and the legal sector

## Key issues, risks and uncertainties

The key risks identified and managed during the year were staff recruitment and retention, compliance with General Data Protection Regulation (GDPR), the launch and roll-out of the historic fees refund scheme and progress on the development and delivery of the new computer system for supervision.

The OPG Board and the Audit and Risk Committee have during the year also monitored both functional leadership and the roll-out of the new technology to determine whether there have been any risks arising from these changes in the OPG operating model.

Further information may be found on pages 47-49 in the governance statement.

# Performance analysis

## 2017/18 business priorities and objectives

### Power of attorney forms and applications

In 2017/18, LPA and EPA applications increased by 18.9%, with 770,995 new powers of attorney (PoA) received. We continue to use and build on our demand forecast model developed in conjunction with MoJ analysts, which has greatly assisted in predicting likely increases in workload and enabling evidence based workforce planning. It has also helped in the setting of OPG fee levels.

Power of attorney applications	2017/18	2016/17	Increase (decrease)
EPAs	11,019	12,778	(1,759)
LPAs	759,976	635,540	124,436
<b>Total PoA</b>	<b>770,995</b>	<b>648,318</b>	<b>122,677</b>

This is now the third year in a row we have met our own customer service target of 40 days average actual clearance time (AACT). The final whole year AACT was within target at 34 days. This is a significant achievement in the face of continued rises in workload and ongoing issues with both the retention and recruitment of staff.

We have undertaken continuous improvement work across our registration process and further digital development of our case management system which has delivered 40% increase in productivity and efficiency. This efficiency is determined by dividing the full time equivalent (FTE) staffing numbers working on processing PoAs by the number of PoAs processed to give an average per FTE. This means that the workforce does not rise in direct proportion to increased workload – leading to greater efficiencies for our customers and the ability to set our registration fees at the lowest they have ever been – down from £110 to £82.

At present, the majority of our fee payments for PoAs are by cheque, which requires considerable staff resource. This position has been greatly improved by the increased use of our digital LPA tool (with uptake of over 27% this year) which allows customers to fill in their LPA application form and pay online.

In 2018/19, we will continue to look at other payment methods to improve our customer service and cost effectiveness in this area, including the ability to pay fees using online banking.

As at 31 March 2018 we were supervising **59,528 deputyship orders**, an **increase of 3.2%** from the end of 2016/2017.



The number of applications to register LPAs and EPAs received in **2017/18** was

**770,995**



This is an increase of **18.9%** on the previous year.

We ended the year with

**3,142,284**

current instruments on the register.



**Against this backdrop we achieved the following\*:**



\*as detailed in the performance analysis

**Impact indicator: powers of attorney**

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

Purpose	Calculation method	Data source	Achieved to 31 March 2018
<p>This indicator calculates the average number of working days taken to register and dispatch all PoAs in a given reporting period.</p> <p>This is the time taken between the date of application and the date of dispatch.</p>	<p>Of all PoAs, with a date of dispatch within a reporting period, the number of working days (excluding bank holidays and weekends) between the 'date of dispatch' and the 'date of receipt' are summed and then averaged between the number of applications.</p> <p>'Date of receipt' is the day the application is received by OPG supported by a valid payment received or, alternatively, the date of decision for a successful remission or exemption application. This is the point OPG begins processing the application.</p> <p>'Date of dispatch' is the date the registered PoA is dispatched as the last part of the application process which then shows an application as registered within our internal case management systems.</p>	OPG's internal case management systems.	AACT of 34 working days against a target of 40 working days.

**The register**

This year we received 47,202 requests to search our register of PoAs and deputyships, which is a 10% increase on the previous year.

**Impact indicator: searches of the register**

Average time to clear tier 1 searches of the register is within 5 working days

Purpose	Calculation method	Data source	Achieved to 31 March 2018
<p>OPG has a statutory duty to hold a register of PoA and deputyships.</p> <p>This indicator measures OPG's service aim to provide accurate search responses within a 5 day target.</p>	Sum of working days to undertake search requests completed within the month divided by total number of requests completed within the month.	Casework support team.	Average clearance time of 5 working days.

## Customer contact centre

Our customer contact centre received 342,484 calls in 2017/18, a 2% increase on the previous year.

In 2016/17 we looked to increase our support to customers wanting assisted digital services to complete LPAs online and this has meant that in 2017/18 we have been able to help 41,330 customers with digital enquiries.

In order to be more flexible in meeting recruitment and resource issues across the PoA services as a whole, at times during 2017/18 we have had fewer staff than we would have wished in the contract centre. As a result we have increased the target in-year from 60 seconds to 150 seconds – a decision that was ratified by the OPG board. The change was made in August 2017.

Customer service indicator: customer contact centre			
Target average caller wait time for calls to OPG's customer contact centre is 60 seconds (April to July 2017)			
Target average caller wait time for calls to OPG's customer contact centre is 150 seconds (August 2017 to March 2018)			
Purpose	Calculation method	Data source	Achieved to 31 March 2018
This indicator measures timely and accurate support and guidance for all of OPG's services, and signposting to CoP services where appropriate.	Total call wait time* divided by total calls presented.  Calls that are re-directed, as they do not relate to our services are deducted from our total calls to avoid double counting.  *wait time does not include the time the caller listens to the pre-recorded introductory message.	OPG's telephony data management system.	Average wait time was 68 seconds against a target of 60 seconds (April to July 2017).  Average wait time was 132 seconds against a target of 150 seconds (August 2017 to March 2018).

## Digital

We have continued work on our 3-year digital programme.

Our aims have been to make it easier for deputies to carry out their role in looking after the affairs of a vulnerable person by being able to engage with us digitally, and to improve efficiency in reviewing deputies' annual reports. We also aimed to make improvements in registering an LPA.

Our vision is to build digital services that are world class and drive increase in usage. We recognise that creating an LPA or submitting an annual report by a deputy can be daunting and time consuming, often during periods of personal difficulty. Our digital services are designed to help people at these key moments and to make their lives easier so that they can concentrate on supporting those who need it, or plan for their own future.

Our online LPA service has continued to be improved as a direct result of user feedback. This service has maintained a steady user satisfaction score, with 95% of those surveyed saying that they were satisfied or very satisfied with the service. More than a quarter of all LPAs in the last year were created using the online LPA service.

We are enabling more deputies to report to us online. Over 10,000 deputies have registered to use the service, submitting over 6,000 reports. In June 2017 the service became available to public authority deputies, enabling reporting against larger caseloads. Currently, uptake from public authority deputies is at 10% and work is ongoing to encourage more public authorities to engage with the service.

In August 2017, the service enabled deputies to upload accompanying documents via the online service and in September 2017 it was also expanded to cover health and welfare court orders. This enables all lay and public authority deputies to submit their annual reports online.

Our purpose-built LPA case management system, Sirius, has now processed over 1.7 million new LPA applications. Our primary focus has been to continue building functionality so that Sirius can also carry out supervision functions. As a first milestone, a limited number of users from the health and welfare LPA team have been using the service since September 2017.

Impact indicator: OPG digital customer satisfaction surveys			
Target percentage of customers 'very' or 'fairly satisfied' with OPG digital services is 80%			
Purpose	Calculation method	Data source	Achieved to 31 March 2018
This impact indicator helps to ensure we are developing our digital services to meet our customer's needs.	Number of customers who are 'very' or 'fairly satisfied' with digital services divided by number of survey responses received answering this question.	LPA digital tool customer satisfaction survey.	Customer satisfaction survey score at year end was 95%.

## Change management

Portfolio management continues to be developed and implemented across the agency. Our portfolio management team has focused on sharing best practice from other government departments as they strive to become portfolio experts. Working very closely with delivery colleagues, the portfolio management team ensures that OPG is investing in the right projects. That is, projects that will deliver the most value for money or give the highest contribution towards achieving business goals while delivering excellent customer service.

The project delivery team has overseen and monitored key changes to the business. This has ranged from supporting the MoJ historic PoA fee refunds scheme, to delivery of the internal tecUology transformation programme, providing the tecUology to enable smarter working and greater organisational resilience.

The continuous improvement (CI) team has implemented a consultancy, capability and community model to be delivered in the next 3 years, firmly embedding CI processes across the business. CI consultancy has provided systematic support to high priority projects to ensure the best approach has been applied through the change cycle. For example, the team has worked closely with colleagues on the review of safeguarding within OPG in a project designed to improve safeguarding processes. They have also worked with colleagues to embed an improved customer experience through the use of the Government Notify service to send letters, emails and texts as appropriate, and assisted with benefits realisation to measure efficiencies through the introduction of job cards.



## Partnerships and research

During 2017/18 we carried out qualitative research to build our understanding of OPG's different customer personas, to use when designing our services and training our staff. This research is driving our plans for raising awareness – for example by ensuring we can target our messages to areas of the country where we see lower levels of LPA uptake.

Through our annual survey of LPA customers and court appointed deputies, we have gained a better understanding of how and where they use their legal documents after registration and have identified common issues they may have with certain types of organisation. This forms the basis for our ongoing engagement with a number of stakeholder groups – such as banks and the utilities sector, to improve their services to attorneys and deputies.

With the support of our partners in the health sector, social care, the police and third sector we ran an awareness survey during the summer of 2017. We asked people working in those sectors to tell us whether they had heard of OPG and what they knew about the role of powers of attorney in relation to their work. The key findings were:

- awareness of OPG is relatively high in some sectors, but overall there is a general lack of knowledge about what different powers of attorney look like, how to check validity of documents and the roles of attorneys and deputies
- knowledge of deputyships was noticeably low across all sectors
- staff in all sectors would welcome further training on these topics.

We are using this as the basis for our 2018/19 engagement strategy with these sectors to raise awareness and improve the service to our users.

During 2017 we began a targeted engagement across health and social care sectors to further raise frontline awareness of OPG's safeguarding role in England and Wales, and to support the development of our new safeguarding strategy, which is continuing into 2018/19. Our annual safeguarding roundtable meetings in England and Wales bring together senior safeguarding leads from across the public sector. This year's events focused on recent research by Brunel University on the financial abuse of people who lack capacity, alongside OPG's own review of its safeguarding practices.

OPG continues to work with UK Finance on opportunities to raise LPA awareness. We continue to monitor the work of Money and Mental Health Policy Institute who released their 'Levelling the Playing Field' paper at the turn of the year and laid out challenges to OPG. We continue to work closely with the Financial Conduct Authority (FCA) and Financial Ombudsman Service (FOS) to monitor, work with and support the financial sector, to ensure that our voice is amplified and that we speak as one.

OPG responded to a Banking Standards Board consultation paper on 'What do good banking outcomes look like to customers?' launched in November 2017. OPG assisted the FCA with its 'Financial Lives' survey which was published in autumn 2017.

We worked with the British Standards Institute, financial bodies, consumer bodies and others to facilitate the launch of a new code of practice sponsored by NatWest. Launched on 31 October 2017, PAS 17271: 'protecting customers from financial harm as a result of fraud and financial abuse' gives recommendations to organisations for protecting customers from financial harm, how to identify customers who may be at risk, and how to respond to customers where fraud or financial abuse has taken place.

Customer service indicator: OPG customer satisfaction survey			
Target percentage of customers 'very' or 'fairly satisfied' with OPG services is 80%			
Purpose	Calculation method	Data source	Achieved to 31 March 2018
This indicator helps us to understand our customers' needs. It also helps us to identify trends so we can continually improve services.	Number responding 'very' or 'fairly satisfied' divided by number of survey responses.	LPA and deputyship customer satisfaction surveys.	Customer satisfaction survey score at year end was 82%.  In response to the main area of concern, OPG is implementing a plan to allocate a designated case manager to each lay deputy to provide end to end support.

## Protecting the vulnerable

During the year, OPG carried out a review of the ways we protect people. We surveyed customers to find out what they want in terms of service – for instance, how quickly and how often concern raisers wanted to hear from us. We asked our staff for their ideas for improvement and we liaised with other agencies to ensure we work together in the best interests of someone who is at risk. The findings from this review will be introduced during 2018.

### Supervision of deputies

When someone loses mental capacity and they have not appointed an attorney, the Court of Protection (CoP) will appoint a deputy to make decisions on their behalf. These deputies are supervised by OPG.

The number of deputyship orders we supervise has increased by 3.2% from 57,702 in March 2017 to 59,528 in March 2018.

### Our performance

We aimed to conclude our first contact process, which involves an introductory and settling-in call with new lay and professional deputies, within 35 days after the OPG receives notification from the Court of Protection that a deputyship order is in place. This process ensures new deputies are supported at an early stage in their appointment.

In March 2018, we exceeded our first contact target of 85%, achieving 91%, and we will manage that performance so that it is sustained. This ensures that deputies get support from the very outset of their deputyship.

We have completed our 3-year plan to convert over 20,000 cases in the minimal supervision level of supervision to providing us with a deputy report by March 2018. We have continued to improve how we provide proportionate supervision and support to deputies, and this year has seen the new report format delivered for these cases.

We aim to receive all annual reports from our deputies within 40 days of the anniversary of their court order, and to review the reports within 15 working days of receipt.

These impact indicators were met this year, having averaged 39 days to receive deputy reports, and 9 days to review them. Achievement of these measures puts OPG in a very good position to take forward our supervision of court appointed deputies.

We have made progress against our target to visit 33% of all professional and public authority deputies this year. We aimed to review 767 cases this year, and achieved 777. This ensures we monitor adherence to professional standards, as well as meeting the requirements of the Mental Capacity Act. In March 2017 we reviewed the way we carry out assurance visits, visiting donors in proportion to the deputy's caseload. As a result, we are confident that the processes we have in place give us reasonable assurance that deputies are protecting vulnerable clients. This includes professional deputies who have a single client.

Since March 2016, the 'complete the deputy report' service has been available on GOV.UK. Lay deputies with property and finance deputyship orders have been able to use this online service to submit their annual report to OPG. Over 10,000 deputies have now registered to use this service and over 6,000 reports have been submitted online. We have made improvements to the design of the service which has been used in the development of the deputy report. This year we have introduced the health and welfare deputyship report to the digital service. This has created the opportunity for deputies with both property and affairs and health and welfare orders can now use the digital service for all their reporting requirements.

Throughout the year we have continued to encourage deputies to register and use our digital reporting service. Alongside a greater use of digital communication across the supervision services team, the increased number of deputies reporting to us online has ensured we can support deputies more quickly and efficiently.

The number of lay deputies who are registered to use the online service has been increasing steadily providing deputies with a new channel for interaction with OPG.

This year also saw the successful launch of the public authority deputy reporting service at public beta stage (where the service was available for all to use - allowing the users to see and use the system and for it to be tested with a wider group of users). Tailored to the needs of public authorities, it provides a platform for those public bodies to efficiently manage their caseloads. Interest has been high, with 43 authorities expressing interest for this service. 27 public authorities are already registered, representing 16%, with 855 annual reports submitted to date.

The service has benefitted from a number of updates in the past year, such as the ability to upload documents to accompany annual reports, helping to improve the users' experience.

### End-to-end case management

During 2017/18 we continued to work towards our commitment to implement an 'end-to-end' approach to case management. The Public Guardian is clear that this approach, together with the culture and way of thinking it supports, is vital to protecting the person lacking capacity.

The aim is to ensure that staff manage all issues in their allocated cases. They specialise in a particular deputy type (for example, lay, professional, health and welfare, panel, public authority) so they can understand the different challenges each group faces. They build relationships with their allocated deputies: safeguard and assess risk as circumstances change; decide the necessary action to maintain protection of the person lacking mental capacity; and 'own' the case, supported by the range of resources available to OPG.

We have achieved 100% of cases assigned to end-to-end case management for public authority and professional deputies. The caseloads represent 21,551 (165 deputies) and 12,034 (over 2,500 deputies) respectively. The figure for lay deputies by the end of the 2017/18 year was 90% out of a case load of 24,413. This represents over 36,000 deputies.

There has been an overall increase of 450 in non-compliant case incidents, from 1,289 in April 2017 to 1,739 in March 2018. When a deputy has failed to act in line with the requirements of the order or an instruction from the court, such as reporting to the Public Guardian, a non-compliant case incident is recorded. This increase is due to the inclusion of minimal supervision level cases required to lodge their first annual report. This is a change in culture for both the organisation and the deputy, and some deputies are not complying with this reporting change. It should be noted that the number of incidents of non-compliance is recorded rather than the number of cases as, where a deputy is non-compliant on a number of factors, each incident is recorded separately, so one case could record more than once.

At the beginning of April 2017, the oldest non-compliance case was dated 4 June 2011 and there were 10 cases with 14 reports outstanding from 2014 and older. These have all been cleared and the oldest outstanding report is now 18 March 2015. The age profile has moved forward by 1,383 days.

### **Customer satisfaction**

We have worked with the customer relationship management team to review the questions we ask deputies and their range of responses, to gain a better understanding of what our deputies want.

Our aim is to achieve an overall customer satisfaction level of 80% and for the year our average results were as follows:

- lay deputies – 72%
- professional deputies – 76%
- public authority deputies – 75%

We use our surveys to inform continuous improvement within the business and analyse feedback to help increase our service and levels of customer satisfaction.

**Impact indicator: supervising deputies**

- a) Target average time to conclude first contact support within 35 days is 85%
- b) Target average time to obtain annual reports within 40 working days
- c) Target average time to review annual reports within 15 working days
- d) Target to review 33% of all professional and public authority deputyships using the standards

Purpose	Calculation method	Data source	Achieved to 31 March 2018
<p>These indicators help us to ensure that we provide proportional and appropriate support for all deputies.</p>	<p>a) The average number of working days between the date the deputy is notified in writing of their supervision level and the date personal contact is concluded. We record:</p> <ul style="list-style-type: none"> <li>• the date introductory and settling-in calls are completed</li> <li>• the date of a completed returned questionnaire</li> <li>• the date a successful visit takes place</li> <li>• the date we decide to refer a case for action that could include discharge of the deputy for non-compliance</li> </ul> <p>b) The average number of working days between the 'due date' of the report (40 working days after the anniversary of the court order) and the date which the report was received in OPG.</p> <p>c) The average number of working days between the date on which an annual report is received and the date it was reviewed.</p> <p>d) This is measured by recording a count of assurance visits or a desk based review. This can be a telephone review, a full review of the financial reports or a case review.</p>	<p>OPG's internal case management systems.</p>	<p>a) 91% of deputies were contacted within 35 working days.</p> <p>b) Average time to obtain annual reports was 39 days.</p> <p>c) All annual reports were reviewed within 15 days at an average of 9 days.</p> <p>d) 777 deputyships were reviewed, which is 1% more than the 767 planned.</p>

## Investigations and safeguarding

OPG received a total of 5,245 new safeguarding referrals during 2017/18. This represents a decrease of 1.5% from the previous year (5,327). This is due to a change in the method of counting referrals in the second quarter of 2016/17, which reduced the numbers considerably. Although there was a decrease this year, if the whole of 2016/17 had been counted in the same new way, we would have seen an increase. Of these, 1,886 cases were accepted for investigation. This represents an increase of 48.9% from the previous year (1,266). In addition, 3,156 were signposted to other agencies such as public authorities or the police.

The table below details sources for those referrals which have reached a conclusion during 2017/18 and the number accepted for investigation in the same period.

Referral source	Referrals made	Accepted for investigation
Relative	2,122	593
Local authority	1,221	595
Attorney/deputy	324	116
Solicitor/other professional	268	84
OPG (all sections)	168	112
Bank	152	113
Client/donor	117	27
Third party	146	55
Whistleblower	80	21
Police	85	32
Other sources	359	138

The safeguarding team continues to work closely with external partners, including the Court of Protection (CoP), public authorities, the Department for Work and Pensions, security bond providers and the police in order to safeguard vulnerable adults and signpost concerns raised where OPG has no jurisdiction to investigate.

A total of 1,897 investigations were concluded during 2017/18. This represents an increase of 49.8% from the previous year's 1,266. On average, these investigations were concluded within 61 days, within our target of 70 days. This was a 7.1 day improvement from the previous year's average (68.1 days). 459 cases (24.2%) resulted in an application to the court. Where cases were not appropriate for us to investigate, we offered advice or directed referrals to the right agency, such as a public authority or the police.

We have made a large number of business improvements in 2017/18 to provide improved customer service and ensure that the protection of the donor/client is at the centre of our work.

We have improved communications between the investigations and safeguarding team, including setting up regular safeguarding capture meetings. We have reviewed our procedures and applied a best practice approach to providing safeguarding updates. We have also improved internal processes, and the way we exchange feedback between investigations and the safeguarding team.

We have enhanced our relationships with stakeholders, particularly local authorities, creating a factsheet for stakeholders to better explain our role and manage expectations. We now have a central database of local authority specialist points of contact which enables more effective and improved relationships. We are also reviewing our procedures relating to urgent referrals to stakeholders.

We have reviewed the investigation process from receipt of a concern to conclusion and identified areas for potential improvement.

We have also reviewed our procedures relating to urgent and fast track applications to the court. As a result, in 2018/19 we will implement a clear, definitive and consistent process within investigations, supported by relevant training. We are also ensuring that we have access to prompt and relevant legal advice to enable investigations to progress quickly and effectively.

We have undertaken a series of activities to improve our complaints processes. This includes deep dives, identifying trends, analysing partially upheld and upheld complaints, carrying out a lesson learned exercise and taking into account best practice.

We have made improvements to ensure our customers and stakeholders are kept informed of progress in a timely manner. Our letters are clear, concise and informative and our verbal contact with customers is accurate. In this way we can improve service and eliminate avoidable contact.

Our staff have been upskilled in effectively dealing with complaints and improved their communication techniques with our customers. The training has increased staff capability and reduced the number of partial and upheld complaints. Importantly, when praise is received this is captured and used as best practice throughout our business area.

In October 2017 the third party objection (TPO) pilot became business as usual. The pilot looked at investigations into concerns received from third parties objecting to the registration of an EPA or LPA. In 2017/18 the investigations team received 211 concerns pre-registration, of which 128 were taken forward for further enquiries. Of these cases, OPG had reason to apply to court for directions as to the validity of the instruments relating to 34 applications.

We are currently piloting a way to streamline administrative processes and improve the information we record when a decision is made to investigate the concern. All relevant information will automatically transfer onto the investigation record and then into the Public Guardian report.

In July 2017 we introduced improved medical visit commission forms. These have improved the quality of information we provide to medical visitors so they can undertake their role more effectively. Guidance and training has also been given to investigators so they are aware of the timeliness and quality required when commissioning these visits.

To improve the consistency and quality of investigations, we have developed a quality assurance framework which highlights areas where improvements are required. This has been introduced over the year and has increased the capability of investigators to undertake all types of investigations and produce well-reasoned and evidence-based recommendations for the Public Guardian to consider.

**Impact indicator: investigations**

- a) Target is to risk assess 95% of concerns raised within 2 working days
- b) Target is to conclude all investigations within 70 working days
- c) Target is average time taken to implement OPG owned actions within Public Guardian (PG) recommendations, where court action has been deemed necessary within 35 working days
- cii) Target is average time taken to implement OPG owned actions within PG recommendations, where court action has not been deemed necessary within 25 working days

Purpose	Calculation method	Data source	Achieved to 31 March 2018
<p>These indicators centre on OPG's responsibility to safeguard vulnerable adults.</p> <p>a) OPG will carry out a risk assessment process to determine:</p> <ul style="list-style-type: none"> <li>• whether the Public Guardian has jurisdiction to investigate concerns and, if not, signpost the concern to the relevant agency</li> <li>• whether the vulnerable person is at immediate risk in terms of their personal welfare or finance/property and what immediate action is required</li> <li>• whether the concern can be investigated over a longer period</li> </ul> <p>b) An investigation is classed as concluded if:</p> <ul style="list-style-type: none"> <li>• a formal written report is signed off by the Public Guardian</li> <li>• approval of a court application is agreed (where this pre-dates a Public Guardian report)</li> <li>• a compliance manager agrees to conclude an investigation as a report to the Public Guardian is deemed unnecessary</li> <li>• the client dies (where the compliance manager judges sufficient work had been done on the case to merit classification)</li> </ul> <p>c) A recommendation is classed as concluded if:</p> <p>i) an application is made to the CoP, where this was as a result of a recommendation approved by the Public Guardian</p> <p>ii) a case is approved for closure where:</p> <ul style="list-style-type: none"> <li>• court action is not deemed necessary</li> <li>• the investigator shares the outcome of the investigation and any further requirements to the attorney/ deputy. This will not include any subsequent monitoring of the case</li> <li>• the deputy makes an application to the CoP</li> </ul>	<p>a) Two working days start from the date that the concern is received by OPG. Day 1 is the next working day after the concern is received.</p> <p>b) The 70 working day period starts the date that the concern leading to an investigation is received by OPG. Day 1 is the next day after the concern is received.</p> <p>ci) The 35 working day period starts from the date the Public Guardian approves the report. Day 1 will be the next day after the report is approved.</p> <p>cii) The 25 working day period starts from the date the Public Guardian approves the report. Day 1 will be the next day after the report is approved.</p>	<p>All complaints and concerns are risk assessed and the Public Guardian's jurisdiction is considered.</p> <p>Referrals are recorded and include:</p> <ul style="list-style-type: none"> <li>• date of concern received by OPG</li> <li>• date of concern received by investigations team</li> <li>• risk assessment date</li> <li>• risk assessment time period (working days)</li> <li>• investigation completion date</li> <li>• outcome of application to the CoP</li> <li>• investigation (pre-report) time period</li> <li>• investigation (post report) time period</li> <li>• recommendations closure approvals date.</li> </ul>	<p>a) 95% of concerns were risk assessed within 2 working days.</p> <p>b) Average time to conclude investigations was 61 working days.</p> <p>c) Average time to conclude all recommendations where court action has been deemed necessary was 34 working days.</p> <p>cii) Average time to conclude all recommendations where court action has not been deemed necessary was 15 working days.</p>



## Visitors and panel deputies

The visits team commissioned 12,175 visits in 2017/18 and received 9,563 reports – the remainder are due to be received in accordance with our performance targets.

There was an increase in the number of investigation visit commissions we received. In 2017/18 we received 1,409 commissions for investigation visits, compared to a total of 1,362 for 2016/17.

The number of special medical visitor commissions was also greater than expected with a total of 654 visits commissioned by the OPG and the CoP against a combined total of 444 in 2016/17. There was a significant increase in the visits commissioned by the OPG with the team receiving 467 special visit commissions compared to 251 for 2016/17.

To address this increased demand, OPG recruited an additional 27 special visitors increasing our panel of special visitors to 39 and further general visitor recruitment is planned for 2018/19.

During 2017/18 the visits team have also undertaken section 3A Deprivation of Liberty (DoLs) 549 visits on behalf of the Court of Protection.

At the end of the year, OPG's panel of visitors stood at 9 permanent visitors, 79 contractor visitors, and 39 special visitors. We worked to maintain the professional knowledge and development of the cadre of visitors through periodic conferences during the year, as well as case-specific and lessons learned activity. Developing the visitors improves the protection provided to people who may lack mental capacity.

This year we have enhanced the quality assurance process for visitors by introducing changes to their appraisal. The appraisal process now also covers investigation visits and health and welfare visits. It contributes to the protection of those people OPG exists to protect, as well as the overall safeguarding landscape, as contract visitors go about their work for local authorities or solicitors.

Each contractor visitor receives two pieces of feedback on their visit reports and two balanced scorecards detailing the visitor's performance across the year. All 79 visitors received an appraisal during this business year.

We administer a panel of deputies, which the court draws on in cases where no-one is able or willing to act as deputy. In 2017/18, 393 cases were assigned to a panel deputy, and compared to 650 in 2016/17 and we predict the number will increase in the coming business year.

In July 2017, we held the fourth annual panel deputy conference, with the aim of maintaining quality and sharing good practice. Feedback from this event was universally positive.

## Complaints

We manage customer complaints in accordance with our published complaints policy. This is a tiered complaints process – first tier complaints are considered by the business area responsible. If a customer is unhappy with this response, the complaint can be escalated to the second tier and at this stage the complaint, and the way it was handled, is then reviewed by the Public Guardian. If a customer remains unhappy, they can ask their MP to refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO) for an independent review.

This year the number of complaints has decreased, both in terms of number and in proportion to our workload. We received 5,836 complaints in 2017/18 compared to 6,988 complaints in 2016/17 and 6,945 complaints in 2015/16.

Complaints relating to power of attorney registrations decreased from 5,725 in 2016/17 to 4,340 in 2017/18. The percentage of complaints against volumes of work has decreased from 0.9% (of 648,318 applications) to 0.6% (of 770,995 applications).

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

- decisions relating to the validity of LPAs
- errors in processing applications
- security breaches (see page 52)

There has been an increase in complaints about our supervision of deputies, with 634 complaints in 2017/18 compared with 411 in 2016/17. This is mainly due to improved complaint recording. The percentage of complaints against volumes of work has increased at 1.1% (against a caseload of 59,528 at the end of 2017/18) compared to 0.7% (against a caseload of 57,702 at the end of 2016/17).

Trends in complaints about our supervision of deputies included:

- quality of contact with our office
- concerns about the actions of deputies
- the supervision fee charged

We aim to respond to 90% of complaints within 10 working days. In 2017/18, we responded to 86.8% within this timescale, compared to 77% in 2016/17. Although the percentage completed within 10 working days was lower than our target, it was a significant improvement on the previous year. In addition, the average number of days taken to respond to complaints over the year was 8.59, within our 10-working day target and an improvement compared to 9.5 working days in 2016/17.

The percentage of complaints we received that were escalated to tier 2 for a response from the Public Guardian decreased to 5.9% from 6.3% in 2016/17. Three new cases were formally accepted by the PHSO for full investigation this year and 4 investigations were concluded within the year. Of these, 1 was partially upheld and 3 were not upheld. We use feedback from the PHSO to identify improvements, and we have complied with all PHSO recommendations.

Our focus for the year ahead will be to make sure we are resolving complaints at the earliest opportunity. We will use feedback and quality assessments to drive improvements in complaints handling. We will continue to learn lessons from the complaints we receive by making sure that complaints data is combined with other information to form a collective customer voice. This will be used to drive the design and implementation of OPG policy, products and services. Continuous improvement tools and training are employed to address common themes found in complaints. For example, we reviewed and changed the letters sent out by the supervision teams following complaints about the tone of correspondence.

<b>Customer service indicator: complaints</b>			
Target is to respond to 90% of all customer complaints within 10 working days of receipt			
<b>Purpose</b>	<b>Calculation method</b>	<b>Data source</b>	<b>Achieved to 31 March 2018</b>
This indicator plays an important part in helping OPG understand to what extent we are achieving our customers' expectations.	Performance is measured by adding together the total time to answer all of the complaints answered in a month divided by the total number of complaints.  This indicator is measured on a monthly basis.	Management information from each individual business area.	87% of complaints were responded to within 10 working days of receipt.

## Correspondence

This year we received 73,780 (77,141 in 2016/17) pieces of correspondence across all areas of the business. Most of this came from customers regarding PoA applications and from deputies regarding their powers and responsibilities.

<b>Customer service indicator: correspondence</b>			
Target is to respond to 90% of correspondence within 10 working days			
<b>Purpose</b>	<b>Calculation method</b>	<b>Data source</b>	<b>Achieved to 31 March 2017</b>
This indicator helps to ensure we respond to our customers in a timely way. It also informs continuous improvement to the way we work and the way we deliver services.	Number of items of customer correspondence responded to within 10 working days divided by number of items of customer correspondence responded to in month.	OPG's internal case management systems and postal data.	93% of correspondence received a response within 10 working days.

## Legal

The legal team works collaboratively with OPG teams, the Court of Protection (CoP) and with the legal profession to protect the vulnerable, develop the law on mental capacity and maximise the benefits of the MCA for some of the most vulnerable people in our society. The team advises on OPG projects, is responsible for submitting applications to the CoP, and represents the Public Guardian in court.

The team has submitted 465 applications to court to protect the vulnerable, an increase of 70% on 2016/17. The team have also decreased the average time to submit cases from 40.6 days from receipt of the instruction, to 34.5 days and since October 2017 the average time to submit is 25.7 days. The increased volume and quicker throughput is due to close collaboration with OPG's investigation and supervision teams, ensuring earlier legal support is provided. It also involved working with partner organisations including local authorities, police, care homes, financial institutions and solicitors in addition to attorneys and deputies.

During 2017/18 we attended court hearings across England and Wales, as regionalisation of the CoP resulted in 175 'local' hearings and 42 London hearings. In total 230 hearings have been listed in 57 locations, offering a local venue for cases wherever possible. The total is higher than the two hearing figures as in some cases attendance at court by OPG was not required and was taken forward in other ways such as by phone.

In total we secured the removal of 179 deputies and attorneys, most commonly for failing to meet legal and guidance standards including failure to report to OPG, exceeding their authority, making improper gifts and not acting in the vulnerable person's best interests.

We also represented the Public Guardian in a number of high profile cases, including [The Public Guardian v Matrix Deputies Ltd & Anor \(Rev 1\) \[2017\] EWCOP 14 \(19 July 2017\)](#) where we applied to have a professional deputy removed from 44 cases due to lack of management controls and failure to heed OPG's advice. The court agreed that the deputy was not suitable to be a deputy for those cases and OPG was praised for excellent work bringing this to the court's attention.

The team also continues to clarify the law on registering Lasting Powers of Attorney. The judgment in [The Public Guardian's Severance Applications](#) changed the way the OPG processes cases, where a particular provision might prevent the instrument from being a valid LPA. The court suggested that the majority of the cases that have been sent for severance by agreement with customers in the past should instead be sent to the court. There is now a process of determining what the customer wanted (where wording is unclear) and whether this can be declared lawful and suitable for registration.

Our focus on LPA development has resulted in 50% fewer cases having to be sent to court and faster registrations for many more customers. The team continues to work on cases to ensure that as far as legally possible the Public Guardian can respect donors' intentions when they created their documents.

## Staff engagement

Work on staff engagement has continued across a range of areas – those seen as key to the delivery of our services and the development and well being of our staff.

### Bullying, harassment and discrimination

In response to the action to review the comments from the People Survey to gain further insight into bullying, harassment and discrimination, an analysis tool created by MoJ has been used to review staff comments. This has formed the basis of the actions being taken forward.

An e-learning package is currently being built that will form part of a wider package for staff and a bullying, harassment and discrimination workshop (developed by an equality, diversity and inclusion advisor) has been piloted with senior leaders. Their feedback will be used to make any necessary changes prior to roll out across OPG.

A review of bullying and harassment has been carried out by ACAS and will be used to drive change in this area.

## Leadership and managing change

Line manager ownership of staff engagement is being implemented across all areas of OPG and we are also looking to develop a toolkit for use in this area.

A new staff engagement forum has been established to be responsible for sharing best practice and offering advice. We have also ensured there is representation from all areas of OPG.

We continue to work with MoJ colleagues to look at how we can bring MoJ's values into OPG and embed them within the business.

## Learning and development

We have developed a first line manager programme and feedback from the first cohorts is being used to iterate and enhance the programme before it is rolled out across the business.

A review of training has taken place and learning pathways have been developed for the various job roles within OPG. The pathways clearly lay out which training is relevant to which job and, if applicable, the order the training should be undertaken.

Hand in hand with the two items, a wider strategy for learning and development has been developed and this will be used to drive the offering in this area over the next few years.

## Historic Fees Refund Scheme

OPG is administering, on behalf of MoJ, a historic fee refund scheme (HFRS) for the return of PoA fees to customers for those years where there was an over-recovery. The cost of refunds and administration of the scheme is provided by MoJ.

## Financial performance

### Long term expenditure trend analysis

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Staff costs	19,930	25,776	32,499	35,172	36,987
Other expenditure	11,965	14,517	20,822	22,543	28,557
<b>Total</b>	<b>31,895</b>	<b>40,293</b>	<b>53,321</b>	<b>57,715</b>	<b>65,544</b>
Average Whole Time Equivalents employed	682	865	1,071	1,206	1,257
Supervision caseload (at year end)	49,006	53,100	57,112	57,702	59,528
PoA applications	310,980	410,346	547,021	648,318	770,995

Over the last 5 years PoA volumes have increased by 148%, supervision caseload has increased by 21% yet total costs have increased by only 105.5%.

There has been an increase in staff costs and in average whole time equivalents of 86%. This demonstrates the effectiveness of our increasingly efficient processes in order to manage the increased volumes of work within agreed service standards.

We are committed to delivering a high quality service in a cost efficient way through more automation of processes and continuous improvement techniques.

### **Demand forecasting**

OPG has built upon its demand forecasting capabilities in the last year, achieving 2% variance against the forecast demand for LPAs. This is a notable success following that of 2016/17 (3%). This furthers a robust and sustainable partnership with colleagues in MoJ Analytical Services directorate using a statistically valid demand forecast model on which to build short term demand forecasts.

We review and update in-year demand forecasts as part of the monthly routines for financial and performance management, using the insight gained to model likely impact of publicity from media coverage and increased awareness of LPAs.

OPG has positively managed demand for its LPA services and successfully forecast the appropriate fee level to achieve the financial aims of the agency from the newly introduced enhanced power of attorney fee in April 2017.

Modelling demand for our deputyship services has continued in year and relationships with the Court of Protection have been developed to ensure information about the head of work generated in the court is available to inform OPGs forecasts. Work on the demand forecast model for supervision is on track to deliver a model as reported in last year's annual report.

### **Financial management**

This year has seen the challenges of 2016/17 continue and we have supported significant growth and change in the business, including consolidating the MoJ's functional leadership model for delivering professional services. The purpose of this model is to bring together specialist functions into single, unified teams across the department, harnessing expertise and experience. A key element of this saw a change to how these areas reported financial performance, so that both the service lead and OPG received adequate assurance. We have worked closely with colleagues in MoJ's fixed asset and digitech finance teams to ensure a common understanding of our digital programme and that all non-current asset transactions are correctly reported.

Our finance team has kept finance processes and system performance under review since adopting the MoJ's core finance and HR system. A planned upgrade to the SOP system took place in January 2018 but there have continued to be issues with system availability during the year. We have represented OPG's interests at departmental meetings with shared services client team, ensuring our experience is captured and effective solutions implemented.

A consequence of changing the way in which payroll services are delivered was payroll being directly financed from OPG bank accounts rather than MoJ's. This led to a material change to the balance sheet, with balances due to/from MoJ being eliminated. This is demonstrated in the accompanying financial statements.

We have been more reliant upon others for some core financial management information and have taken steps to build robust relationships across all areas, including the shared service provider, in order to promote OPG's position with them. We have pursued service improvements and new requirements successfully with the shared service provider, and will continue this work.

We have worked with colleagues in the government banking service to enable internet banking for supervision customers from March 2018, which will allow customers to pay their fees more easily using modern banking methods. By the end of April 2018 more than 2,000 customers had used the direct banking option paying nearly £1 million of fees. Working with colleagues in the supervision teams, we have introduced changes to the way in which public authority deputies are billed, which consolidates information sent to them and reduce the volume of paper correspondence they receive. Initial feedback has been positive.

In spite of the continuing challenges posed we have continued to deliver cost effective and balanced financial management for the agency supporting effective decision making by senior budget managers, the executive management team and the OPG board.

We have provided technical input to policy-led fees reviews ensuring a robust evidence base from which all requirements have been developed.

Financial planning and budget setting has been successfully managed throughout the year, as the details in the financial statements demonstrate.

During 2017/18 we have built on a strong 2016/17 financial position, overcome challenges as they have arisen, improving the service offering to customers, and supporting MoJ led projects to refund historic fees that had been overpaid and wider fee reviews. OPG continues to be in a healthy financial position to deliver services to our customers.

Income forecasts were monitored throughout the year with income achieving £67.4m net against a budget of £63m net at year end.

Total expenditure for the year was £65.5 million, slightly above budget of £64.8 million. All cash and non cash expenditure has been managed in accordance with forecasts.

### Cost recovery

2017/18 saw a marked change in OPG's cost recovery position in line with the objective of 100% agreed with HM Treasury, with a tolerance of +/- 5%. We achieved 102.8% setting a stable base from which to build future success, and demonstrates the success of actions taken during 2016/17 to address the ongoing over recovery of costs.

The introduction of an enhanced power of attorney fee in April 2017 means that OPG is solely funded by fees earned and the fee was set at a level that would cover the full costs of exempt and remitted cases plus a small subsidy to support the supervision service.

In prior years the cost of awarding exemptions and remissions was met through an allocation from MoJ and this was reflected in the cost recovery calculation, expressing gross income as a percentage of total expenditure.

The calculation is now based upon income net of exemptions and remissions compared to the full cost of delivering services in OPG.

## Sustainability report

We are committed to reducing our impact on the natural world and to supporting our communities. To do this we measure and reduce our consumption of limited resources and encourage staff to volunteer – allowing 5 days volunteering leave per member of staff per annum.

### Data collection and scope of reporting

We report on utilities used, travel, and waste generated. These are measured against previous years and in conjunction with the Greening Government Commitments (GGC). The GGC's targets lapsed in 2014/15, so we are reporting against their final year targets.

Our data is taken directly from utility meters, suppliers, and waste disposal contractors. Where we share buildings and utility supplies we base our consumption figures on the space occupied.

We do not have fleet vehicles and mileage of personal vehicles (grey fleet) used for business travel are recorded in expenses claims.

Paper usage reduction targets were required only for back office uses. However, we also report on LPA packs issued to customers as these are a significant use of paper.

Our data is collated into the MoJ's year end figures and reported in the departmental annual report and accounts.






### Our estates information

OPG's occupied estate remained constant in this financial year following a long period of expansion in Birmingham and Nottingham. This year's figures set the baseline against which future years will be measured.

We have a small team of 10 in Petty France, London, with figures for this site reported by MoJ directly.

### Our targets

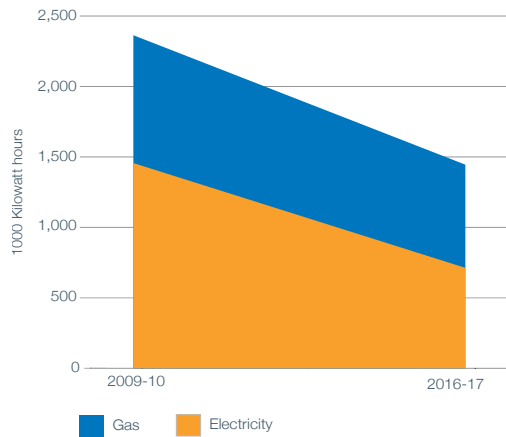
In 2017/18, we met all but two of the GGC commitments – back office paper use and staff travel:

Greening Government Commitment		Government reduction target 2016	Our position 31 March 2017	Outcome
	<b>Greenhouse gas emissions</b>	25%	47% reduction	<b>Met</b>
	<b>Waste</b>	25%	25% reduction	<b>Met</b>
	<b>Water</b>	6m <sup>3</sup> per FTE	5.4m <sup>3</sup> per FTE	<b>Met</b>
	<b>Paper</b>	10%	125% absolute increase 70% reduction per case	<b>Not met</b>
	<b>Travel</b>	25%	22% reduction	<b>Not met</b>

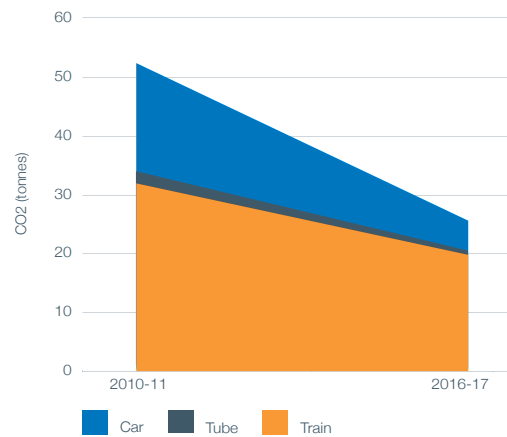
\*The GGC's targets lapsed in 2014/15, so we are reporting against their final year targets.



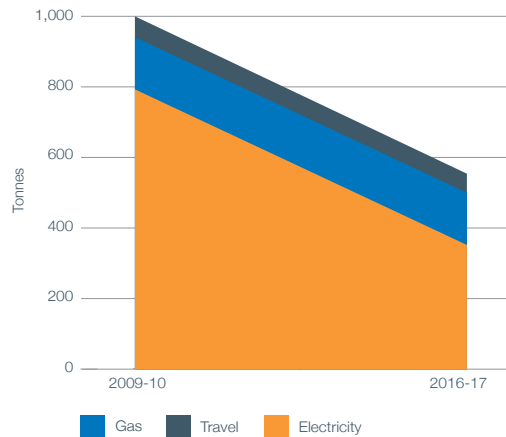
### Energy use



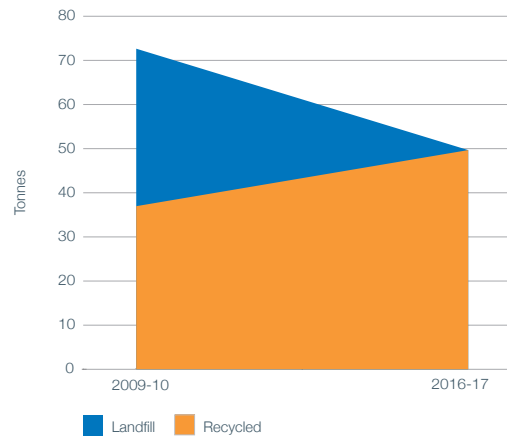
### Travel emissions



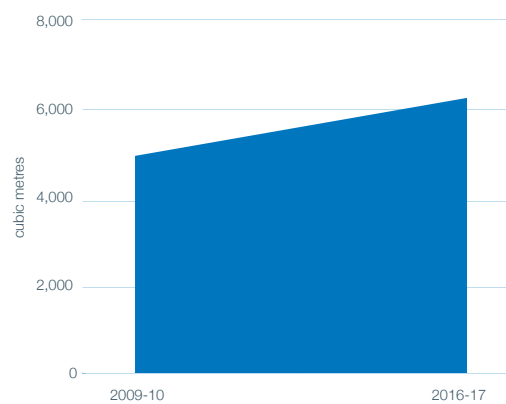
### CO2 Emissions



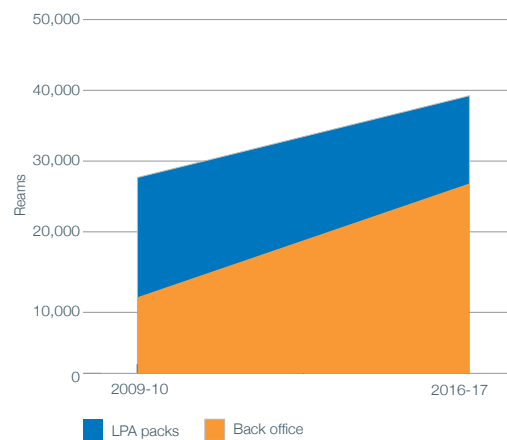
### Waste



### Water use



### Paper use



## Waste

We have zero to landfill waste disposal contracts in our Birmingham and Nottingham offices, so all of our waste this year was recycled or converted to fuel oil. 100% of paper and cardboard waste was recycled in a closed loop. Overall waste figures have fallen 25% despite our headcount tripling since 2009.

Battery recycling facilities are provided at all our offices.

## Water

In our buildings we have low-flush toilets and foaming taps. Water usage is below the target set at 5.45m<sup>3</sup> per FTE but it does not yet meet the best practice figure of 4m<sup>3</sup> per FTE.

## Paper usage

In previous years our paper use rose consistently as the number of LPAs and deputyships increased. At the end of 2016/17 our use was up 115% compared with 2009.

In the year 2017/18 our paper use has held almost steady despite further increases in workload. Although we have missed the GGC target of a 10% reduction our workload has increased approximately eight-fold and our headcount three-fold in that time. Our use of paper per case has fallen by around 70% showing a significant reduction and meaning that paper usage has not gone up at the same rate as workload.

OPG has taken significant steps to reduce the amount of paper correspondence sent to deputies and LPA donors/attorneys, making contact by telephone or email where appropriate.

The number of LPA applications received has increased from 84,600 in 2009 to 770,995 in 2017/18. In previous years the number of LPA packs sent to customers remained roughly consistent at around 60,000 per year, which is equivalent to 13,000 reams of paper. This year only 37,000 packs were issued – around 8,000 reams. Use of our digital tool to complete LPA registration forms has helped to drive this reduction.

## Travel

In 2017/18, travel in OPG rose compared with 2016/17 to 545,000km in total, of which 80,000km were journeys by car. The majority of these car journeys were made by Court of Protection Visitors to deputies and donors as part of the Public Guardian's duty to supervise deputies and rise in line with the number of cases.

Since 2010/11 travel has fallen by 9% in distance covered and 22% in overall CO<sub>2</sub> emissions, not quite meeting the GGC target of 25%.

We work closely with Nottingham City Council and Nottingham Community Transport to enable staff to take advantage of heavily discounted bus travel and park and ride facilities. As a result, we have saved money on excess fares, travel and subsistence claims, and reduced the need for staff to drive to work. In November 2017 the OPG decided to open the previously unused car park at Embankment House which may lead to an increase in the number of journeys to work made by car.

Our Birmingham staff are offered regular discounted season ticket bus and rail ticket sales sessions.

We also make use of teleconferencing to reduce unnecessary travel. We now have more flexible teleconferencing and videoconferencing tools installed in our buildings, such as dedicated Skype suites. The TecÚology Transition Project means all staff have Skype enabled laptops further reducing the need to travel for face to face meetings.

OPG operates an MoJ commuter hub at Embankment House for use of staff who would normally need to commute to remote offices.

### Utilities

Overall our CO2 emissions from utilities have fallen by 47% since 2009/10. This is because we moved to newer, more efficient buildings and reduced the number of sites operated. Our gas and electricity use has remained constant. However, now that the staff have new laptops as part of the TecÚology Transformation Programme, we anticipate that the lower power requirements of these laptops will lead to a reduction in electricity use in the future.

### Community and charity

In 2017/18, staff voluntarily held a number of fundraising initiatives and donated all the proceeds to a range of charities including Macmillian Cancer Support, Alzheimer's Society, Save the Children and Comic Relief amongst others. The total raised was £3,017.

In support of Age UK's 75th anniversary celebration several groups from OPG have helped to plant trees in communal natural spaces in and around the Nottingham area.

### Embedding sustainability in our work

We will continue to improve our performance in the coming years with specific emphasis on reducing paper use and maintaining the savings on travel.

To increase use of public transport we hold regular travel information and ticket sale events at our Birmingham and Nottingham offices, and we have facilities for cyclists at both sites.

Dr Bike, the bicycle maintenance service, has visited our Midlands sites on a number of occasions, to provide cycling information and carry out free service and repairs to bicycles owned by staff.

We give staff regular sustainability updates through internal bulletins, blogs and have a small network of sustainability champions to engage staff and encourage a sustainable approach to all our work. The sustainability champions review ideas from staff on how to reduce our environmental impact and implement suggestions where practical.


This year the grounds team at our Nottingham office left an area of the grounds unmown from April to October to allow it grow wild and provide food and cover for birds and insects. They also constructed a 'bug hotel' from surplus pallets and timber to provide nesting sites for insects.

The annual 'BioBlitz' wildlife recording took place May with results collated into the MoJ's figures. In addition, related drop-in sessions were held in both offices to highlight the work of the network and to compliment the MoJ Bio-diversity day initiative.

Further work is needed to include the Axis building in events in the future, although the city centre location limits the variety of activities available during the working week. To facilitate this our Sustainability Network has recently recruited a number of new members in Birmingham.

OPG's work on sustainability has been highlighted in articles in MoJ Ecology News and in articles on the Intranet.

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



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018



# Accountability report



# Corporate governance report

## Introduction

The purpose of the corporate governance report is to explain how the organisation is structured and how these arrangements have supported the achievement of our objectives during 2017/18.

Our framework document sets out the arrangements for governance, accountability, financing, staffing and operations. The document can be read in full on GOV.UK, follow the link here: <https://www.gov.uk/government/publications/opg-corporate-framework>

As Chief Executive and Accounting Officer for OPG, I am responsible for OPG's use of resources in carrying out its functions as set out in the framework document. Managing Public Money as issued by HM Treasury also sets out the responsibilities of an Accounting Officer. As Accounting Officer, I am personally responsible for: safeguarding the public funds for which I have charge, ensuring propriety and regularity in the handling of public funds, and day-to-day operations and management of OPG. In addition, I must ensure that OPG as a whole is run in accordance with the standards, in terms of governance, decision making and financial management.

My report outlines the governance arrangements in place to manage risks to the achievement of OPG's agreed objectives and targets. It also provides effective oversight and control over OPG's resources and assets. It includes:

- directors' report
- statement of Accounting Officer's responsibilities
- governance statement

## Directors' report

This report includes the structure of the OPG board, the audit and risk committee (ARC) and the executive team. They are responsible for setting OPG's strategic direction and monitoring performance against agreed objectives.

### Statement of directors' interests

Non-executive directors are required to declare any directorships and conflicts of interest on appointment. All board members are also required to declare any conflicts of interest before the start of each meeting. There were no declarations made during 2017/18.

### Personal data incidents

Consideration was given to whether any incident involving personal data was so serious it should be reported to the Information Commissioner's Office. There were no incidents of such severity during the year.

The governance statement (on pages 51-52) considers further information assurance and data security practices in OPG.

## Health and safety

OPG acknowledges its legal responsibilities in relation to the health, safety and welfare of its employees and for all people using its premises.

The governance statement (on pages 52-53) considers further health and safety practices in OPG.

## OPG board

The OPG board changed its constitution in January 2018 – more details of this change are given in the detailed section on the board below. The dates highlighted below are the dates the individual sat as a formal member of the board during the 2017/18 year.

## Our executives



### **Alan Eccles CBE**

Public Guardian, Accounting Officer  
and Chief Executive



### **Julie Lindsay**

Chief Operating Officer  
(August 2017 onwards)



### **Jan Sensier**

Deputy Director, Strategy and Corporate Services  
(October 2017 onwards)



### **Karen Morley**

Head of Corporate Services  
(to December 2017)  
Chief Finance Officer - MoJ Finance  
(January 2018 onwards)



### **Iain Dougall**

Head of Operations  
(to December 2017)





**Angela Johnson**

Head of Practice and Compliance  
(to December 2017)



**Ria Baxendale**

Head of Supervision and Investigations  
(to December 2017)



**Chris Jones**

Head of Strategy and Business Development  
(to December 2017)

**Our non-executive directors**



**Dean Parker**

Non-executive Director and chair of  
OPG Audit and Risk Committee



**Professor Anthony Schapira**

Non-executive Director



**Alison Sansome**

Non-executive Director  
(September 2017 onwards)



**Janet Grossman**  
Non-executive Director  
(to September 2017)

## **Our MoJ Representative**



**Dr Elizabeth Gibby**  
MoJ Deputy Director, Strategy and Specialist Policy

## Statement of Accounting Officer's responsibilities

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

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

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

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

As Accounting Officer, I confirm that:

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



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018

## Governance statement

This statement explains how I, as Accounting Officer, have discharged my responsibility to manage and control OPG’s resources during the year. This statement describes OPG’s governance arrangements and provides an assessment of how I have balanced risk, assurance and control throughout 2017/18.

### Introduction

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

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

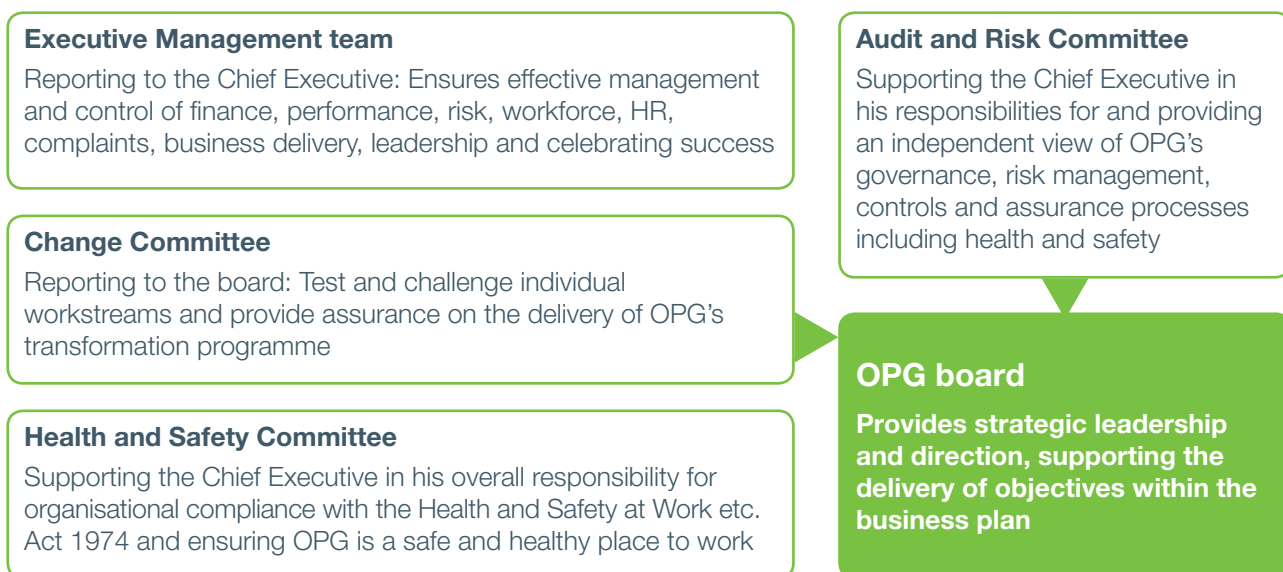
### Governance framework

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

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

### OPG governance framework

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



## What the board does

There have been significant changes in OPG structure in 2017/18 to reflect the growth in the size and workload of the agency since its inception in 2007. In order to manage the agency it was agreed with MoJ that two additional Senior Civil Servants would be taken on to help lead the agency.

As a result of this, and the impact on the agency following the changes related to functional leadership across the Ministry, the opportunity was taken to look again at the governance structure within OPG and the decision was made to recast the OPG Board with the following as formal members:

- Public Guardian/Chief Executive (chair)
- OPG senior executives
- 3 Non-executive directors
- MoJ representative
- MoJ finance representative

The executive members of OPG are no longer Board members but still part of the executive management team who ensure the OPG deliver on a day to day basis and drive forward change and improvement within the agency. They can, and do, attend the Board when invited to do so.

In 2017/18, the board led OPG both strategically and operationally. It also scrutinised and challenged issues affecting our performance and policies. The Board has 8 main areas of responsibility:

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

## Key successes and effectiveness

In addition to receiving finance, performance and risk papers at each meeting the Board:

- was consulted on, and signed off, the business plan for 2017/18 and organisational strategy, using these documents to review and monitor progress at each meeting on receipt of monthly reports on finance and performance; also incorporating the business plan theme into the agenda bi-monthly
- provided support and guidance prior to the commencement of the Historic Fee Refund Project as planned
- approved the 2017/18 communications strategy
- appointed two new roles of Chief Operating Officer and Deputy Director – Strategy; appointed new Non-executive Director to OPG board and implemented new constitution arrangements for the board
- endorsed the links between OPG and the Official Solicitors and Public Trustee (OSPT)
- regularly reviewed three business areas in OPG who report directly into the functional leads in MoJ

**Our sub-committees and independent advisory committee**

The board has two sub-committees: the executive management team (EMT) and the portfolio change committee (formerly known as the Change Committee). OPG’s audit and risk committee is an independent advisory committee to the board. The board delegates work to the committees/executives so smaller groups can examine issues in more detail. The committees then present their findings to the board for discussion and conclusion (following ‘Corporate governance in central government departments: Code of Good Practice’).

<b>Roles and responsibilities</b>	<b>Executive Management team</b>	<b>Portfolio Change Committee (PCC)</b>	<b>Audit and Risk Committee</b>
	<p>To focus primarily on the day-to-day operational delivery of OPG’s business, including: finance, performance, risk, workforce change/planning, complaints, HR (attendance management, recruitment), business delivery, leadership, employee engagement and celebrating success.</p>	<p>To bring together the key stakeholders from across OPG and partners in delivery to ensure the portfolio of change programmes in OPG are delivered successfully.</p> <p>The PCC has a delegated governance structure below it to ensure the delivery of the Digital Transformation programme. However, this programme still reports regularly to the PCC.</p>	<p>To provide an independent view of the appropriateness, adequacy and value for money of our governance, risk management, control and associated assurance processes and advise the Accounting Officer and OPG board on the following:</p> <ul style="list-style-type: none"> <li>• processes for risk management, control and governance</li> <li>• adequacy of information security and assurance procedures with controls specifically covering security of information and responsibilities</li> <li>• accounting policies and accounts for the OPG</li> <li>• planned activity and results of both internal and external audit</li> <li>• adequacy of management responses to issues identified by audit activity, including internal and external audit management letters</li> <li>• assurances relating to MoJ and corporate governance requirements</li> <li>• adequacy of anti-fraud policies, whistleblowing processes, and arrangements for special investigation</li> </ul>
<b>Chair</b>	<p>The member of the Executive team act as chair by rota</p>	<p>Janet Grossman, NED (until September) Chris Jones, Head PPP</p>	<p>Dean Parker, Non-executive Director</p>

Key successes and effectiveness	Executive Management team	Portfolio Change Committee (PCC)	Audit and Risk Committee
<p>Continued to build on the performance and finance hub as a means of managing performance and forecasting future workloads, and achieving the successes reported in the performance report.</p> <p>EMT members represented the organisation at external events and those hosted by OPG throughout the year.</p> <p>Facilitated a series of leadership events to raise standards and capability across the leadership cadre including events for all middle managers in OPG.</p> <p>Managed the transition of finance, digital and communications functions into the functional leadership model.</p> <p>Supported the implementation of a Mental Wellbeing Action Hub.</p> <p>Ensured representatives from the Project Race and Proud network had opportunities to engage with our staff.</p> <p>Led staff engagement activities.</p>	<p>OPG has moved towards a formal portfolio management framework for managing projects and programmes within the defined portfolio set out by OPG Board and managed by the change committee.</p> <p>The committee has delegated authority to approve planned changes and to move them through gate phases during their lifecycle. Change is managed with the help of a portfolio dashboard and report to help monitor each change and escalate any exceptions, issues, requests for progression through a phase or exceeding of certain tolerances set by the committee.</p> <p>Formal reporting against the portfolio is in place with a cadre of skilled professionals within the Portfolio Management Office supporting the delivery of the key projects.</p> <p>Offering key support to both GDPR and TTP projects to ensure they delivery to time</p> <p>Clear governance structure of the delivery of the digital transformation programme which fits both with OPG and Mod governance as it is delivered through functional leadership</p>	<p>Supporting OPG in two finance system migrations to harmonise the agency's finance and HR systems with that of the MoJ. This has been an extremely challenging period posing significant risks to delivery of the business objectives and the committee has been satisfied with the responses to mitigate these risks.</p> <p>Continued monitoring of information assurance, in particular the preparations being made in respect of the forthcoming EU General Data Protection Regulation.</p> <p>Encouraging and supporting the business to take a more proportionate view of risk management and to assess risk appetite and provide comment on it.</p> <p>Ensuring risk scores reflected the overall risk to the business and that external and emerging risks are also captured and considered by executives.</p> <p>Scrutinising key risks and understanding of specific business areas through a series of 'deep dive' sessions.</p> <p>Supporting OPG to achieve significant improvements in the quality of governance and control as demonstrated by reports received from the Government Internal Audit Agency.</p>	



## Board/committee attendance

	OPG Board		Executive Management Team		Audit and Risk Committee		Portfolio Change Committee	
	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting	No of meetings attended	No of eligible meeting
	Alan Eccles, CEO and Public Guardian	12	12	10	12	4	4	4
Sally Jones, Deputy Director, Legal	8	12	8	12			2	10
Jan Sensier, Deputy Director – Strategy and Corporate Services	6	6	5	6			3	3
Julie Lindsay, Chief Operating Officer	8	8	7	8			3	5
Karen Morley, Head of Corporate Services/Chief Finance Officer - MoJ Finance	12	12	10	12	4	4	5	10
Iain Dougall, Head of Operations	8	9	10	12			8	10
Angela JoÚson, Head of Supervision, Practice and Compliance	8	9	10	12			0	10
Ria Baxendale, Head of Supervision and Investigations	8	9	10	12			9	10
Chris Jones, Head of Strategy and Business Development	9	9	9	12			9	10
Dean Parker, Non-executive Director; Chair of the Audit and Risk committee <sup>1</sup>	4	12			3	4		
Janet Grossman, Non-executive Director	6	6					5	5
Professor Anthony Schapira, Non-executive Director	8	12			4	4		
Alison Sansome, Non Executive Director	6	6			1	1	3	3
Anne Fletcher, Independent Member					4	4		
Dr Elizabeth Gibby, MoJ Deputy Director, Strategy and Specialist Policy	9	12						
Helen Journeaux, Head of Public Guardian's Office (from November 2016)	9	9	11	12			6	10
Suzi Carberry, Head of Communications	8	9	10	12			1	10

CEO/Public Guardian and Head of Corporate Services attend ARC by invitation. Deputy Director Legal, Head of Public Guardian's Office and Head of Communications attended board by invitation until January 2018

<sup>1</sup> Due to unavoidable circumstances Dean Parker has not been able to attend all meetings

## Terms of reference

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

## Internal audit

As Accounting Officer and Chief Executive, I have established and maintained arrangements for the provision of internal audit services from the Government Internal Audit Agency (GIAA) within OPG in accordance with the objectives and standards for internal audit set out in the Public Sector Internal Audit Standards (published by HM Treasury).

This enables an independent and objective evaluation on management performance in the delivery of effective arrangements for governance, risk management and internal controls.

The GIAA team hold authority to access OPG records, data assets and personnel in support of the Permanent Secretary's responsibilities as Principal Accounting Officer. MoJ receives copies of OPG's annual internal audit plans and annual report from me. MoJ and Cabinet Office are notified of any fraud or irregularity within the definition set out by HM Treasury.

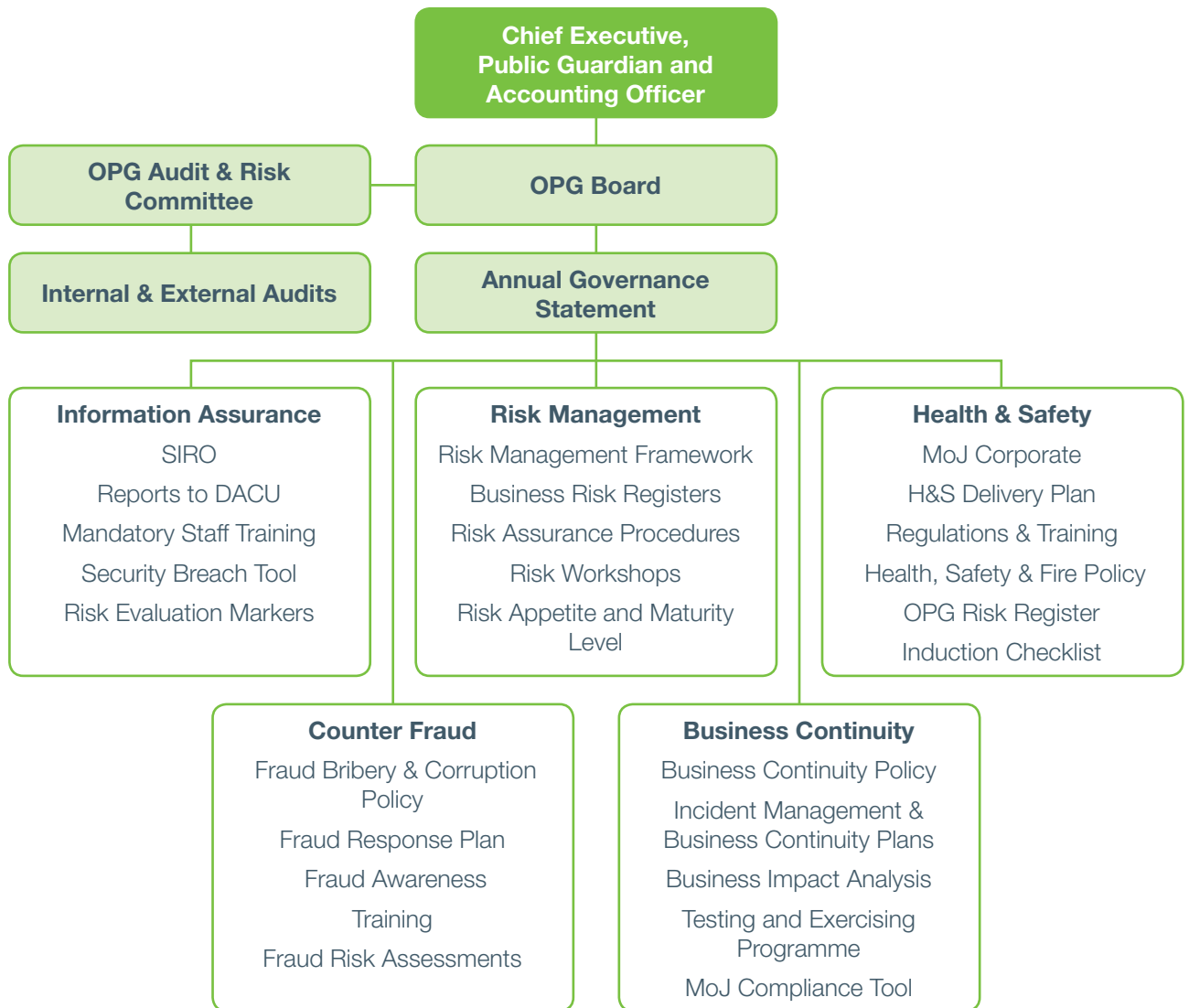
This year GIAA have completed seven reports, in addition, one 2016/17 report was carried over from the last reporting year. One programmed audit, Functional Leadership is being deferred to 2018/19, due to the fact that an audit has recently taken place on the same subject across the whole of MoJ including OPG. All of the internal audit assignments completed were rated as either Moderate or Substantial. The Head of Internal Audit in her annual report for 2017/18 has given the OPG a Moderate annual opinion on the framework of risk management, governance and control. A Moderate opinion is defined as 'Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.'

## Risk management, control and assurance

OPG maintains a consistent approach to the management of risk within the organisation. Risk management is effectively used to alert the business of actual threats or emerging issues likely to impact the achievement of business objectives.

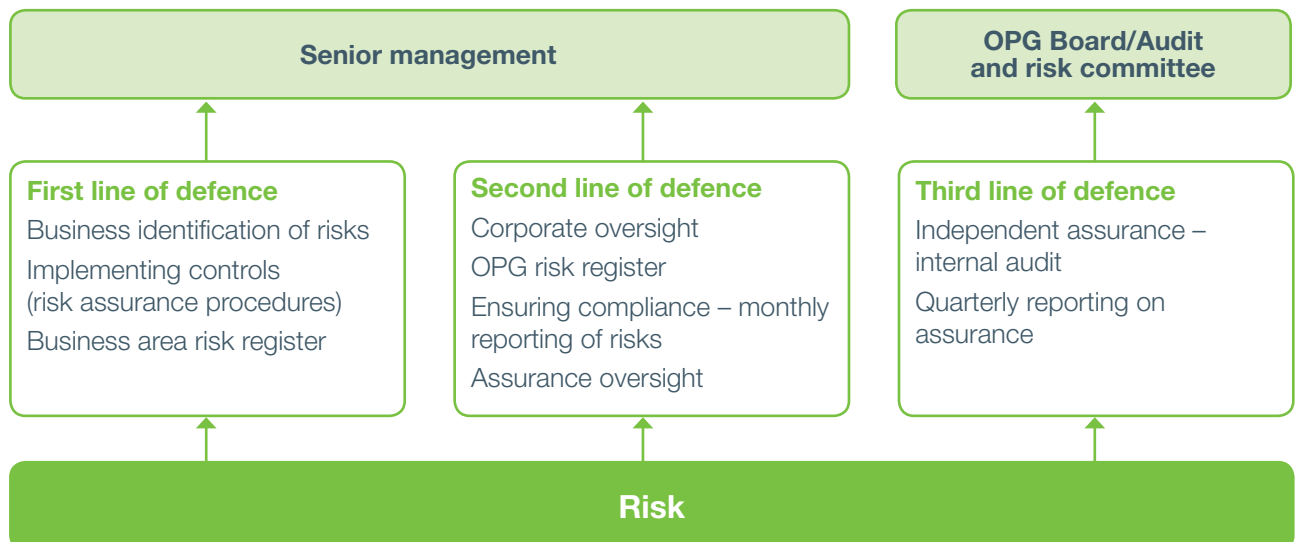
Risks below corporate level are managed within directorates and if necessary risks are escalated to the corporate register. The Governance team liaise monthly with business areas to update registers in preparation for Board and Committee meetings. Further examination on the management of risk is undertaken at a face to face mid year review meeting with the Accounting officer. This is attended by risk owners who each discuss the management and control of the risks identified and planned action to achieve risk closure by year end.

### OPG assurance structure

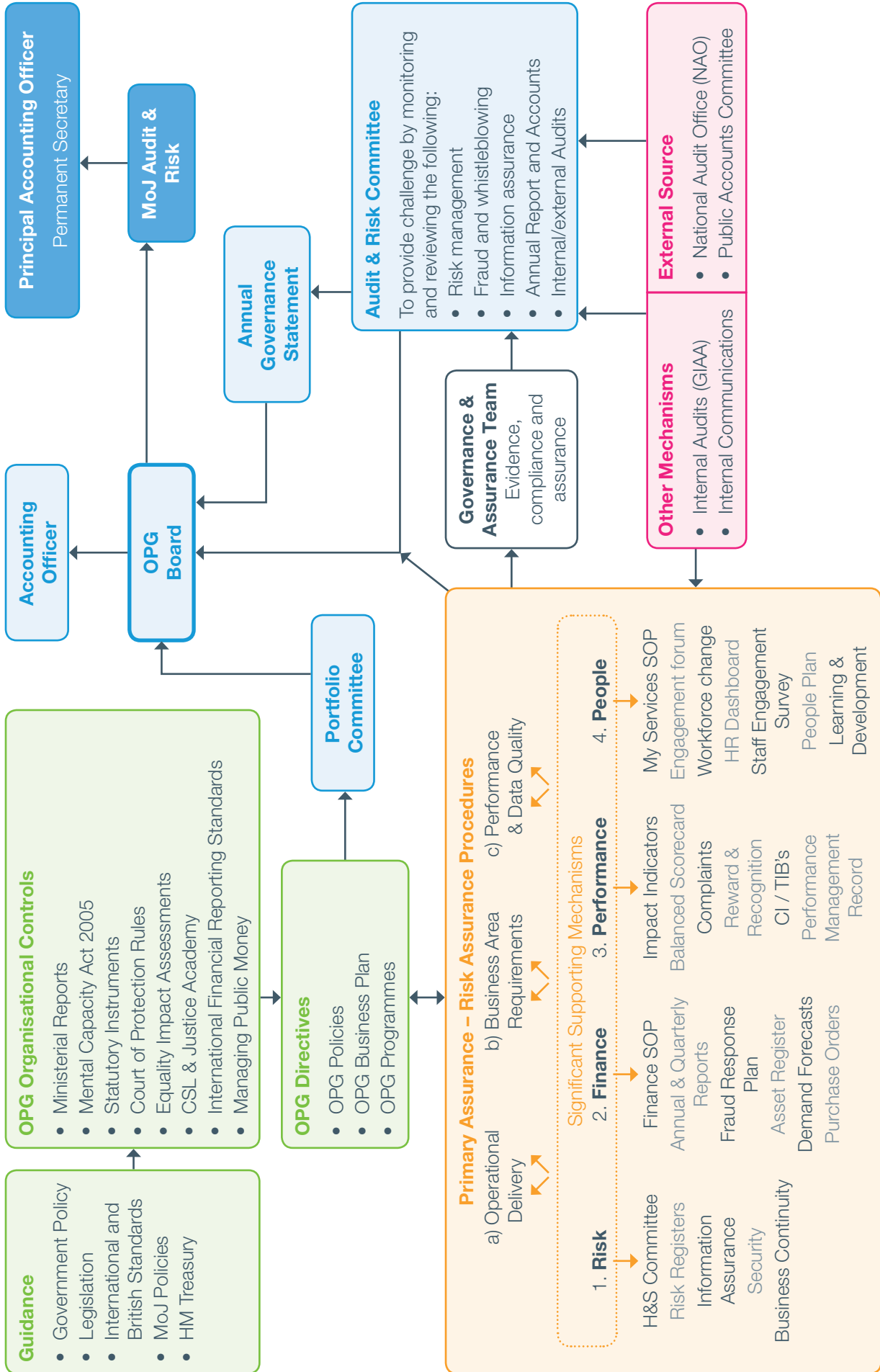


OPG adopts the ‘three lines of defence’ approach to the way we manage risks, to ensure compliance and enable effective assurance.

### Three lines of defence



**Risk assurance framework**



OPG encourages innovation with a measured approach to risk. OPG has a greater tolerance to risk in the following areas:

- advancing digital capabilities to improve OPG products for the public and staff
- increase awareness and uptake of its services to all communities

OPG is more risk averse in the areas of:

- administering support to the Public Guardian to enable delivery of the Public Guardian's statutory duty and powers
- providing a risk based supervision regime for deputies
- ensuring concerns are assessed and investigated to safeguard vulnerable persons and their assets
- internal governance and control systems

During the reporting year the Governance team delivered 3 risk workshops to business areas and presented a governance and risk overview for staff enrolled on the deputy manager development programme. This assisted business areas with formulating a better assessment of risk to business objectives and also provided an introduction to basic governance and risk principles for non managerial staff seeking to develop their knowledge. The Governance team will continue to deliver this activity in 2018/19

### **Corporate risks managed in 2017/18**

The main risks for OPG related to business readiness and compliance with the General Data Protection Regulation (GDPR); staff recruitment and retention; and proposals for the MoJ historic fee refund scheme.

The risks noted below formed the corporate risk register, which was updated by each directorate and monitored by the governance team. Update action included evaluation of risks movement, controls and actions, further details can be found in the table overleaf.

Corporate risks	Key mitigating action
<b>General Data Protection Regulation</b>	
<p>The OPG is not prepared for GDPR when it comes into effect in May 2018.</p>	<ul style="list-style-type: none"> <li>• Dedicated resource allocated to plan and lead implementation</li> <li>• Project plan produced to identify tasks</li> <li>• Nominated business area representative appointed to complete tasks</li> <li>• Full liaison with MoJ Implementation Board</li> </ul>
<b>Staff retention and recruitment</b>	
<p>OPG cannot retain staff and as a result cannot recruit staff at the quantity, quality and in the locations and grades required to deliver the increasing workloads.</p>	<ul style="list-style-type: none"> <li>• High level discussions with MoJ HR Director to discuss options</li> <li>• Development of talent management programme</li> <li>• Rolling recruitment campaigns and utilising merit lists</li> <li>• OPG People Plan strengthened by adding various initiatives</li> </ul>
<b>Historic Fee Refund</b>	
<p>The reputation of the OPG will be significantly damaged by this work both in relation to the general public and also in relation to internal stakeholders such as ministers / Permanent Secretary.</p>	<ul style="list-style-type: none"> <li>• Close collaboration with MoJ staff with Permanent Secretary sign off on project</li> <li>• Dedicated resource communicating delivery strategy</li> <li>• Successful testing of the online service created to support the project</li> <li>• Full consultation with stakeholders and legal forum with positive outlook assessed reducing the risk</li> <li>• Scheme launched 1 February 2018</li> </ul>
<b>Sirius supervision tool</b>	
<p>Unable to bring in new case management tool within budget and appropriate timescales</p>	<ul style="list-style-type: none"> <li>• Digital road map created and approved in business case</li> <li>• Benefit mapping assigning ownership of benefits with team to encourage participation from relevant business owners</li> <li>• Monthly meeting between service manager and product owners to review progress against road map</li> <li>• Velocity monitoring (the speed at which work is delivered) now being mapped and recorded on a bi-weekly basis</li> </ul>

The OPG Board and the Audit and Risk Committee also monitored the two following areas during the year to determine whether there were any risks emerging from the changes to the OPG's operating model. The below outlines the areas considered and the actions taken to ensure that risks did not arise.

Areas monitored	Actions taken to resolve
<b>Functional leadership</b>	
Risk to OPG's governance, accounting officer responsibilities and operational delivery ability through the changes to a functional leadership model.	<ul style="list-style-type: none"> <li>• OPG functional leads engaged with process and escalating risks within their areas to functional leads and OPG CEO.</li> <li>• For each of the functional areas there is a lead contact in OPG and structures – such as regular meetings – put in place to manage the relationships.</li> <li>• A new OPG governance structure has been developed which meets both the needs of the Agency and ensures continued involvement of the Functional areas – for instance continuing to have a Financial Representative on the OPG Board</li> </ul>
<b>Technology Transformation Programme (TTP)</b>	
The TTP roll out may prevent the business from carrying out its core activities. OPG will not roll out Windows10 to the areas within the business that will require access to legacy applications that are not available on Windows 10 until remediated.	<ul style="list-style-type: none"> <li>• TTP have assigned OPG with a dedicated delivery manager</li> <li>• Remediation of business applications to ensure they either work or have a workaround by the time of the rollout</li> <li>• A 'smarter working' working group initialised to help facilitate a culture change and the optimal use of Windows 10 tools</li> <li>• Data migration activities to remove any project dependency on Meris to avoid having to remediate this application</li> <li>• Desk power supplies installation to support hardware infrastructure have been procured and are being fitted from December 2017</li> </ul>

The Technology Transformation programme roll out is complete within OPG and the risk did not materialise in any significant fashion as the key risks were mitigated prior to roll out. OPG works closely with individual function leads and the overarching functional leadership team to ensure that risks do not emerge from this area.

### Oversight of the assurance process

Government Internal Audit Agency activity in 2017 and 2018 included (along with any follow up audits) the following risk based audits:

- planning and performance audit on strategic planning – substantial rating with no recommendations
- HR audit on attendance management – substantial rating with no recommendations
- business cross cutting audit on business continuity – moderate rating
- assurance audit on risk management – substantial rating
- operational audit on Visits – moderate rating
- finance audit on purchase to pay – moderate rating
- operational audit on LPA/EPA Registrations – moderate rating

OPG has maintained operation of a risk assurance procedure (RAP) as an internal process to provide assurance on the management of low level risk, which does not require formal risk management action.

A quarterly submission is presented to the OPG board along with a dashboard certificate to provide assurance that oversight of low level risk is actively and effectively maintained.

Additional reports submitted to MoJ include the annual Department Security Health Check; Corporate Health and Safety annual assurance report; quarterly business continuity returns; a quarterly return on fraud action plan; metrics and reports to MoJ finance group, and quarterly Consolidated Data Requests sent to Cabinet Office/Treasury on any fraud, error or debt.

### Counter fraud, bribery and corruption

OPG maintains a fraud response plan in accordance with the MoJ Counter Fraud, Bribery and Corruption Policy. Representatives from OPG's Governance team attend the MoJ Counter Fraud Working Group and engage to influence and support new ideas and approaches.

There were no reported incidents of external fraud against OPG during 2017/18. There have been two reports of possible internal fraud in 2017/18.

In one case it was proven that performance was manipulated for gain via reward and recognition with the individual being subsequently dismissed, the money recovered from their final salary and the government internal fraud database informed. In the other case two sets of cheques covering PoA fees were misplaced in a short period of time but there is no evidence that any fraud has taken place as a result, OPG contacted the customers, cheques were cancelled and new payments received. As a result of this OPG have tightened up procedures, training and increased monitoring and also improved processes in response to the confirmed incident.

### Whistleblowing reports

OPG maintains a commitment to the civil service code and all new staff are informed of whistleblowing arrangements as part of their induction to the organisation. OPG's nominated whistleblowing officer published a blog in support of the Civil Service whistleblowing awareness day on 21 September 2017.

One whistleblowing referral was made for 2017/18 – investigated and resolved.

The people survey shows that 83% of staff has an awareness of the civil service code; but only 63% of staff knows how to raise a concern and only 56% have confidence that concerns will be investigated appropriately. These scores are slightly below those on the previous survey and OPG will embark on a programme of work to ensure knowledge of and confidence in the process is raised.

### Business continuity

OPG has developed business continuity arrangements to support the recovery and delivery of its services in response to events that adversely impact operations. The Governance team maintains oversight of the day to day management of business continuity by ensuring that incident management and business continuity plans are regularly updated. This provides a level of assurance that OPG is able to react swiftly and positively to incidents as they occur.

Outages or disruption encountered during the year are detailed below.

- July 2017 – Performance issue with data document capture scanners creating a backlog. Local contingency plans were invoked to address the backlog – minor impact.
- November 2017 – Loss of IT at all OPG sites for approximately two hours and telephone disruption for approximately 30 hours. This was due to a transmitter issue in the south of



England and affected many businesses. Connectivity was re-established within two hours and operational activity gradually returned to normal – high impact.

- November 2017 – Slow and intermittent working of a legacy casework system, particularly impacting Supervision teams. ICT supplier resolved the issue with a fix on Digital Network Server – medium impact.
- November 2017 – Performance issue with data document capture scanners indicating capacity concerns and creating a backlog. External supplier resolved the issue and was tasked to investigate concerns about capacity – minor impact.
- December 2017 – Adverse weather resulting in heavy snowfall causing school closures and travel disruption – minor impact.

As part of the business continuity arrangements, business teams have identified business critical activity and have plans in place to continue that activity, in the event of an incident or disruption. This is recorded as a business impact analysis (BIA) in accordance with Business Continuity Institute standards.

Teams are advised to notify the Governance team of any changes and a formal mid year review is administered by the Governance team to ensure information is appropriate and current.

OPG Governance team co-ordinate a Midlands area MoJ forum attended by business continuity leads from other agencies – Legal Aid Agency, Her Majesty’s Courts and Tribunals Service, Criminal Cases Review Commission, Children and Family Court Advisory and Support Service. The aim of the forum is to exchange ideas and best practice and keep abreast of any developments in business continuity standards. The forum meets twice a year and has proved beneficial.

OPG maintains a commitment to continuing support to Birmingham HM Passport Office and its business continuity arrangements.

The Governance team has embarked on a series of awareness sessions to promote business continuity and delivered a workshop to 33 staff in Nottingham and 20 staff in Birmingham. This will continue to form part of the Governance team delivery plan for 2018/19.

### Information security and assurance

There is a designated information assurance team that delivers information assurance and records management activity for OPG. The Head of Corporate Services performed the role senior information risk owner (SIRO) supported by Information Assurance Lead acting as Deputy SIRO. This arrangement was changed on the appointment of the new Deputy Director, Strategy and Corporate Services who is currently undertaking this responsibility for OPG.

OPG received 67 freedom of information requests in 2017/18 and achieved 97% against a target of 90% in 20 calendar days. We received 23 subject access requests and performance was 70% against a target of 40 calendar days.

The use of open internet tools and the inherent cyber risks posed highlights the need to ensure information security standards are maintained. OPG maintains a register of open internet tools used by the business and ensures that staff adhere to policy and guidelines.

All new staff attend awareness training on information security, Freedom of Information, data protection, fraud, cyber security and physical security as part of the induction process.

The assessment of privacy risks in OPG is managed by the Information Assurance team, who advise the business on the completion of privacy impact assessments (PIA). The team actively promote privacy by design and are routinely consulted about privacy at the inception of a proposal. This has involved engagement on proposals for customer surveys, the development of digital platforms and policy changes.

### **Records management**

As part of a wider MoJ scheme to consolidate and reduce overall costs in relation to file storage, OPG has moved its file storage and is now part of the centralised MoJ contract.

During 2017/18 OPG destroyed 907 files in line with its record management policy and good information management practices.

### **Supplier compliance**

OPG commenced a programme of work to seek assurance that suppliers were meeting Government standards under the Cabinet Office Security Policy Framework. This is an ongoing piece of work and will require a number of campaigns. Campaign 1 involved 71 suppliers and received 55 responses (77% response rate). Questionnaires returned did not indicate any major concerns.

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

OPG was responsible for 409 (2016/17: 587) information losses and/or breaches of information security, of which only 25 (2016/17: 29) were deemed to be 'high harm'. This represents a reduction of 30% and 13% respectively on 2016/17 figures. (We can note this was achieved against 19% increase in volume of application workload at year end when actual figures are known and must also include investigations and supervision intake.)

The majority of information losses were as a result of OPG misdirecting post. High harm losses related to misdirected financial information.

No information losses in 2017/18 were significant enough to warrant notification to the Information Commissioner.

The process for reporting data incidents and information loss has been revised in line with the implementation of the General Data Protection Regulation in May 2018.

### **Health and safety**

The OPG acknowledges its legal responsibilities in relation to the health, safety and welfare of its employees and for all people using its premises.

We comply with the Health and Safety at Work Act 1974 and all other relevant regulations and legislation as appropriate.

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

In 2017/18, focus has been maintained on continual improvement achieved by consultation and effective collaboration with staff and TU colleagues.

Investment has been made in obtaining professional health and safety accreditation for key personnel in OPG appointed to support in the management and arrangements of health and safety. This is in addition to key staff, duty holders and responsible persons being adequately trained to discharge their accountability and responsibility.

388 health and safety inductions for staff have been conducted this year representing 27% of all staff in post.

OPG health and safety policies are reviewed annually or when changes occur. A health and safety strategy plan is in place that is aligned to business objectives and developed to enhance OHS and FS.

A health and safety risk register approved by the OPG Duty Holder and informed by local risk assessment is maintained and reviewed at the quarterly Health and Safety Committee. This is used to form decision making and priorities within health and safety.

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

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

30 accidents figures have been recorded in 2017/2018 compared to 26 for 2016/17.

Continual monitoring and reviewing of work station risk assessments in compliance with the Health and Safety Regulations 1992 (display screen equipment) has seen performance in this area reach an achievement rate of 99% of all staff in post. Money has been invested to ensure that staff requiring a reasonable adjustment are not disadvantaged.

The OPG recognises the importance of the wellbeing of its staff and is committed to making the organisation a better and healthier place for staff to work.

Mental health and wellbeing strategies have been developed that have included the introduction of Mental Health First Aiders and Wellbeing Champions who provide advice and support and promote awareness of local initiatives.

### **Financial governance and control**

During 2017-18 there were a significant number of issues relating to the financial controls typically applied including timely reconciliation of banking transactions.

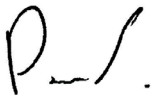
In order to enable completion of the 2017-18 financial accounts, assistance has been provided to OPG by the wider MoJ finance function. This assistance has resulted in additional review and assurance over the financial statements providing significant but not total mitigation.

OPG management are fully aware of the issues and will ensure lessons learnt are fully documented and actioned.

### Accounting Officer

As Accounting Officer, I have responsibility for reviewing the effectiveness of OPG's system of internal control, including the risk management framework. My review is informed by the work of the internal auditors and the executive managers within OPG. They are responsible for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. In their annual report, our internal auditors have given an overall assurance that OPG has a 'moderate' level of assurance. I have been advised on the implications of the result of my review by the board and the audit and risk committee. I am satisfied that a plan to address weaknesses in the system of internal control, and ensure continuous improvement of the system, is in place.

I am also satisfied that all material risks have been identified, and that those risks are being properly managed.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018

# Remuneration and staff report

This chapter summarises the OPG's policy on remuneration of executive board members and non-executive board members (NEBMs). It also provides details of actual costs and contractual arrangements.

The remuneration and staff report has been prepared in accordance with the requirements of the Financial Reporting Manual as issued by HM Treasury.

## Service contracts

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

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

Non-executive directors were appointed on a 3 year fixed term contract.

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

## Remuneration policy

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

Salaries for executive board members are determined by the Permanent Secretary of MoJ, in accordance with the rules set out in chapter 7.1 Annex A of the Civil Service management code.

In reaching its recommendations, the review body has considered the following:

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

The review body takes into account the evidence it receives about wider economic considerations and the affordability of its recommendations.

### **Total amount of salary and fees**

'Total amount of salary and fees' includes:

- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

### **All taxable benefits**

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

### **Bonus payments**

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2017/18 relate to performance in 2016/17 and the comparative bonuses reported for 2016/17 relate to the performance in 2015/16.

### **All pension related benefits**

Section 229 of the Finance Act 2004 determines the maximum annual level of pension savings that can be accrued under a defined benefit arrangement before any taxation is charged. The amount of savings shown in Table A is the increase in the value of the individual's promised benefits over the pension input period (which is the financial year for the OPG). Any increase is the difference between the value of the individual's benefits at the start of the pension input period (1 April 2017) and the value of the individual's benefits at the end of the pension input period (31 March 2018). This also incorporates any increase to pensionable pay.

Regulations specify a modification to the HMRC rules for this purpose, in order to value the benefits HM Treasury has advised pension schemes to use a multiplier of 20.

### **Salary and pension entitlements**

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



Non-executive board members	2017/18			2016/17		
	5-10	N/A	-	5-10	-	5-10
Dean Parker	5-10	N/A	-	5-10	-	5-10
Prof Anthony Schapira	5-10	N/A	-	5-10	-	5-10
Janet Grossman (to 1 September 2017)	0-5 (FYE 5-10)	-	2.2 <sup>5</sup>	5-10	-	5-10
Allison Sansome (from 12 September 2017)	0-5 (FYE 5-10)	-	0.3 <sup>5</sup>	-	-	-
				0-5	-	-

<sup>1</sup> Angela JoÚson worked part-time, 18 hours a week during her time on the board.

<sup>2</sup> A new governance structure was agreed in January 2018 for the board to consist of only Directors and Non-executive board members. Angela JoÚson, Iain Dougall, Chris Jones and Ria Baxendale ceased to be board members after 19 December 2017.

<sup>3</sup> Angela JoÚson and Jan C Sensier have dual workplace agreements. The costs illustrate the benefit in kind for all travel to and from the dual workplace locations for their period on the board.

<sup>4</sup> Elizabeth Gibby is the designated MoJ representative on the board. As such her salary is not paid by OPG.

<sup>5</sup> The cost of expenses varies according to the distance between the non executive board members' home and the OPG's office, other travel commitments required by their role, and the time commitment of the individual non executive board member. Non executive board members were reimbursed for travel and other expenses including any taxation paid on those expenses.

Full Year Equivalent (FYE)

Information in the above table has been audited.

### Banded remuneration of the highest paid Executive Board Member

	2017/18	2016/17
Band of highest paid Executive Board Member's total remuneration excluding pension benefits (£000)	110-115	110-115
Median total remuneration (£)	19,725	19,746
Ratio	5.7	5.7

Information in the above table has been audited.



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

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

The banded total remuneration of the highest paid director of OPG in the financial year 2017/18 was £110,000 to £115,000 (2016/17: £110,000 to £115,000). This was 5.7 times (2016/17: 5.7 times) the median remuneration of the workforce, which was £19,725 (2016/17: £19,746).

In 2017/18, 2 contractors (2016/17: 6 members of the workforce) received remuneration in excess of the highest-paid director. Remuneration ranged from £12,500 to £180,000. Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

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

No compensation payments were made in 2017/18 (2016/17: nil) for early retirement or loss of office.

## Executive Board Members – Pension costs for the year ended 31 March 2018

	Accrued at pension age as at 31/3/18 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV <sup>1</sup> at 31/3/18 £000	CETV at 31/3/17 £000	Real increase in CETV £000
<b>Executive board members</b>					
Alan Eccles CBE <sup>2</sup> , Chief Executive and Public Guardian	-	-	-	-	-
Karen Morley, Head of Corporate Services	Pension: 20-25 Lump sum: 60-65	Pension: 0-2.5 Lump sum: 0	431	403	1
Angela Johnson <sup>3</sup> , Head of Practice and Compliance	25-30	0-2.5	525	524	-
Iain Dougall, Head of Operations	15-20	0-2.5	296	273	7
Chris Jones, Head of Strategy and Business Development	15-20	0-2.5	162	149	3
Ria Baxendale, Head of Supervision and Investigations	10-15	0-2.5	129	121	2
Julie Lindsay, Chief Operating Officer (from 7 August 2017)	Pension: 25-30 Lump sum: 75-80	Pension: 0-2.5 Lump sum: 2.5-5	522	482	29
Jan C Sensier, Deputy Director or Strategy, Policy Development, Planning and Resourcing (from 10 October 2017)	0-5	0-2.5	11	0	8

<sup>1</sup> CETV amounts relate to the date which the Executive joined the board.

<sup>2</sup> Alan Eccles was not an active member of the pension scheme during the reported period.

<sup>3</sup> Angela JoUson is over the Normal Retirement Date and has partially retired.

*Information in the above table has been audited.*

## Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher).

From that date all newly appointed civil servants, and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

## PCSPS funding

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation.

## Employee contribution rates

Employee contributions are salary-related and range between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha.

## Pension scheme benefits

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

### Partnership pension account

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8.0% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.)

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

### Cash equivalent transfer values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take into account any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

### Real increase in CETV

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

## Staff report

Staff costs	2017/18			2016/17
	Total	£000 Permanently employed staff	Others	£000 Total
Wages and salaries	30,521	24,763	5,758	29,073
ERNIC	2,192	2,192	–	1,911
Other pension costs	4,303	4,303	–	4,188
<b>Total gross costs</b>	<b>37,016</b>	<b>31,258</b>	<b>5,758</b>	<b>35,172</b>
Less recoveries in respect of outward secondments	(29)	(29)	–	–
<b>Total net costs</b>	<b>36,987</b>	<b>31,229</b>	<b>5,758</b>	<b>35,172</b>

Information in the above table has been audited.

The government introduced the Apprenticeship Levy from 1 April 2017. Payment of the levy is considered a form of taxation and is therefore accounted for as a tax expense as part of staff costs.

## Staff numbers

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

Number	2017/18			2016/17
	Total	Permanent staff	Other	Total
Directly employed	1,085	1,085	–	1,027
Other	172	–	172	179
<b>Total</b>	<b>1,257</b>	<b>1,085</b>	<b>172</b>	<b>1,206</b>

Information in the above table has been audited.

## Staff composition

	Male	Female
Board members	1	2
SCS1	0	1
OPG employees (excluding SCS)	546	704

The staff composition table above shows the number of staff in post at 31 March 2018. The board members include one male SCS2 and two female SCS1 (not included on SCS row).

### Sickness absence

Average working days lost (AWDL) this year was 9.2 days.

### Staff policies applied in year

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

As part of the MoJ, we operate according to a range of human resource policies, procedures and practices, which include:

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

### Expenditure on consultancy

OPG did not employ any consultants during 2017/18 (2016/17: nil).

### Off-payroll engagements

During the financial year 2017/18, OPG has reviewed all off-payroll engagements using HMRC's guidance and online status indicator. Where engagements have been assessed as being within scope of the intermediaries, (IR35), legislation, the paying agency has been advised of this determination so that appropriate tax deductions are made at source from payments made in respect of the engagement. Further details of off-payroll engagements in OPG can be found in the MoJ departmental resource accounts.

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

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the exit package is confirmed.

Where the government department has agreed early retirements, the additional costs are met by the department and not by the Principal Civil Service Pension Scheme.

No exit packages were paid in 2017/18 (2016/17: 8 exit packages, totalling £347,221).

*This information has been audited.*



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018

# Parliamentary accountability and audit report

## Statement of parliamentary supply

OPG is funded by MoJ from its parliamentary supply, and by income derived from fees and charges from external customers.

In common with other government agencies future funding has to be approved by our sponsor department, MoJ, and by Parliament. Approval has already been given for 2018/19 and there is no reason to question OPG's future funding. Financial statements have therefore been prepared on a going concern basis for financial reporting and asset valuation purposes.

## Regularity of expenditure

The Principal Accounting Officer for MoJ has designated the Chief Executive of OPG as the Accounting Officer for the agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding OPG's assets, are set out in Managing Public Money published by HM Treasury. There are no regularity issues to report. The Comptroller & Auditor General gives his opinion on regularity on page 68.

## Fees and charges

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

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

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

	2017/18 £000	2016/17 £000
Operating income	(67,358)	(74,865)
Fees remitted		(10,290)
Total income	(67,358)	(85,155)
Total expenditure	65,544	57,715
Deficit/(surplus)	(1,814)	(27,440)
Cost recovery (%)	102.8%	148%

*Information in the above table has been audited.*

## Fees remitted

The introduction of an enhanced power of attorney fee in April 2017 means that OPG is solely funded by fees earned and the fee was set at a level that would cover the full costs of exempt and remitted cases plus a small subsidy to support the supervision service. In prior years the cost of awarding exemptions and remissions was met through an allocation from MoJ and this was reflected in the cost recovery calculation, expressing gross income as a percentage of total expenditure.

The calculation is now based upon income net of exemptions and remissions compared to the full cost of delivering services in OPG.

There were 81,188 cases where fees were remitted or exemptions applied. The total value was £8,092,000 (2016/17: 117,764 cases – £10,290,000 as described in Note 2).

## Cost Recovery

This year we have achieved our cost recovery objective set by HM Treasury, with a slight over recovery of costs. This is in spite of continually increasing demand for our services and demonstrates the success of the improvements made to the way in which demand and associated costs are forecast.

In April 2017 the fee for registering a power of attorney reduced to £82.00. This is an enhanced fee under Section 180 of the Anti-social Behaviour, Crime and Policing Act 2014, which permits the Lord Chancellor, with the consent of the Treasury, to prescribe a fee that exceeds the cost of providing that service. We have used this power to charge an enhanced fee for power of attorney registration to cover the costs of exemption and remission of fees and to subsidise the operating costs of delivering the supervision service.

We announced last year that the MoJ would be launching a scheme for refunding a portion of the fee to customers who may have paid more than they should have during a 4 year period. OPG was appointed to deliver the scheme, which was launched on 1 February 2018 following a short beta phase in which £25,000 was refunded. Interest in the scheme since launch has been excellent with 128,000 claims being received of which 34,000 refunds with a total value of £2.1 million were made by the end of March 2018 and within the 12 week ambition for processing claims. All accounting for the project is within the core MoJ accounts and further information may be found in that annual report and accounts.

## Losses and special payments

*The information in this section has been audited.*

### Cash losses

There were no cases involving cash (2016/17: 2 cases – loss £2,000).

### Special payments and discretionary fee waivers

There were 27 special payments totalling £4,000 (2016/17: 156 special payments, totalling £22,000) relating to compensation and consolatory settlements.



There were 4,348 fee waivers totalling £508,000 (2016/17: 6,852 cases, totalling £840,000).

A fee waiver is granted either:

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

### Remote contingent liabilities

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

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

Where the time value of money is material, contingent liabilities are stated at discounted amounts. Contingent liabilities required for parliamentary reporting are not discounted. There are no remote contingent liabilities (2016/17: 0). This information has been audited.

### Gifts made

1 gift has been made – a small presentation of a £25 vase to a visiting delegation from South Korea. (2016/17: 0)

*This information has been audited.*



### **Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Office of the Public Guardian for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that are described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Office of the Public Guardian's affairs as at 31 March 2018 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Office of the Public Guardian in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Public Guardian's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Public Guardian's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

#### **In my opinion:**

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Office of the Public Guardian and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Remuneration and Staff Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

## **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office

157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

17 July 2018

# Financial statements



Statement of comprehensive net expenditure for the period ended 31 March 2018	Note	2017/18	2016/17
		£000	£000
Staff costs	3	36,987	35,172
Other expenditure	4/5	28,557	22,543
Income	2/6	(67,358)	(74,865)
Net operating (surplus)		<b>(1,814)</b>	<b>(17,150)</b>

Other comprehensive net expenditure for the period ended 31 March 2018	Note	2017/18	2016/17
		£000	£000
Net gain on revaluation of property, plant and equipment	8	(151)	(88)
Net gain on revaluation of intangibles	8a	(76)	(354)
Total comprehensive income and expenditure		<b>(2,041)</b>	<b>(17,592)</b>

The notes on pages 77 to 94 form part of these accounts.

Statement of financial position as at 31 March 2018	Note	31 March 2018		31 March 2017	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	8	3,159		3,538	
Intangible assets	8a	6,668		6,312	
<b>Total non-current assets</b>			<b>9,827</b>		<b>9,850</b>
<b>Current assets</b>					
Trade and other receivables	9	14,377		50,297	
Cash and cash equivalents	10	6,220		12,432	
<b>Total current assets</b>			<b>20,597</b>		<b>62,729</b>
<b>Total assets</b>			<b>30,424</b>		<b>72,579</b>
<b>Current liabilities</b>					
Trade and other payables	11	(8,097)		(37,250)	
Provisions	12	(13)		(27)	
<b>Total current liabilities</b>			<b>(8,110)</b>		<b>(37,277)</b>
<b>Total assets less current liabilities</b>			<b>22,314</b>		<b>35,302</b>
<b>Non-current liabilities</b>					
Provisions	12	(776)		(826)	
<b>Total non-current liabilities</b>			<b>(776)</b>		<b>(826)</b>
<b>Total assets less total liabilities</b>			<b>21,538</b>		<b>34,476</b>
<b>Taxpayers' equity</b>					
General fund		20,966		33,990	
Revaluation reserve		572		486	
<b>Total taxpayers' equity</b>			<b>21,538</b>		<b>34,476</b>

The notes on pages 77 to 94 form part of these accounts.



**Alan Eccles CBE**

Chief Executive and Accounting Officer

12 July 2018



OPG statement of cash flows for the period ended 31 March 2018	Note	2017/18	2016/17
		£000	£000
<b>Cash flows from operating activities</b>			
Surplus for the year		1,814	17,150
Non-cash charges	5	8,498	8,367
Other non-cash	5	–	516
		<b>10,312</b>	<b>26,033</b>
(Increase) / decrease in trade and other receivables	9	35,213	(4,617)
Increase / (decrease) in trade and other payables	11	(29,133)	30,800
Utilisation of provisions settled by OPG	12	(64)	(17)
<b>Net cash inflows from operating activities</b>		<b>16,328</b>	<b>52,199</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(71)	(2,168)
Purchase of intangible assets	8a	(1,929)	(778)
<b>Net cash outflow from investing activities</b>		<b>(2,000)</b>	<b>(2,946)</b>
<b>Cash flows from financing activities</b>			
MoJ transfer *see note 1.16		(20,540)	(42,700)
<b>Net cash outflow from financing</b>		<b>(20,540)</b>	<b>(42,700)</b>
<b>Net increase / (decrease) in cash</b>	10	<b>(6,212)</b>	<b>6,553</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>12,432</b>	<b>5,879</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>6,220</b>	<b>12,432</b>

The notes on pages 77 to 94 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2018	Note	General fund	Revaluation reserve
		£000	£000
<b>Balance at 31 March 2017</b>		<b>33,990</b>	<b>486</b>
Auditor's remuneration	5	56	–
Net surplus for the year (SoCNE)		1,814	–
Reserves movement MoJ <sup>1</sup>		(20,540)	–
<b>Net gain on revaluation of:</b>			
Property, plant and equipment	8	–	151
Intangible assets	8a	–	76
Revaluation transfer		141	(141)
Notional element of departmental recharge	5	5,505	–
<b>Balance at 31 March 2018</b>		<b>20,966</b>	<b>572</b>

<sup>1</sup> See Note 1.16

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2017	Note	General fund	Revaluation reserve
		£000	£000
<b>Balance at 31 March 2016</b>		53,385	242
Auditor's remuneration	5	52	–
Net surplus for the year (SoCNE)		17,150	–
Reserves movement MoJ		(42,700)	–
<b>Net gain on revaluation of:</b>			
Property, plant and equipment	8	–	88
Intangible assets	8a	–	354
Revaluation transfer		198	(198)
Notional element of departmental recharge	5	5,282	–
Intra department settlement of balances		623	–
<b>Balance at 31 March 2017</b>		<b>33,990</b>	<b>486</b>

The notes on pages 77 to 94 form part of these accounts.

# Notes to the accounts

For the period ended 31 March 2018

## 1. Statement of accounting policies

### 1.1. Basis of preparation

These accounts have been prepared in accordance with the 2017/18 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

The statement of comprehensive net expenditure is not split between administration and programme net expenditure, as OPG net expenditure is classified as 100% programme. This is based on assessment of the work carried out by OPG, which is mainly frontline services. This classification has been agreed with HM Treasury.

OPG has made an assessment of the proposed changes in the FReM for 2017/18, and any new accounting standards in issue that are not yet effective, and has determined that there would be no material effect on its current or prior period or a future period.

### 1.2. Going concern

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

Approval has already been given for 2018/19 and these accounts have been prepared on a going-concern basis for financial reporting and asset valuation purposes.

### 1.3. Accounting convention

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

## 1.4. Income recognition

### Operating income

Operating income relates directly to the operating activities of OPG. It principally comprises fees and charges for services provided on a full-cost basis to external customers, net of fees remitted (see Note 1.5 – Exemption and remission of fees) and net of VAT.

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

The fee structure effective for 2017/18 has been in place since it was altered on 1 October 2011 by the Public Guardian (fees, etc.) (Amendment) Regulations 2011 which amended and updated the Public Guardian (fees, etc.) Regulations 2007.

Section 180 of the Anti-social Behaviour, Crime and Policing Act 2014 permits the Lord Chancellor, with the consent of the Treasury, to prescribe a fee that exceeds the cost of providing that service. Since April 2017, OPG has used this power to charge an enhanced fee for power of attorney registration to cover the costs of exemption and remission of fees and to subsidise the operating costs of delivering the supervision service.

### Public Guardian supervision and deputyship fees

The regulations replace the range of fees that were payable by receivers appointed by the court with a single set up fee, payable when a new deputyship is initially assessed for supervision; and a single annual administration fee. Cases are placed into 1 of 2 types of supervision and bring in annual fees according to the level allocated.

The majority of cases fall into the category of general level of supervision. Income is recognised through supervision fees calculated on pro rata basis if:

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

### EPA and LPA registration fees

Income is recognised on receipt of a valid power of attorney registration application. A separate registration fee is payable for property and financial affairs LPAs and health and welfare LPAs when each application is made.

## 1.5. Exemption and remission of fees

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

OPG is responsible for authorising exemption from payment of fees and for approving applications to waive fees on exceptional grounds.

An application for a fee exemption or remission must be made with the initial power of attorney registration application or, for supervision fees, submitted within 6 months of fee demand date.

In those cases where an application for an exemption or remission is not made on receipt of the fee demand there is a limitation that a completed exemption or remission application must be received within 6 months of the invoice being raised.

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

On receipt of valid forms, exemptions and remissions are recognised as a discount awarded. A provision is recognised based on a detailed assessment of the extent to which supervision fee exemption and remission have been granted in the year following recognition of the income. This represents the anticipated amount of exemption and remission that may be received in the following year (Note 9 – Trade and other receivables).

Income is shown net of exemptions and remissions on the Statement of Comprehensive Net Expenditure, and on a more detailed gross basis at Note 2 - Income. Up to 2016/17, income was reported as gross in Note 6 – Fees and charges but is shown net of exemptions and remissions for 2017/18.

## 1.6. Employee benefits

### Employee leave accrual

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

### Early departure costs

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

### Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described in the remuneration and staff report, cover past and present employees. The defined benefit schemes are unfunded. The agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. OPG accounts for the schemes as defined contribution schemes as sufficient information is not available to account for them as defined benefit schemes. The agency therefore recognises the contributions payable for the financial year.

## 1.7. Leases

OPG's leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. In accordance with the principles of IAS 17 (Leases) and the supplementary guidance specified in SIC 15 (Operating lease incentives), OPG has spread the value of the rent-free period for occupation of space at Axis, Birmingham and at Embankment House, Nottingham over their initial 10 year terms.

## 1.8. Non cash charges

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

### MoJ department recharge

MoJ recharge methodology calculations is the documented basis applied transparently and consistently to apportion overheads including HR and IT to all MoJ departments and agencies on a non-cash basis.

### Functional Leadership Charges

In April 2017, MoJ moved to a model of functional leadership in Finance, Communications, Digitech and ICT business as usual. Budgets are allocated to each functional area for the provision of services to OPG in accordance with business needs.

The costs of the services now provided through central teams under functional leadership are reflected as a notional corporate overhead recharge communicated from the core department in the individual agency accounts to reflect that the services are now provided from the department centrally.

### External auditor's remuneration

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

## 1.9. Bad debts

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

## 1.10. Property, plant and equipment

### Recognition

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

### Capitalisation threshold – individual assets

OPG's capitalisation threshold for individual assets is £10,000 (including VAT).

### Capitalisation threshold – grouped assets

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

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

## Valuation method

Tangible assets values are restated at each reporting date using appropriate indices (business monitor MM22) produced by the Office for National Statistics.

## Revaluation

When an asset's carrying value increases as a result of a revaluation, any revaluation surplus is credited to the statement of other comprehensive net expenditure and accumulated directly in Taxpayer's Equity under the heading of Revaluation Reserve.

An exception is any gain on revaluation that reverses a decrease in revaluation on the same asset previously recognised as an expense. Such gains are first credited within net operating cost in the Statement of Comprehensive Net Expenditure to the extent the gain reverses a loss previously recognised within net operating cost in the Statement of Comprehensive Net Expenditure.

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

## Depreciation

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

The useful lives of assets or asset categories are reviewed annually.

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

Estimated useful asset life is within the following ranges:

- leasehold improvements – remaining lease period
- furniture and fittings – 10 years
- plant and equipment – 5 to 7 years
- information technology – 3 to 7 years

## Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Net Expenditure when revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Fund.

## Assets under construction

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

## 1.11. Intangible assets

### Recognition

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

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

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

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

Subsequent to initial recognition, intangible assets are included in the accounts at current value in existing use.

### Valuation method

Intangible assets are revalued at each reporting date using appropriate indices (business monitor MM22) produced by the Office for National Statistics.

### Amortisation

Intangible assets are amortised using the straight-line method over their expected useful life. The useful life of internally developed software ranges from 2 to 7 years.

Purchased software licences are amortised over the licence period.

### Assets under construction

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

### Capitalisation thresholds for intangibles

OPG's capitalisation threshold for software projects is £10,000 (including VAT).



### 1.12. Impairment

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

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

Any impairment loss is recognised in the Statement of Comprehensive Net Expenditure. If the impaired asset had previously been revalued, any balance on the revaluation reserve (up to the level of the impairment loss) is transferred to the General Fund.

At 31 March, each year, OPG assess whether there is any indication that any impairment loss recognised in a previous period either no longer exists or has decreased.

If any such indication exists, the recoverable amounts of the assets in question are reassessed. The reversal of an impairment loss is then recognised, in the Statement of Comprehensive Net Expenditure, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. The amount of any reversal is restricted to increasing the carrying value of the relevant assets to the carrying value that would have been recognised had the original impairment not occurred (that is, after taking account of normal depreciation that would have been charged had no impairment occurred).

### 1.13. Value added tax (VAT)

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

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current 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 Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

### 1.15. Segmental reporting

Management review the performance of OPG as a single directorate due to the similar nature of all activities. Further breakdown of these activities would not provide a meaningful analysis as intended by IFRS 8 *Operating Segments*

### 1.16. Settlement of intra-group balances using the general fund

OPG has two key transactions with its parent department, the Ministry of Justice (MoJ):

- MoJ settles some expenditure incurred by OPG on the agency's behalf (see Note 5). This gives rise to an intra-group balance with MoJ
- Since OPG generates net cash inflows, these are periodically surrendered to MoJ. These surrenders of cash produce intercompany balances with MoJ.

Each year, OPG and MoJ then consider the intercompany position and agree whether any permanent adjustment to OPG's financial position is appropriate. Any such adjustments constitute financing transactions with OPG's controlling party, they do not give rise to any entries in the Statement of Comprehensive Net Expenditure and are recognised directly in the general fund via the statement of taxpayers' equity.

Notional element of departmental recharge from OPG to MoJ (Note 5).

At the end of the financial year 2017/18 there were outstanding receivable and payable balances with MOJ that required settling due to the end of the historic payroll agreement between OPG and MOJ (Note 9). It was agreed between both parties to offset the balances to the value available, and settle the remaining balance through the £21,900k cash due to be transferred to MOJ.

	£000
OPG Debtor with MOJ	36,967
Less £35m offset with creditor	(35,000)
Remaining Debtor	1,967
OPG Creditor with MOJ	38,329
Less £35m offset with debtors	(35,000)
Remaining Creditor	3,329

Therefore the net impact was a remaining creditor balance resulting in the reduction of the cash transferred to MOJ of £20,540k.

### 1.17. New and amended standards adopted

OPG has made an assessment of the proposed changes in the FReM for 2017/18, and any new accounting standards in issue that are not yet effective, and has determined that there would be no material effect on its current or prior period.

### 1.18. New standards, amendments and interpretations issued but not adopted early

IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases are not yet effective for public sector reporting.

IFRS 9 is not expected to have any impact on the future Accounts of OPG.

IFRS 15 is not expected to have any impact on the future Accounts of OPG.

IFRS 16 will change the way OPG recognises, measures, presents and discloses leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The full impact of IFRS 16 on OPG will not be determined until it has been adopted for use in the public sector by the FReM.

## 2. Income

	2017/18	2016/17
	£000	£000
<b>Operating income</b>		
<b>OPG fee income</b>		
Lasting powers of attorney	(59,612)	(69,716)
Enduring powers of attorney	(1,149)	(1,734)
Supervision	(13,309)	(12,368)
Appointment of deputy	(1,380)	(1,337)
	<b>(75,450)</b>	<b>(85,155)</b>
<b>Exemptions and remissions</b>		
Lasting powers of attorney	4,439	7,053
Enduring powers of attorney	295	69
Supervision	1,904	2,061
Appointment of deputy	946	267
Discretionary fee waivers	508	840
	<b>8,092</b>	<b>10,290</b>
<b>Total operating income</b>	<b>(67,358)</b>	<b>(74,865)</b>

## 3. Staff costs

	2017/18			2016/17
	£000			£000
<b>Staff costs</b>	<b>Total</b>	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>
Wages and salaries	30,521	24,763	5,758	29,073
ERNIC	2,192	2,192	-	1,911
Other pension costs	4,303	4,303	-	4,188
<b>Total gross costs</b>	<b>37,016</b>	<b>31,258</b>	<b>5,758</b>	<b>35,172</b>
Less recoveries in respect of outward secondments	(29)	(29)	-	-
<b>Total net costs</b>	<b>36,987</b>	<b>31,229</b>	<b>5,758</b>	<b>35,172</b>

The government introduced the Apprenticeship Levy from 1 April 2017. Payment of the levy is considered a form of taxation and is therefore accounted for as a tax expense as part of staff costs.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘alpha’ are unfunded multi-employer defined benefit schemes but OPG is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the scheme as at 31 March 2012. Details are included in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2017/18, employers' contributions of £4,223,000 were payable to the PCSPS (2016/17 £4,121,000) at 1 of 4 rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £80,000 (2016/17: £67,000) were paid to 1 or more of the panel of 3 appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings.

#### 4. Other operating costs

Other operating costs	2017/18	2016/17
	£000	£000
Cash losses and ex gratia payments	4	27
Consumables	387	391
Maintenance	1,315	1,073
Computer running costs	2,408	3,732
Travel and subsistence costs	292	374
Postage	3,150	3,111
Rates	632	503
Accommodation	1,305	1,321
Utilities	150	225
Visitor services (assessment of client needs)	1,819	1,622
Other running costs	2,124	1,797
<b>Total other operating costs</b>	<b>13,586</b>	<b>14,176</b>

## 5. Non-cash charges

	2017/18	2016/17
Non-cash charges	£000	£000
MoJ recharges	5,505	5,282
Functional leadership costs <sup>1</sup>	6,473	–
Depreciation – property, plant and equipment	703	497
Amortisation – intangible assets	1,527	1,488
External auditor's remuneration <sup>2</sup>	56	52 <sup>2</sup>
Loss on disposal of property, plant and equipment	–	–
<b>Provision for liabilities</b>	–	–
Provided in the year	–	699
Provisions written back	–	(178)
Increase/(decrease) in impairment of trade receivables	(41)	420
Bad debts written off	748	107
	<b>14,971</b>	<b>8,367</b>

<sup>1</sup> See details of Functional Leadership in Note 1.8

<sup>2</sup> External audit fee incurred was £61K; £9K was not recharged by MoJ.

## 6. Fees and charges

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

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

	2017/18	2016/17
Fees and charges	£000	£000
Operating income	(67,358)	(74,865)
Fees remitted		(10,290)
<b>Total income</b>	<b>(67,358)</b>	<b>(85,155)</b>
<b>Total expenditure</b>	<b>65,544</b>	<b>57,715</b>
<b>(Surplus)</b>	<b>(1,814)</b>	<b>(27,440)</b>
<b>Cost recovery (%)</b>	<b>102.8%</b>	<b>148%</b>

Section 180 of the Anti-social Behaviour, Crime and Policing Act 2014 permits the Lord Chancellor, with the consent of the Treasury, to prescribe a fee that exceeds the cost of providing that service. Since April 2017, OPG has used this power to charge an enhanced fee for power of attorney registration to cover the costs of exemption and remission of fees and to subsidise the operating costs of delivering the supervision service.

In prior years the cost of awarding exemptions and remissions was met through an allocation from MoJ and this was reflected in the cost recovery calculation, expressing gross income as a percentage of total expenditure. The calculation is now based upon income net of exemptions and remissions compared to the full cost of delivering services in OPG.

The financial objective agreed with HM Treasury, for OPG to achieve full cost recovery within 5%, and in accordance with the budget delegation from MoJ was met, achieving 102.8%, a decrease of 45.2% from 2016/17. Further information is given in the Parliamentary accountability and audit report on pages 65-67.

## 7. Analysis by administration and programme

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

## 8. Property, plant and equipment

Property, plant and equipment	Leasehold improvements	Furniture and fittings	Plant and equipment	Information technology	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April 2017	1,753	1,029	122	1,990	–	<b>4,894</b>
Additions	67	–	–	4	–	<b>71</b>
Reclassifications	(81)	63	–	120	–	<b>102</b>
Revaluation	(212)	5	1	40	–	<b>(166)</b>
<b>At 31 March 2018</b>	<b>1,527</b>	<b>1,097</b>	<b>123</b>	<b>2,154</b>	<b>–</b>	<b>4,901</b>
<b>Depreciation</b>						
At 1 April 2017	–	(79)	(111)	(1,166)	–	<b>(1,356)</b>
Provided in year	(347)	(92)	(8)	(256)	–	<b>(703)</b>
Revaluation	347	(1)	(1)	(28)	–	<b>317</b>
<b>At 31 March 2018</b>	<b>–</b>	<b>(172)</b>	<b>(120)</b>	<b>(1,450)</b>	<b>–</b>	<b>(1,742)</b>
<b>Net book value at 31 March 2018</b>	<b>1,527</b>	<b>925</b>	<b>3</b>	<b>704</b>	<b>–</b>	<b>3,159</b>
<b>Net book value at 1 April 2017</b>	<b>1,753</b>	<b>950</b>	<b>11</b>	<b>824</b>	<b>–</b>	<b>3,538</b>

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

Property, plant and equipment	Leasehold improvements	Furniture and fittings	Plant and equipment	Information technology	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April 2016	497	475	846	1,631	2,610	<b>6,059</b>
Additions	–	–	–	120	402	<b>522</b>
Reclassifications	1,348	554	–	317	(3,012)	<b>(793)</b>
Disposals	–	–	(725)	(181)	–	<b>(906)</b>
Revaluation	(92)	–	1	103	–	<b>12</b>
<b>At 31 March 2017</b>	<b>1,753</b>	<b>1,029</b>	<b>122</b>	<b>1,990</b>	<b>–</b>	<b>4,894</b>
<b>Depreciation</b>						
At 1 April 2016	–	(20)	(818)	(1,003)	–	<b>(1,841)</b>
Provided in year	(125)	(59)	(18)	(295)	–	<b>(497)</b>
Disposals	–	–	726	180	–	<b>906</b>
Revaluation	125	–	(1)	(48)	–	<b>76</b>
<b>At 31 March 2017</b>	<b>–</b>	<b>(79)</b>	<b>(111)</b>	<b>(1,166)</b>	<b>–</b>	<b>(1,356)</b>
<b>Net book value at 31 March 2017</b>	<b>1,753</b>	<b>950</b>	<b>11</b>	<b>824</b>	<b>–</b>	<b>3,538</b>
<b>Net book value at 1 April 2016</b>	<b>497</b>	<b>455</b>	<b>28</b>	<b>628</b>	<b>2,610</b>	<b>4,218</b>

## 8a Intangible assets

Intangible assets	Software licences	Internally generated software	Assets under construction	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2017	143	12,672	1,402	<b>14,217</b>
Additions	–	–	1,909	<b>1,909</b>
Reclassification	332	182	(616)	<b>(102)</b>
Revaluation	3	261	–	<b>264</b>
<b>At 31 March 2018</b>	<b>478</b>	<b>13,115</b>	<b>2,695</b>	<b>16,288</b>
<b>Amortisation</b>				
At 1 April 2017	(143)	(7,762)	–	<b>(7,905)</b>
Provided in year	–	(1,527)	–	<b>(1,527)</b>
Disposals	–	–	–	<b>–</b>
Revaluation	(3)	(185)	–	<b>(188)</b>
<b>At 31 March 2018</b>	<b>(146)</b>	<b>(9,474)</b>	<b>–</b>	<b>(9,620)</b>
<b>Net book value at 31 March 2018</b>	<b>332</b>	<b>3,641</b>	<b>2,695</b>	<b>6,668</b>
<b>Net book value at 1 April 2017</b>	<b>–</b>	<b>4,910</b>	<b>1,402</b>	<b>6,312</b>

All intangible assets disclosed above are owned outright by OPG.



Intangible assets	Software licences	Internally generated software	Assets under construction	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2016	135	11,685	699	<b>12,519</b>
Additions	–	–	861	<b>861</b>
Reclassification	–	951	(158)	<b>793</b>
Disposals	–	(665)	–	<b>(665)</b>
Revaluation	8	701	–	<b>709</b>
<b>At 31 March 2017</b>	<b>143</b>	<b>12,672</b>	<b>1,402</b>	<b>14,217</b>
<b>Amortisation</b>				
At 1 April 2016	(130)	(6,597)	–	<b>(6,727)</b>
Provided in year	(5)	(1,483)	–	<b>(1,488)</b>
Disposals	–	665	–	<b>665</b>
Revaluation	(8)	(347)	–	<b>(355)</b>
<b>At 31 March 2017</b>	<b>(143)</b>	<b>(7,762)</b>	<b>–</b>	<b>(7,905)</b>
<b>Net book value at 31 March 2017</b>	<b>–</b>	<b>4,910</b>	<b>1,402</b>	<b>6,312</b>
<b>Net book value at 1 April 2016</b>	<b>5</b>	<b>5,088</b>	<b>699</b>	<b>5,792</b>

## 9. Trade and other receivables

Trade and other receivables Amounts falling due within one year	31 March 2018	31 March 2017
	£000	£000
<b>Balances with other central government bodies</b>		
Amount due from Ministry of Justice	9	35,632
VAT recoverable	457	436
Amount due from other government departments	163	–
	<b>629</b>	<b>36,068</b>
<b>Balances with bodies external to government</b>		
Prepayments	307	862
Staff receivables	414	234
Trade receivables	4,434	1,893
Accrued income	8,593	11,240
	<b>13,748</b>	<b>14,229</b>
<b>Total receivables</b>	<b>14,377</b>	<b>50,297</b>

Historically, the payroll funding arrangement was that MoJ funded OPG's payroll and reimbursement was made to MoJ. Therefore, an estimate of the annual payroll liability was made and carried as a prepayment in MoJ receivables (intercompany account). The requirement for this has ceased and the receivable has been used to offset the MoJ liabilities inter company account (see Note 11).

Trade receivables is shown net of the doubtful debt provision of £1,403K (2016/17: £1,445K). The doubtful debt provision consists of £602K relating to remissions and exemptions and the remaining £802K is primarily driven by supervision.

The calculation of the provision for doubtful debt is, this year, recorded in both trade receivables and accrued income due to the timing of the annual supervision billing exercise.

## 10. Cash and cash equivalents

	31 March 2018	31 March 2017
Cash and cash equivalents	£000	£000
Balance at 1 April 2017	12,432	5,879
Net cash (outflow) / inflow	(6,212)	6,553
<b>Balance at 31 March 2018</b>	<b>6,220</b>	<b>12,432</b>
<b>The following balances at 31 March are held at:</b>		
Government Banking Service	<b>6,220</b>	<b>12,432</b>

## 11. Trade and other payables

	31 March 2018	31 March 2017
Trade and other payables Amounts falling due within one year	£000	£000
<b>Amount due to other central government bodies</b>		
Amount due to Ministry of Justice	321	30,507
Amounts due to other government departments	1,172	1,093
	<b>1,493</b>	<b>31,600</b>
<b>Balances with bodies external to government</b>		
Accruals	5,167	5,647
Trade payables	810	3
Deferred Income	627	-
	<b>6,604</b>	<b>5,650</b>
<b>Total payables</b>	<b>8,097</b>	<b>37,250</b>

## 12. Provisions for liabilities and charges

	Early retirement	Dilapidations	Other	Total
Provisions for liabilities and charges	£000	£000	£000	£000
<b>Balance at 1 April 2017</b>	<b>93</b>	<b>620</b>	<b>140</b>	<b>853</b>
Provisions utilised in the period	(14)	–	(50)	(64)
<b>Balance at 31 March 2018</b>	<b>79</b>	<b>620</b>	<b>90</b>	<b>789</b>

Analysis of expected timings of cashflow				
Not later than 1 year	13	–	–	<b>13</b>
Later than 1 year and not later than 5 years	66	–	90	<b>156</b>
Later than 5 years	–	620	–	<b>620</b>
	<b>79</b>	<b>620</b>	<b>90</b>	<b>789</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.

### Dilapidations

The agency created a dilapidations provision in 2016/17 of £620,000, arising from the occupancy of the leasehold office property in Nottingham.

### Other

Utilisation of the provision of £50,000 represents the settlement of a historic supervision client cash loss.

## 13. Commitments under operating leases

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

	31 March 2018	31 March 2017
	Land and buildings	Land and buildings
Analysis of expected timings of cashflow	£000	£000
Not later than 1 year	1,313	1,313
Later than 1 year and not later than 5 years	2,343	3,656
<b>Total</b>	<b>3,656</b>	<b>4,969</b>

#### 14. Related party transactions

The agency is an executive agency of MoJ. MoJ is regarded as a related party. During the period the agency had various material transactions with MoJ. In particular staff costs associated with functional leadership are managed by MoJ and recharged back to OPG (Note 1.8).

MoJ manages the lease arrangements and associated accommodation costs of OPG's occupancy of its offices. In addition, the Government Internal Audit Agency also provides internal audit services to the agency.

MoJ recharge methodology calculations is the documented basis applied transparently and consistently to apportion overheads including HR and IT to all MoJ departments and agencies on a notional basis.

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

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

#### 15. Events after the reporting period

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

#### 16. Financial instruments

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

# Appendices

## Five-year financial record

	2013/14	2014/15	2015/16	2016/17	2017/18
Operating income	£000	£000	£000	£000	£000
Lasting Powers of Attorney	31,580	39,776	53,646	61,823	59,612
Enduring Powers of Attorney	1,791	1,570	1,098	1,665	1,149
Supervision*	9,255	10,065	11,113	11,377	14,689
	<b>42,626</b>	<b>51,411</b>	<b>65,857</b>	<b>74,865</b>	<b>75,450</b>
Lasting Powers of Attorney	3,453	3,564	4,695	7,053	4,439
Enduring Powers of Attorney	123	87	143	69	295
Supervision*	2,676	2,481	1,924	2,328	2,850
Discretionary fee waivers	–	–	–	840	508
	<b>6,252</b>	<b>6,132</b>	<b>6,762</b>	<b>10,290</b>	<b>8,092</b>
Total income	48,878	57,543	72,619	85,155	67,358
Total expenditure	31,895	40,293	53,321	57,715	65,544
(Deficit) / surplus	16,983	17,250	19,298	27,440	1,814
Cost recovery	153%	143%	136%	148%	102.8%

\* Includes Appointment of deputy

Following the introduction in April 2017 of reduced, but enhanced, fees for power of attorney applications, operating income is reported net of remissions and exemptions in the financial statements and Note 2.

The calculation for the operating surplus and cost recovery % in the current year is based upon income net of exemptions and remissions compared to the full cost of delivering services in OPG.

Fee volumes	2013/14	2014/15	2015/16	2016/17	2017/18
LPA fees	294,946	395,309	475,037	638,493	695,720
EPA fees	16,034	15,037	11,482	15,115	12,111
Office copy fees	1,416	1,819	1,606	1,823	4,510
Appointment of deputy fees	14,017	14,938	15,432	14,884	12,901
General supervision fees	43,695	42,466	43,873	38,587	49,991
Minimal supervision fees	16,929	20,915	21,636	25,946	24,484

Remissions & exemptions volumes	2013/14	2014/15	2015/16	2016/17	2017/18
LPA fees	39,281	43,949	58,706	98,476	74,265
EPA fees	1,298	1,005	829	970	581
Appointment of deputy fees	3,682	3,403	2,809	3,083	8,105
General supervision fees	17,814	18,703	13,452	7,041	11,238
Minimal supervision fees	673	750	457	8,194	8,267

Payment methods – volumes	2013/14	2014/15	2015/16	2016/17	2017/18
Cheque	237,339	308,245	320,028	537,725	611,954
Credit card	17,726	49,971	107,404	139,218	167,022
Direct debit	9,528	8,559	12,282	13,818	14,502
<b>Total</b>	<b>264,593</b>	<b>366,775</b>	<b>439,714</b>	<b>690,761</b>	<b>793,478</b>

These balances are not audited.



