

Annual Report and Accounts 2005/06



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Chief Executive's Statement

I am pleased to be reporting on DSA's performance and accounts for the first time since joining the Agency on 3 October 2005. I would like to offer my sincere thanks to all DSA employees for their contribution to a successful year.

2005/06 was a challenging year with demand for car practical tests being 9% higher than planned; however through the commitment, dedication and hard work of DSA staff we provided customers with a good quality of service, evidenced by the high customer satisfaction score, and the achievement of our waiting time and appointment availability targets.

Through this hard work we consolidated our 2004/05 improvements and successfully achieved the 6 weeks national annual average waiting time for practical car driving tests for the first time since 1998/99. Although car practical tests have remained our top priority we have also made progress in our planned modernisation objectives.

The second phase of internet booking for practical tests was implemented and candidates can now amend booked details; change an existing booking to an earlier or later date; make any additional payment; and cancel an existing booking and obtain a fee refund. We also improved our website to offer an improved search facility and provide easy access to test centre information.

We acquired 5 sites for Multi Purpose Test Centres, which will be developed to provide the new motorcycle test which involves specified off road manoeuvres as well other testing activities.

In August we introduced changes to the Approved Driving Instructors (ADI) tests, reflecting changes made under European

law. We have been encouraging ADIs to make sure they pass their Hazard Perception Test before December 2006 if they wish to continue to practise and to remain on the register. From January 2007 non-compliant ADI's will be removed from the register and they will no longer be able to provide instruction to learner drivers.

On 1 September we launched two new road safety initiatives; 'Arrive Alive Bike' which focuses on the vulnerability of the new young rider and 'You Can Drive Too' which is aimed at young drivers with mobility concerns.

As a way of increasing our interaction with stakeholders we hosted a successful trial business customer conference in March which offered the industry an opportunity to openly discuss topics such as the Road Safety Bill and Continuing Professional Development (CPD).

Having consolidated operations I feel we can now turn confidently to making a wider impact on road safety. Our 'Make a Difference' staff conferences held in February and March gave staff an overview into this year's performance and provided the opportunity to consider broader aims and objectives for the future. Addressing these will require changes to our organisation and the involvement of all of our stakeholders. This process of renewal will take place under the banner of **'Driving Safety Forward'** and I know that the determination and hard work shown by everyone this year will stand us in good stead to succeed.

Rosemary Thew - Chief Executive

Highlights of the Year



Trevor Wedge - Chief Driving Examiner

We delivered over 12,000 ADI Check tests, completed over 200 Multi Purpose Test Centre site visits to assess their suitability and completed the first benchmarking process of driving test centre pass rates.

Kathy Gillatt - Finance Director

We acquired five Multi Purpose Test Centre sites and signed procurement contracts. We consistently met our prompt payment target and sent our submission to the Minister on our estates transformation project.



Andrew Beveridge - HR Director

We recruited 131 driving examiners. We launched the DVO core competency framework and the performance development system. We delivered equality and diversity training to all staff.

Paul Butler - Policy and E-Assessment

We completed consultation on implementing the Driver CPC Directive, introduced better regulation legislative changes and completed consultation on introducing quality assurance arrangements for motorcycle post-test rider development training. Over 772,000 (56%) of theory tests were booked over the internet.



Christine Morris - Commercial Director

We received the Prince Michael of Kent road safety award for our Driver Record and the first Driver Quality Monitoring assessment was delivered in Scotland.

David Jones - Modernisation Director

The first phase of the Integrated Register of Driver Trainers went live. Internet booking phase 2 was implemented successfully and over 845,000 (45%) of practical driving tests were booked over the internet.



Brian Gilhooley - Operations Director

We achieved the national annual average six week waiting time target for car practical tests. We delivered over 1.9 million car practical tests and met a 9% increase in demand for car practical tests (the highest level for 15 years). We met demand for 13% more vocational tests and 4% more motorcycle tests and achieved the waiting time target of 4 weeks. We also delivered more than the planned number of ADI qualifying tests taking it to the highest volume on record.

Main Responsibilities

To promote road safety by influencing driver behaviour through setting the standard for safe drivers and trainers, educating drivers, supervising trainers and assessing the standard of driving at test.

- Setting standards for drivers, riders and trainers.
- Driver education and learning resources.
- Registering and supervising quality-assured instructors.
- Effective and efficient assessments, conducted as computer-based and practical tests.

Aim, Mission and Objectives

DSA's vision is 'safe driving for life'. Our primary aim is to promote road safety through improving driving standards and to test drivers, motorcyclists and driving instructors fairly and efficiently through the theory and practical driving tests. DSA maintains the register of Approved Driving Instructors and supervises training for learner motorcyclists.

DSA's overall mission is to contribute to a 40% reduction in riders and drivers killed or seriously injured in road accidents, in the age group up to 24 years, by 2010 compared with the average for 1994-98.

Our core objectives are:

- Providing better services to customers
- Improved road safety through compliance
- Delivering better value for money

“ The Agency's performance against key targets and service standards as set out in pages 5 - 7 has been subject to independent review by the Department for Transport Audit and Risk Assurance Division. I am satisfied that the performance indicators and service standards data presented in the Annual Report for 2005/06 represent a true and fair view of the position at April 2006. ”

H2 Field

Heather Field - Head of DSA Internal Audit
26th June 2006

Secretary of State Targets 2005/06

To maintain a national annual average car practical test waiting time of six weeks.



Appointments will be available within nine weeks at 99% of permanent car driving test centres by 31/03/06.



To maintain candidate satisfaction with the overall service received at 90%.



* Deliver 6,000 Arrive Alive and 200 Arrive Alive Classic presentations; Pass Plus take-up to continue at 18% of those passing the driving test.



* Assure the quality of trainers so that 98% of ADIs have been check tested once every 4 years and all ADIs will be HP assessed by 31/12/06.



Assure the quality of the practical driving test by 1% of all driving tests being subject to quality assurance checks.



To acquire 20 and build 10 multi purpose centres by 31/03/06.



Deliver the benefits outlined in the Value for Money Plan achieving at least 2.5% of costs savings and 2.5% efficiency and productivity improvements.



- * achieved Arrive Alive Classic target
- * target applies to more than one year, planned levels were achieved during 2005/06

Performance against Service Standards 2005/06

	2003/04	2004/05	2005/06	
Improve business customer satisfaction with the overall service by 5 percentage points.	40%	48%	62%	✓
Keep 99.5% of PDI practical tests that are in place 2 days before the appointment	97.6%	97.8%	98.1%	✗
Keep 98.75% of all PDI practical test appointments	94.6%	94.8%	95%	✗
National average waiting time will be no longer than 5 weeks for ADI	10	7	6.5	✗
Give 95% of theory test candidates an appointment at their preferred test centre within 2 weeks of their preferred date	92%	94%	98%	✓
Keep 99.5% of all theory test appointments	99.7%	99.8%	99.9%	✓
National average waiting time will be no longer than 4 weeks for motorcycle practical tests	3.1	3.8	3.9	✓
National average waiting time will be no longer than 3 weeks for vocational practical tests	4.1	4.1	4.5	✗

	2003/04	2004/05	2005/06	
Keep 99.5% of appointments that are in place 2 days prior to the practical test	98.3%	98.6%	99%	X
Keep 98.75% of all practical test appointments	96.8%	96.5%	98%	X
Answer 90% of all incoming calls to booking offices in no more than 20 seconds	91%	90%	92%	✓
95% of calls to booking offices will make contact without receiving an engaged tone	79%	88%	100%	✓
Answer 90% of all calls to our enquiry points in no more than 30 seconds	92%	95%	94%	✓
Achieve an average return on capital employed of at least 3.5%	- 2.6%	0.8%	17.1%	✓
95% of all refunds will be paid within 15 days of receipt of a valid claim	99%	99%	99%	✓
Undisputed and settled invoices will be paid within 30 days	92%	98%	99%	✓
Answer 97% of all letters and e-mails within 10 working days	98%	94%	98%	✓



“ ...everyone
at the Driving
Standards Agency
has been helpful
and friendly... **”**

Thomas Thatcher - Car Test Candidate



Delivering to the Customer

Highlights:



Over the year we have tailored our services to meet the changing expectations of our customers. Services have been made easier to access, quicker and simpler to use, evidenced through the increased usage of our on-line facilities for booking the theory and practical tests.

Providing a 6 week waiting time for car test customers has been an achievement made possible by the dedication of staff and by the extra measures introduced. This has been

even more impressive in light of the 9% increase in demand above planned projections.

Listening to customer views and opinions through our Business Satisfaction research programme has helped us understand the needs of our ADI customers. Feedback from Candidate Satisfaction and Business Customer Satisfaction surveys have resulted in us providing a higher quality service compared with 2004/05.

Volumes by Activity '000s	2003/04 Actual	2004/05 Actual	2005/06 Plan	2005/06 Actual
Car practical tests				
Applications (net demand)	1,526	1,675	1,700	1,847
Throughput (*FEPs)	1,489	1,752	1,795	1,908
Motorcycle practical tests				
Applications (net demand)	93	86	90	88
Throughput (FEPs)	94	86	90	88
Lorry & bus practical tests				
Applications (net demand)	91	105	111	113
Throughput (FEPs)	88	102	111	113
Theory tests				
Applications (net demand)	1,535	1,483	1,553	1,580
Throughput (FEPs)	1,535	1,485	1,553	1,527
ADI practical tests				
Applications (net demand)	34	39	40	43
Throughput (FEPs)	35	42	40	43

Volumes

The table above illustrates the demand and throughput for DSA's main activities.

* FEP means Fee Earning Periods; a test slot where DSA was paid a fee by the candidate.

Practical Test Performance

We achieved the twin key targets of a national average 6 week waiting time for the whole year and 9 week appointment availability at 99% of permanent car test centres by the end of March.

The motorcycle test waiting time target was achieved. We met demand for vocational and taxi tests as well as doing more ADI qualifying tests than planned. We also completed a large amount of examiner training, for both test related skills and in using PCs in test centres.

Demand Forecasts

Demand for car practical tests was 9% above the plan forecast for the year and also 9% above 2004/05. We identified that the plan forecast would be exceeded, and implemented extra measures to ensure that the six week waiting time target would be met.

These extra measures included:

- Flexible working patterns and staggered test programmes,
- Testing 7 days a week, from 7.30am to early evening,
- Area Chief Driving Examiners and sector managers also conducted tests as part of our quality assurance benchmarking,
- Towards the end of the year some motorcycle test slots were converted to car test slots to improve car throughput because demand for motorcycle tests was 2% below the plan forecast.

Demand for lorry and bus tests was 2% above the plan forecast with 8% year on year growth, reflecting the continued need for drivers, especially in the haulage industry. Demand for PDI tests continued to grow, although at a reduced rate of 9% year on year. The plan forecast was exceeded by 6%.

National Practical Test Pass Rates	2003/04	2004/05	2005/06
Car	43%	42%	43%
Motorcycle	64%	64%	64%
Lorry	49%	47%	45%
Bus	45%	44%	45%
ADI driving ability	44%	45%	43%
ADI instructional ability	28%	28%	26%

National Theory Test Pass Rates	2003/04	2004/05	2005/06
Car	57%	64%	70%
Motorcycle	78%	86%	89%
Lorry	63%	70%	76%
Bus	61%	63%	70%
ADI driving ability	48%	51%	52%
ADI instructional ability	n/a	65%	64%

Pass Rates

The current car pass rate remains a concern to the DSA. We have taken measures throughout 2005/06 such as delivering more Arrive Alive presentations, seeking to improve the Pass Plus take up rate and other initiatives, some with ADIs specifically designed to improve driving standards and hence influence future pass rates.



ADI instructional ability pass rates were particularly disappointing. We have taken steps to assist in improving the standard of candidate presented for test and modernise the training and entry requirements for those wishing to join the ADI industry. An example is the Continued Professional Development (CPD) project, regarded by instructors and the DSA as an important contribution to enhancing and maintaining the professionalism of the ADI. CPD, together with improved check testing for instructors, should greatly improve judgement about the readiness of candidates presenting themselves for test.

* source: ORC International Public Sector Customer Satisfaction and Best Practice Benchmarking Group

The rise in the theory test pass rate was due to candidates preparing themselves better for the test. Improvements to the theory test preparation material, a new HPT tutorial and the revised 'Are you Ready' information DVD are all contributing to the improved pass rates.

Our Customers

Our customers range from the ADI Industry, training bodies to pre and post test candidates. Throughout the year we have taken major steps in better understanding and addressing their needs.

Candidate Satisfaction

This year we exceeded our candidate satisfaction target, achieving 92% satisfaction with the overall service received from DSA, an increase of 2% from the previous year and 4% more than the average for other public sector agencies.*

The key driver of overall satisfaction for all candidates was booking the practical test overall, which showed an increase of 6% from 86% in 2004/05 to 92%, which reflects the enhancements made to the internet booking facility in Summer 2005, and the continuing impact of the Automated Speech Recognition.



A further key driver is the attitude of the Driving Examiner and satisfaction with examiners increased by 2% this year to 89%. 88% considered that their most recent test was fair, an increase of 1%.

Mystery Shopping

An independent research company conducted our mystery shopping programme to measure performance of service delivery.

All the transactions of the internet booking system were tested and included amending and cancelling practical tests on-line for the first time this year. Comments about the overall experience of using the on-line facility were generally very positive:

“ I found the process user-friendly and encountered no jargon or complications. Every step was quick and straight forward. Some sites I have visited in the past have been difficult to get through and a lot slower than this one ”

In relation to calls to general enquiry lines performance was better in all service areas compared with last year. In particular, performance remained strong in relation to treating customers with respect, not rushing them through the process and being professional. More than nine in ten shoppers (94%) claimed they were treated like a valued customer - a considerable improvement from 84% in 2004/05.

Business Customer Satisfaction

We are making inroads into historically poor business customer satisfaction levels. Satisfaction with the overall service received increased by 14%, from 48% to 62%.

We wanted to maintain this momentum. A Business Customer Relationship Manager appointed in July 2005 is driving an action response to business customer issues.

Progress includes:

- The issue of welcome packs to newly qualified ADIs giving useful information and contacts from 1 April 2006
- The Business Customer conference held in March 2006
- Development of 'My DSA' e-mail registration system in January 2006
- Questions and answer facility for ADIs on the DSA website

Business Customer Conference

As a result of our business customer satisfaction research programme, we identified a need to improve our relationship with business customers and held a pilot Business Customer Conference in March.



The conference was a valuable opportunity to work with our business customers, exchanging views and information openly and freely so that we can better understand their needs and support them in raising standards and improving road safety. Around 300 delegates, including Approved Driving Instructors, Motorcycle Training Bodies, LGV and PCV Instructors attended. They received information and discussed the latest developments in Continuing Professional Development, the Road Safety Bill, the Driver Certificate of Professional Competence and the Motorcycle Strategy.

Correspondence and Complaints

The target to answer 97% of all letters and e-mails was exceeded, with 98% of correspondence being answered within 10 working days.

The number of complaints from the public and instructors fell from 11,227 last year to 6,445, a reduction of 43%. This is equivalent to one complaint for every 574 tests. Of those complaints 2,310 related to theory test issues and 4,135 to practical test issues.

During the year there was a notable increase in the number of Ministerial cases (letters from the public to MPs) received, totalling 1,025, the vast majority of which can be attributed to the British Red Cross road safety campaign (here a large number of correspondence was received from MPs whose constituents had requested information and updates on providing first aid training for new drivers) and comments on the Highway Code consultation document specifically referring to rules for cyclists. We also dealt with 83 Chief Executive replies to MPs and 389 to others.

Independent Complaints Assessor

Fourteen cases (9 more than last year) were referred to the Independent Complaints Assessor (ICA) and were concluded during the year. The areas of complaint included difficulties experienced when booking a practical test; cancellation

of a practical test; outcome of practical test; dissatisfaction with the outcome of the Hazard Perception part of the theory test; dissatisfaction with the ADI qualification process and 1 case of a foreign ADI who encountered delays in joining the GB ADI Register.

No maladministration was found in eleven of these cases. For two cases the ICA did not uphold the original complaint but made recommendations; to revise the information provided about making a third stage complaint in one case and to make a suitable ex-gratia payment to the customer in the other. Only one case was upheld and this related to the delay in processing an application from an ADI from an EU Member State to be accepted on to the ADI Register; registration took place in December 2005.

Parliamentary and Health Service Ombudsman

The method of recording complaints referred to the Parliamentary and Health Service Ombudsman regarding DSA was amended in April 2005 by the Ombudsman's Office. All referrals are now classed as a complaint excluding those over which the Ombudsman has no jurisdiction.

During the year a total of 13 complaints were referred. No maladministration was found in any of these cases.

Equality and Diversity

DSA has continued to recognise customer and workforce diversity requirements.

During 2005/06 we have:

- Provided equality and diversity training to all staff and introduced an ongoing programme for new starters.
- Provided Policy Impact Assessment training.
- Introduced diversity contacts to facilitate the mainstreaming of equality and diversity into all of the Agency's work.

- Introduced a Harassment Contact Advisor Network to provide a confidential communication point for members of staff who feel they have been subject to, or accused of, bullying or harassment in the workplace.
- Updated working practices and policies in line with best practice and legislative change.
- Appointed Executive Board members to champion specific diversity areas, and promote visible senior management support.
- Established and maintained Employee Network Groups to cover disability, sexual orientation and transgender, and race, to consider improvements to working life and the service provided to customers.
- As part of the Disability Duty, we began work on creating a Disability Equality Scheme, to be published in 2006.

We are committed to providing accessibility (where possible and practicable) for all our customers to our driving test centres. We ensure that any new or additional properties to our Estate will be fully compliant with the Disability Discrimination Act; this includes the acquisition of the new Multi Purpose Test Centres.



Electronic Channels

The move to greater usage of electronic channels has improved customer service and efficiency. DSA has taken extensive measures (internally and externally) to offer customers user friendly services.

DVO One Stop Service

We have worked closely with other DVO Agencies to change the motorists franchise on Directgov. This enables users to locate relevant information quickly and easily.



Directgov exploits customer overlap, by enabling common customers of different departments to access services from a single location that they might otherwise have been unaware of, had they visited individual websites.

Over time all DSA transactions will move to Directgov.

The Commercial Customer portal TransportOffice went live in November 2005. It provides a first point of call for all Government processes and information for commercial transport business.

The portal provides the customer access to DSA information, from the nearest test centres for a particular category of vehicle to information on training such as fleet driver training. This was a joint venture with DVLA and VOSA which has made it easier for customers to find and use Government information.

Web Based Booking

The second phase of our on-line practical test booking service went live in July 2005. This allowed customers to change their test (to an earlier or later date), cancel an existing booking, or make other changes including personal details, preferences and special requirements.

The proportion of people booking tests over the internet has continued to grow. At the end of the year 45% of all practical tests and 56% of theory tests were booked over the internet, compared with 27% and 40% respectively for the previous year.

The Integrated Register of Driver Trainers

The Integrated Register of Driver Trainers (IRDT) is a new software application system designed to consolidate six registers. It maintains information about

instructors/trainers and training establishments. The first phase went live in March 2005. The next phase will allow instructors and trainers to maintain their records via the web.

Automatic Driver Licence Issue (ADLI)

The ADLI system passes driving test pass results of candidates electronically to the DVLA on a daily basis. DVLA is then able to automatically issue a driving licence to qualified drivers. This year the system issued 415,000 pass results for driver licence issue.





**“ ...its the
quality of its
people that makes
DSA what it is... ”**



Road Safety and Compliance

Highlights:



We have taken steps in support of our road safety mission. Our educational material has been updated taking account of customer surveys and focus groups. Candidates can now also practise for their theory test on-line.

We have added two new modules to our Arrive Alive programme and we have developed partnerships with Road Safety Organisations aimed at improving the standard of inexperienced drivers. The take up rate for the Driver's Record (also known as the logbook) has been encouraging.

Post test training such as the Pass Plus scheme has provided newly qualified drivers with the chance to gain experiences not learnt pre test, for example night time and motorway driving.

We continued to work closely with major stakeholders, industry and partners on projects, to improve both pre and post testing; for candidates, potential driving instructors, taxi drivers and drivers of large vehicles.

Educational Opportunities and Materials

We continued to roll out our newly branded DSA range (as shown on pages 68-69) whilst conducting customer surveys and focus groups throughout the country. These resulted in the improved content and functionality of the Are You Ready DVD (given away free to all theory test applicants).

In February 2006 we launched DSA's on-line multiple choice practice theory test providing candidates with an additional way to prepare for the multiple choice part of the theory test.



We have been working with DfT in updating The Highway Code; managing the consultation exercises and collating comments. Work has started on the re-design to provide a fresh look for the new edition in 2007.

Arrive Alive

The Arrive Alive Road Safety Programme developed new partnerships with Road Safety Organisations to address the vulnerability of the young inexperienced driver. Two new modules were added to the programme, 'Arrive Alive Motorbike' which highlights the additional vulnerability of the rider on two wheels and 'You can drive too' which addresses issues for young people with mobility problems.



Our 'Classic' presentation module which delivers important road safety messages to 50-70 year old drivers was further developed during the year.

We delivered 4,931 Arrive Alive and Arrive Alive Classic presentations to a combined audience of 132,306.

Improving Driving Standards

DSA is very much committed to improving standards of driving for the novice and more experienced driver of all vehicle types. During 2005/06 we have committed to this in a number of ways:

Driver's Record

A copy of the Driver's Record ('logbook') was sent to all new car provisional licence holders and examiners offered a copy to all unsuccessful candidates. Supplies of logbooks are available for Driving Instructors at Driving Test Centres.



The take up rate by Instructors has been positive and the use of logbooks is increasingly seen as a valuable part of the training process for learner drivers.

The Driver's Record was recognised as a success by winning an international road safety award. RoadSafe, the charity which examines the entries for the Prince Michael International Road Safety Awards, selected our logbooks to win the Improved Education - Driver Education section.

Improving Standard of Driving Instructors

During the year we have:

- Continued to work with major stakeholders in researching and developing initiatives to improve the standard of driving instructors. Four separate studies were completed and the results were published on our web-site. The studies which advise on a driving instructor competency framework and set out options for the development of a framework for CPD for instructors have been used to inform discussions with the industry at two workshops. Work was also started to develop a detailed process map for the implementation of CPD, which will be followed by a pilot of the processes and full consultation with the ADI industry.

- Successfully introduced several pieces of legislation to modernise the requirements for those supervising learner drivers and update the arrangements for taking driving tests.
- Produced new regulations covering the rules for ADIs which consolidate earlier legislation.
- Continued to build upon the success and outputs from previous workshops with the major instructional industry stakeholders, to improve the way driving instructors are trained and assessed, and the delivery and content of the training they receive.

Attitude and Aptitude Test

In partnership with BSM and Pearson, we developed a prototype Attitude and Aptitude Assessment for people interested in becoming Approved Driving Instructors. It was designed to provide feedback on aptitudes and traits in a wide range of non-driving areas, such as temperament and business skills, that are considered important for a driving instructor. Over 500 volunteer trainee instructors took part in the trial to determine the psychometric validity of the assessment. The results of the trial were positive and we are now considering how to use the assessment, both for potential ADIs and as a prediction in other areas of driver training and assessment.



HPT for ADIs

Since January 2005 Hazard Perception Tests have been available for Approved Driving Instructors who did not pass HPT as part of qualifying for entry onto the Register. All ADIs have to meet this standard by December 2006.



Numbers coming forward were low initially but picked up towards the end of the year.

The publicity campaign to remind ADIs of the need to take this assessment undertaken throughout the year will continue. At the end of 2005/06, 52.5% of ADIs on the Register had successfully taken the Assessment, with some 18,500

ADIs still to pass.

Those who have not passed by 31 December will face removal action.

Driver Quality Monitoring (DQM)

We continued our work related road safety activities, such as monitoring the driving standards of bus drivers; by working with bus companies such as Stagecoach Devon and Arriva Scotland West who renewed their contracts in March 2006.



Taxi Testing

There are now 67 local authorities who participate in our taxi testing services by using the taxi test as part of their testing regulations. By working with local authorities we have helped them to provide safe and comfortable conveyance of



people in their communities. Participation is voluntary and initial contact with new perspective local authorities is made through our taxi testing team.

Post test training

Pass Plus

We have issued over 107,000 Pass Plus certificates this year (13% of all candidates passing their practical test).

To promote the scheme we have:

- issued over 700,000 copies of Drive On magazine to successful car test candidates, pointing out the information on Pass Plus.
- placed 400,000 Pass Plus leaflets in university fresher packs.
- sent out hundreds of media information packs, and gained positive coverage on the scheme in national newspapers.
- promoted local authority subsidised schemes in driving test centres across Great Britain.



- promoted the scheme to driving instructors through our training industry magazine, Despatch.
- given an award to instructors who demonstrated excellence in marketing the scheme to their candidates.
- given certificates of merit to two local authorities because their subsidy schemes and commitment to the Pass Plus Scheme was an excellent example of commitment to making local improvements in road safety.

Road Safety Bill

During the year we have worked in partnership with DfT to assist the successful passage of DSA's clauses in the Road Safety Bill.

Among other things powers being sought in the Bill would provide for:

- more equitable fee-charging powers that support the 'user-pays' principle and improve customer service.
- improvements to the arrangements for training, registering and supervising driving instructors and those in the business of providing paid driving instruction.

- delivery of some Road Safety Strategy key objectives.

Progress of the Bill continues and it is expected to be enacted during 2006.

Integrity

Fraud is being tackled by the Integrity team. By gathering and maintaining intelligence the team ensures the level of fraudulent activity in connection with the booking and conduct of the test is kept to a minimum. Police involvement has ensured pursuing investigations and prosecutions are successful.

We have successfully introduced several pieces of legislation to tighten up the ID requirements for test candidates in order to reduce opportunities to commit fraud.

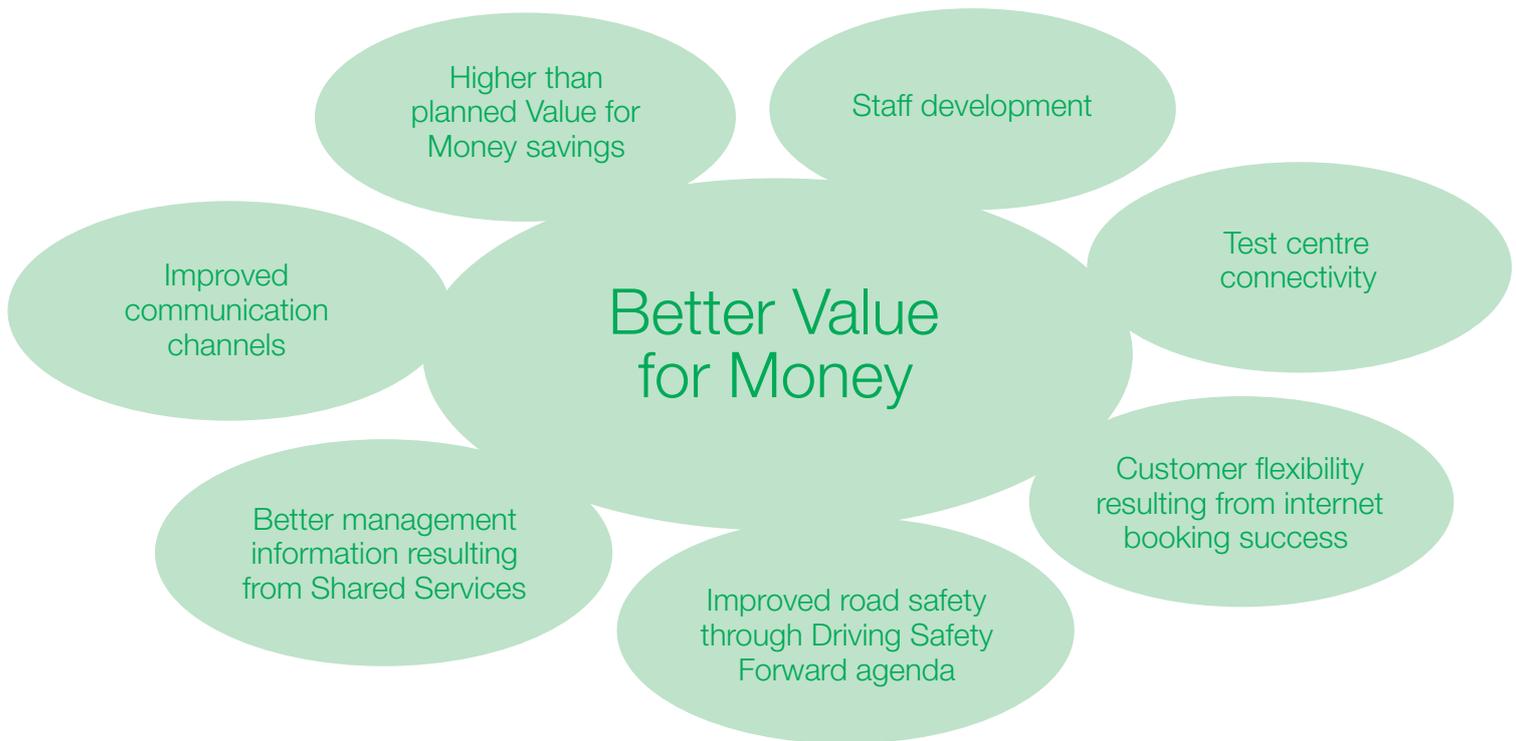


“ ...as I have a young family, flexibility is essential. I have found DSA are very supportive... **”**



Better Value for Money

Highlights:



We have made nearly £4.7 million savings for the first two years against the Value for Money Plan of £4.587 million. Effectiveness and efficiency gains such as internet usage for our booking services, contract reviews, and the introduction of e-learning amongst others have contributed to these savings.

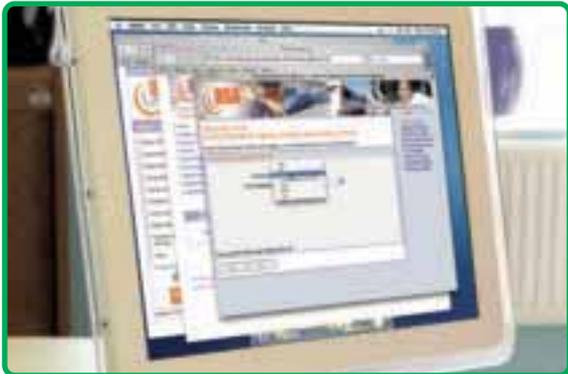
Effectiveness Gains

The rise in internet booking of practical tests has resulted in a reduction of call centre resources and provided efficiency savings of £1 million this year.

The take-up of the Automatic Speech Recognition has decreased this year as customers move towards internet booking, waiting time for car practical tests is maintained at the 6 week target and fewer customers are trying to re-arrange their practical driving test for an earlier date.

However ASR is more efficient than traditional call handling and resulted in a total saving of £405,628.

Two posts have been removed due to the introduction of the new scanning system of ADI documents which resulted in savings of £35,000 this year.



We have introduced an e-learning service. More than 50 courses (all mapped against the DVO Competency Framework) are currently on offer. Around 175 people have already accessed e-learning with the most popular courses covering Word, Excel, Change Management and Decision Making. The contract for e-learning has a variable monthly charge dependent on how many users are signed up by each DVO Agency. Savings of £34,000 have been realised from the take up of 112 e-learning packages.

Efficiency Gains

Negotiations with the theory test contractor about delivery of additional testing services resulted in an overall saving of £317,000 since implementation of the tests.

The re-tendering with effect from 1 October 2005 of the mechanical and electrical contract provided a saving of £35,000.

The re-tendering of the contract to print Pass Plus literature provided a saving of £30,000.

By using 'Clean Mail' system a reduction in postal charges has been made of £42,000 for the year.

A rebate on the theory test contract has been received from the provider where test centres are used by third parties which outturned at £95,000 against our forecast of £85,000 this year.

Digital Pens

We evaluated the use of digital pens to record the results of driving tests, but concluded that the costs of proceeding would outweigh the benefits.

Theory Test Efficiency and Effectiveness Review

We are continuing with our Efficiency and Effectiveness Review of the theory test service requirement to ensure that the operation remains focussed on current priorities and that the service is carried out in the most cost effective and cost efficient manner. This will allow us to place greater emphasis on the proactive contract management of key suppliers; both in terms of spend value and strategic importance.

Contract Management

A contract management programme has been created to ensure that our top 23 suppliers, both in terms of spend value and strategic importance, are proactively managed. This has led to improved supplier performance and enhanced value for money.

Procurement

We had planned to investigate our ordering systems to achieve more efficient processes; however this has been subsumed under the Department for Transport (DfT) Shared Service Centre project.

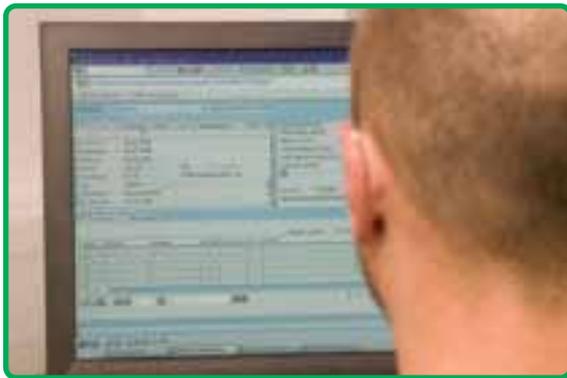
DVO procurement support

We acted as the procurement lead for the DVO Shared Virtual Contact Centre tender. The approach to procurement was cited as an example of good practice by the DVO Head of Projects and DVO Strategy and Resources Director.

Shared Services

Following the 2003 review of public sector efficiency we have been heavily involved in supporting the delivery of DfT-wide efficiency savings through the introduction of a DfT Shared Services Centre. This has involved agreeing common HR, Finance, Payroll and Procurement processes with all other DfT members before we make the transition to being supported on those activities by the new Shared Services Centre.

We have been working in collaboration with other parts of DfT to complete the blueprint design that will be used to configure the new SAP IT system that will be used to support the implementation of a Shared Service Centre in August 2006. Additionally



we have contributed to the DfT Procurement Strategy drafted to support creation of the Shared Service Centre and resultant new ways of working with the Department.

Benefits of this project include enabling all employees, but particularly managers, to capture information at source and receive better management information.

DSA and DVLA will be the first members of DfT to make the transition to shared services in Autumn 2006 with the remaining members of the Department to follow by 2009. Within 6 months of going live with the new system and processes we will release approximately 50 posts in Finance, Pay Unit and HR.

Organisational Design Review

The Agency is undertaking a comprehensive review of its organisation, structure and activities. This is to ensure that DSA is managed to deliver a wider contribution to road safety under our strap line of 'Safe Driving for Life', thereby, providing an efficient and effective service to all our customers.

Review of our Area Operational Structure

The planned review of our Area Operational structure commenced in May and is feeding into the wider DSA organisational review. This review will be in consultation with the Trade Unions and will be implemented during 2006/07.

Staff development

Driving Examiner Training

We have continued to demonstrate our commitment to providing the right number of Driving Examiners with the right skills to meet customer expectations. An additional 131 Driving Examiners were successfully trained this year to meet increased demand and to replace those lost through retirements and staff turnover. The higher than expected rate of new Driving Examiner training has meant that our planned programme of Update Courses for examiner grades has been slower to take off than anticipated, however initial feedback is good and we hope to drive the programme forward over the coming months.

Performance Development System

The new Performance Development System has been successfully implemented and all staff have now been through a complete performance management cycle including the 'End of Year' reporting stage. As the system progresses we hope to see the value of focussing on staff development in terms of improved service delivery and more staff feeling confident that they have the right skills to do their job well.

Occupational Health and Safety (OHS) Incidents On Test	2003/04	2004/05	2005/06
Accidents on test	622	855	828
Accidents on test / number of tests conducted	1:2,589	1:2,329	1:2,612
Near misses on test	181	241	248
Near misses on test / number of tests conducted	1:9,469	1:8,262	1:8,720
Assaults on test	197	325	359
Assaults on test / number of tests conducted	1:7,651	1:6,108	1:6,024

Flexible Home Based Workforce

We have formulated a home working guide and procedural documentation supporting possible future flexibility of employment through formalised home working arrangements. We have also continued to trial staggered testing arrangements, in order to improve opportunities for flexible working.

New Communication Channels for Staff and Stakeholders

During 2005/06 we introduced Standard Express which is an electronic version of our in-house magazine. It is issued on an ad hoc basis when required. Dashboard, our intranet, now includes a Driving Safety Forward area which gives staff information about our restructure. The Chief Executive has established a website, which encourages all members of staff to ask questions regarding any aspect of DSA.

Occupational Health and Safety (OHS)

The table above shows number of incidents on test over the last three years

- Accidents on test were 3% fewer than 2004/05
- Assaults: verbal saw a 5% increase and physical remained the same as last year. DSA has placed warning notices in test centres, the effectiveness of which will be evident in 2006/07.
- The proportion requiring medical treatment, first aid and self-treatment remained largely unchanged.
- The majority of injuries suffered by driving examiners continued to be whiplash.

Attendance Management

Unfortunately, sick absence levels remained unacceptably high at an average of 14.2 days per employee in 2005/06 against our target of 11.1 days; however this was a reduction from our 2004/05 average of 14.6 days.

Various improvement measures have been introduced during the year to increase awareness of the importance of attendance management as an issue and improve the information available to managers. These included:

- Provision of monthly reports to senior managers showing absence levels in their teams.
- An internal audit of management compliance with the sick absence policy and procedures.
- Identification of sick absence hot-spots and workshops for line managers in these locations.
- The launch of a sick absence toolkit for all managers.

- An increase in HR resources engaged in sick absence casework and resolution of long term sick cases.
- Ongoing benchmarking with DVO, Civil Service and private sector sick absence management best practice.

Support Services

PCs in Test Centres

We have:

- finished the roll out of PCs to Driving Test Centres
- completed basic computer training for over 1,800 examiners
- trained a third of examiners to make online expense claims

The programme of training examiners continues in preparation for implementation of the next phases of SAP under Shared Services.

SAPHR Phase 2

We did not implement SAP HR phase 2 because HR systems have been developed as part of the Shared Services project.

Knowledge Management

Research for the direction and strategy for knowledge management at DSA identified several areas for work, some of which have been taken forward this year included:

- work towards the standardisation of information collation and delivery, for example a project to standardise how we store and update the test route sheets used across the Agency and making them all available to our customers on our website.
- a review of all the internal forms in use, with the aim of reducing the amount of forms and providing standard versions of those we need.
- knowledge harvesting tools such as Frequently Asked Questions (FAQs), and Communities of Practice.

The DVO knowledge managers are now researching specific projects, one of which is to facilitate more sharing across the group by enabling people to readily find and contact colleagues in other agencies.

Consolidated Contact Centres

In line with DVO strategy, we have continued to consolidate our practical test call centre activities and together with channel migration are well positioned to complete consolidation of calls to one call centre location.



The successful growth in internet services and reduction in waiting times led to a drop in practical calls answered from 4.5 million in 2004/05 to 3.3 million this year. Automated speech recognition services also contributed to fewer calls having to be answered by call centre staff. These successes were reflected in surpassing the target reduction in the average number of telephone calls per application: 1.6 calls were answered per application compared to the target of 2.25.

As a result of the fall in call volumes, all temporary agency staff were released from Cardiff in September 2005 and no recruitment was undertaken to replace natural turnover of staff at call centres from November 2005.

Plans for the closure of Cardiff call centre by August 2006 are on schedule following training courses held in Newcastle, to enable the site to stand alone.

Workforce	March 05 Actual	March 06 Plan	March 06 Actual	March 07 Plan	March 08 Plan	March 09 Plan
Driving Examiners	1,813	1,786	1,889	2,039	2,046	2,073
Administration staff	648	689	652	696	695	678
Agency temps	141	80	47	-	-	-
Total	2,602	2,555	2,588	2,735	2,741	2,751

Workforce

The table above shows our workforce figures for driving examiners, administration and agency staff

Demand for the practical driving tests during 2005/06 exceeded planned levels and a net increase in the number of examiners has been necessary to meet this rising demand.

Estate Management

We have:

- put all DSA's property information on the government property database E-Pims and trained staff to use it.
- acquired five sites at Shrewsbury, Ipswich, Musselburgh, Newport and Gloucester to be developed for Multi Purpose Test Centres with facilities for off road motorcycle testing.
- opened a new Driving Test Centre in Borehamwood which has been a highly successful venture as a co-location with DVLA.

DSA constantly reviews its estate to ensure it meets the purpose for business. It is anticipated that over the next few years we will be able to rationalise our estate by approximately 17% by optimising the use of Multi Purpose Test Centre premises.







“ ...with DSA I have been given the opportunity to develop my skills and experiences... ”

4

Financing the Plan

Highlights:



Income for the year was higher than expected, mainly due to increased throughput of the practical test and fee increases.

Examiner costs increased but expenditure was still in-line with plan.

Results for the Year

The plan for the year was to return to an operating surplus approximately equivalent to the 3.5% average return on capital employed target of £2.0 million after the previous year's deficits. The actual outturn was substantially greater at £6.9 million

due to increased volumes of activity and the delayed impact of the Multi Purpose Test Centre project. After accounting for net interest the overall surplus totalled £8.1 million, some £6.1 million better than plan.

Fees and Income

The fee increases came into effect from 10 August 2005. The increase was the first part of a two stage strategy that will see a return to fee changes being implemented at the start of the financial year; the next increase took place on 1 April 2006. The increase in fees included a further stepped rise of £0.50 across all practical testing activities to meet the operating costs associated with the investment in new Multi Purpose Test Centres. Overall income for 2005/06 was £145 million compared to a planned level of £140 million, the increase being as a result of increased throughput of practical car tests.

Expenditure

Whilst expenditure for the year was overall in line with the plan at £138 million, higher travel and subsistence costs were incurred as a result of increased detachments to address the high waiting times at some test centres. Examiner pay costs were also above plan as recruitment and overtime increased to deliver the higher levels of activity. These costs were compensated for



through lower rentals and depreciation arising from delays in the investment programme in new Multi Purpose Test Centres.

Prompt Payments

The prompt payment target of 98% was achieved with an outturn of 99%. This further improvement in performance reflects the work undertaken in the previous year to establish the in-house scanning and registration of invoices and the continued proactive approach to the management of payments through the process.

Investment Programme

The overall actual capital expenditure was £6 million compared with a plan of £16 million; with a further £12.5 million being carried over from 2004/05. The main element of the investment programme for the year was the investment into the Multi Purpose Test Centre project. Although



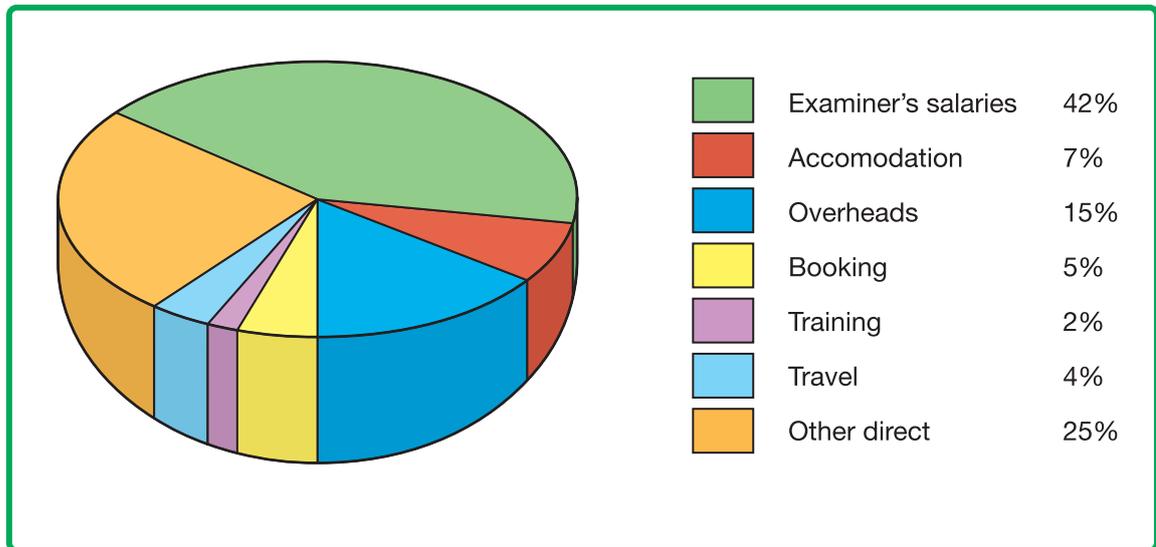
good progress was made with establishing the project and identifying a number of sites, with 5 being secured by the end of the year, only £1 million out of a budget of £20 million, inclusive of carry over, was spent during the year. Other investment projects were £2.5 million below plan plus brought forward to 2005/06.

Return on Capital Employed

The target level of return on capital employed set for DSA is to achieve an annual average of 3.5% of net assets over the 5 year period to 2008/09, having taken into account previous year's surpluses. After allowing for interest receivable the planned level of ROCE in the year was 6.1% and actual ROCE amounted to 17%.

Overall the Agency is currently £14.6 million ahead of its cumulative target. Future planned fees and operating surpluses will take account of this over-achievement in the next few years.

How we spent our fees





“ ...I have been with DSA since it became an Executive Agency and I still find the work I do interesting... ”

Chris Watkinson - Business Planning Manager

Highlights:





Risks and Risk Management

We have further embedded risk management within DSA this year by adopting new risk management processes and making all staff more aware of their role.

By monitoring Team risks we have been able to act on any potential risks via a high level risk register. Through this process we have also kept DVO informed of any high level risks which could have impacted upon DSA.

Risk Management

Risk Management has been an integral part of DSA's procedures since 2002. We have actively promoted risk management to embed it within the Agency, so helping to achieve our aims and objectives.

This has been completed in a number of ways.

- We have conducted a self assessment exercise which identified that risk management was not fully embedded within the Agency. A follow up self assessment exercise will be conducted in the summer of 2006.
- A refresher training course was delivered to all administrative staff and senior examiners who had been in post in 2002, and a fuller two day course for new appointees.
- In order to raise the profile of risk management for all staff within the Agency a booklet was produced as a quick guide, and a detailed article was printed in the staff magazine, The Standard.
- A Risk champion was appointed to act as a point of contact to encourage, promote and quality assure good risk management practice.



- Updated Standard Operating Procedures (SOP) were made available to all staff via our intranet system.
- Business Managers encourage good risk management practices when conducting their quarterly review meetings with Heads of Branch, by helping Branches complete their risk registers correctly in accordance with the SOP.
- ARMC review and advise on the mechanisms for the assessment and management of risk in DSA.

Risk Registers

The management actions identified to mitigate the main risks to achieving the Secretary of State's targets were fully implemented and as a consequence the majority of the targets were met.

Demand for testing did exceed our forecasts but regular reviews and active management, accompanied with a related recruitment plan meant that the customer targets on timeliness and satisfaction were achieved.

As part of the compliance targets we achieved the quality assurance ones for trainers and examiners by prioritising the workloads of staff involved in the testing. We failed to achieve the Arrive Alive target on presentations as the risk envisaged (Unable to release presenters because of the demands of statutory activities) came to fruition and the mitigating actions were unable to overcome it. We also failed on achieving the Pass Plus targets and acquiring a number of Multi Purpose Test Centre sites.

The risks on the Value for Money target were well managed by the mitigating actions planned so all the targets were met, except for the reduced average sick absence per employee.



“ ...I have found the role both interesting and rewarding with many development opportunities... **”**

Hazel Vollam - Driving Examiner



Management Commentary

Business Objectives

The business objectives of the Driving Standards Agency are set out on page 4 of the Annual Report. This Annual Report meets the HMT requirements for disclosure of matters to be dealt with in a Directors Report in the Management Commentary or within the body of the Annual Report and Accounts.

DSA was created in April 1990 as an Executive Agency of the Department of Transport. DSA attained Trading Fund status under the provisions of the Government Trading Funds Act 1973, as amended, with effect from 1 April 1997.

DSA's core business is conducting practical and theory tests for drivers of cars, lorries, passenger vehicles and riders of motorcycles, together with the control of the Register of Approved Driving Instructors. The primary aim of DSA is to promote road safety in Great Britain through improving driving standards and to test drivers, motorcyclists and driving instructors fairly and efficiently through the theory and practical driving tests.

Statutory Framework

The statutory framework within which DSA currently conducts driving tests is:

- Parts III and IV of the Road Traffic Act 1988 [as amended] together with the Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/2864) [as amended].

In addition, DSA is responsible for: -

- The approval and authorisation of Approved Training Bodies for training courses for learner motorcyclists (The Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/2864) [as amended]); and
- the operation and management of the Register of Approved Driving Instructors - part V of the Road Traffic Act 1988 as amended by the Road Traffic (Driving Instruction by Disabled Persons) Act 1993 together with the Motor Cars (Driving Instruction) Regulations 2005 (SI 2005 No 1902) and, as regards appeals, Transport Tribunal Rules 2002 (SI 2002 No. 643)

Financial Objectives

The Government Trading Funds Act 1973, as amended, lays upon the Minister responsible for each fund the financial objective of:

- managing the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
- achieving such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

The financial objective of the Driving Standards Agency for the 5 year period from 1 April 2004 to 31 March 2009 is achieving a return, averaged over the period as a whole, of at least 3.5% on the average capital employed after offsetting the surplus in respect of 2003/04 and earlier years. The financial targets were set in the Treasury Minute dated 19 November 2004 which is reproduced at Annex A.

Market Value of Land and Buildings

Freehold and leasehold land and buildings are re-valued every year with approximately one fifth of the estate being valued by the Valuation Office Agency. The revaluation index resulting from this exercise is applied across the remainder of the properties. The Directors believe that there is no significant difference between the book values and market values of the land and buildings. Further details of the movement in tangible fixed assets are set out in note 7 to the financial statements.

Policy in relation to disabled employees and consultation with staff

Full and fair consideration is given to applications for employment by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible

arrangements are made for the continuing employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled employees. Formal and informal negotiations and consultations are conducted with trade unions, at both local and national Whitley Councils.

Auditor

The Comptroller and Auditor General (C&AG) is the appointed auditor for the Driving Standards Agency. The audit work for the 2005/06 accounts cost £54,000 (2004/05: £54,000), the C&AG did not conduct any other work for the Agency during the year. DSA's Directors have confirmed that there is no relevant audit information, of which the auditor was unaware, and that they have taken steps to ensure that they are aware of any relevant audit information and that the auditor is aware of that information.

Payment of Creditors Policy

DSA is committed to both the CBI code on creditors and DTI's Better Payment Practice. DSA's policy is that all bills should be paid in accordance with contractual conditions. Where no conditions exist, payment will be made within 30 days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. DSA achieved payments in accordance with this policy in 99% of transactions for the year. The performance is measured in accordance with HM Treasury guidelines.

Pensions

Information regarding pensions is given in the Remuneration Report on page 43 and described at note 19. The accounting policy note in the accounts also refers to our treatment of pensions.

Development and performance of the business during the financial year.

Demand for practical driving tests continued to rise, underpinning a 9%

increase in practical test throughput in comparison to 2004/05. Demand for car testing in particular saw another record for recent years rising by a further 10% from last year and outturning some 147,000 above expected levels. Demand for theory tests increased by 7% compared to last year.

We deployed special measures such as early practical test slots, Sunday testing and increased use of fee paid examiners. Our contingency plans for managing further growth in demand were implemented and by the end of 2005/06 an additional 131 examiners had successfully completed training, exceeding our original target of 44. As a result, by December waiting times had reduced substantially to 5.8 weeks and continued to drop steadily each month to 4.9 weeks at the end of the year.

This year we introduced several changes and improvements to benefit our customers:

- The second phase of our internet booking service went live on 3 July enabling customers to amend booked details, change a booking to an earlier or later date, make any additional payments or cancel a booking and invoke a fee refund.
- We appointed a Business Customer Relationship Manager and introduced an email registration service so business customers could get updates and news sent to them electronically.
- From 1 November the number of days' notice customers needed to give us to cancel or change a practical driving test without losing the test fee was reduced from 10 to 3 clear working days.
- On 1 September we launched two new road safety Arrive Alive modules; 'Arrive Alive Bike' which highlights the dangers that can be encountered and the increased vulnerability of being on two wheels, and 'You Can Drive Too' which is designed to help young adults with mobility problems.

In March DSA's Integrated Register of Driver Trainers went live. This replaced three of the five existing register systems within DSA with one unified register for all instructors/trainers and establishments.

A major project to put PCs in to all our practical driving test centres was completed this year to improve communications.

We continued work on up-grading our test centre estate both to increase capacity at high wait centres and to continue to improve candidate facilities such as addressing disability access issues.

Position at the end of the year.

DSA planned to return to an operating surplus approximately equivalent to the 3.5% average return on capital employed target (£2.0 million) after the previous years deficits. The actual outturn was substantially greater at £6.9m. After accounting for net interest the overall surplus totalled £8.1m, some £6.1m better than plan.

DSA had planned for a surplus year, in line with the overall ROCE target set by Ministers, actual operating surplus was £6,855,000 (2004/05: £1,505,000 deficit). Operating income was above plan due to increased throughput of practical car tests. Expenditure for the year was exactly in line with the plan at £138.2 million. Higher travel and subsistence costs were incurred as a result of increased detachments to address the high waiting times at some test centres. Examiner pay costs were also above plan as recruitment and overtime increased to deliver the higher levels of activity. Lower rental costs and depreciation resulted from delays in the investment programme into the new Multi Purpose Test Centres. Together with the decreased examiner costs, these offset the increases in expenditure experienced elsewhere.

No dividend is due to DfT for the year (2004/05: £100,000) as loan interest and repayments exceed the 3.5% return as set out in note 6 of the Accounts.

The target level of return on capital employed set for DSA is to achieve an annual average of 3.5% of net assets over the 5 year period to 2008/09, having taken into account previous years' surpluses. After allowing for interest receivable the planned level of ROCE in the year was 6.1% and actual ROCE amounted to 17.1%. Overall the Agency is currently £14.6m ahead of its cumulative target, future planned fees and operating surpluses will take account of this over-achievement in the next few years.

Environmental Matters

DSA's managing agents and contractors carry out regular inspections of properties and have in place schedules for planned preventative maintenance and identifying potential environmental improvements to sites.

The Sustainable Development Commission (the Government's independent advisory body on sustainable development) published on 8 December 2005, a case study about DSA's work on eco-safe driving.

In order to reduce fuel consumption we have continued to implement a Hire Car Policy which limits the engine size to 1.8L, and promote the use of video conferencing to reduce business mileage.

We continue to promote the interest free loans available to staff for bicycle purchase and encourage staff to use public transport by granting an advance of salary for the purchase of rail, bus and tram season tickets.

Social Impacts

We have introduced a number of measures that cover the areas included in the DEFRA framework document (Social Impacts - Part I of sustainable Development on the Government Estate document) including the promotion of volunteering, working on the retention of Investors in People accreditation (re-accreditation takes place in June of 2006) and the consideration of

equality issues through the setting up of workplace committees to discuss issues such as Race, Disability, and Sexual Orientation.

Reduction in waste

During the year 19.5% of DSA's electricity consumption was from 'green' sustainable sources with some 28 sites running exclusively on 'green'.

We recently introduced an improved paper recycling scheme as well as can recycling and cardboard recycling at HQ. A trial recycling scheme is being piloted in three driving test centres in the Midlands and Eastern area. This pilot has only just started so the amount of waste recycled is not yet known. Once the pilot has been completed a cost benefit analysis will take place.

Sustainable Procurement

A Sustainable Development Contacts Forum convenes quarterly to share good practice Agency wide.

For timber procurement we have adopted the standard condition of contract that requires contractors to ensure that any timber or timber products supplied to the Government, whether as solid wood (e.g. planks, plywood) or as part of a product (paper, furniture, printed materials), were derived from legally harvested trees.

DSA has introduced an Environmental Management System (EMS) for two major office buildings and our training centre. The EMS is web based and is in accordance with the Framework for Sustainable Development on the Government Estate.

Future Developments

Our Business Plan for 2006/07 will see the start of DSA moving beyond its role of a practical test supplier and becoming more proactive in our wider role of safe driving for life. We plan to maintain our levels of customer satisfaction and to continue to ensure the quality and integrity of the driving test but also make a real difference to driver standards.

In 2006/07 we plan to start a programme of improved and more effective testing and assessment programmes to influence all stages in a driver's life. Our existing Arrive Alive programmes will be extended and designed to influence the long-term behaviour of young people. Programmes will be delivered in schools and to young offenders. And, for the experienced driver, our Arrive Alive Classic programme will be extended to provide greater coverage. We will also raise the profile of Pass Plus, this builds on tuition already received by the novice driver, and we will work with the insurance industry, which already provide incentives for them undertaking Pass Plus through lower premiums.

For the specialist driver, EU rules will require the introduction of a new initial qualification process for professional bus and lorry drivers from 2008 and 2009 respectively, plus 5 yearly periodic training requirements for recertification. Following a period of consultation the implementation process will be put in place.

A vital aspect to raising driving standards is to ensure that trainers deliver a high standard of training. We are planning to investigate the possibility of introducing a modular training course for those who train trainers to help ensure that bespoke training of the highest quality is available. We are discussing Continuing Professional Development with the industry which should ensure that standards of instruction and professionalism are developed throughout an ADI's period of registration.

Through these future plans we will be in a better position to implement the Road Safety Bill. These measures will benefit the public as direct consumers of driver training services and as general road users through improved road safety.



Rosemary Thew - Chief Executive
5th July 2006



“ ...the
examiner was
nice and friendly and
made me feel really
relaxed.... ”



Remuneration Report

Policy:

The Agency has the authority to determine the terms and conditions relating to the remuneration (excluding pensions) of their own staff below Senior Civil Service grades and the payment of allowances to all staff.

The Agency has developed arrangements for the remuneration of their staff which are appropriate to the business needs, are consistent with Government's policies on the Civil Service and public sector pay and observe public spending controls. The arrangements for remuneration of staff have been developed in conjunction with the arrangements for organisational change and reward systems and reflect the following key principles:

- a) Value for money from the pay bill;
- b) Financial control of the pay bill;
- c) Flexibility in pay systems;
- d) A close and effective link between pay and performance; and
- e) Compliance with employment legislation.

The varying components of pay, pension provision, leave and other terms and conditions are taken into account.

In addition, the Agency seeks to follow generic pay principles, adopted in DfT and its Executive Agencies, so as to avoid equal pay tensions and differences in terms across the DfT family.

Service Contracts:

Appointments are made in accordance with the Agency's recruitment code, which requires appointments to be made on merit and on the basis of open and fair competition, but also include the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal pension retirement age of 60.

Salary and Pension Entitlements:

The following section provides details of the remuneration and pension interests of the most senior members of the Driving Standards Agency.

Remuneration

Remuneration '000s	2005/06		2004/05	
	Salary, including performance pay	Benefits in kind	Salary, including performance pay	Benefits in kind
Gary Austin, Chief Executive End date 30/09/05 pro rata ^a	45-50	-	95-100	-
Rosemary Thew, Chief Executive Start date 01/10/05 pro rata	45-50	-	n/a	-
Brian Gilhooley, Director	60-65 ^b	-	60-65 ^c	-
Kathy Gillatt, Director	70-75	-	65-70	-
Robin Cummins, Chief Driving Examiner End date 31/08/05 pro rata	25-30	1.7 ^d	55-60	3.8
Trevor Wedge, Chief Driving Examiner Start date 01/01/06 pro rata	10-15	1.4 ^d	n/a	-
Andrew Beveridge, Director	60-65	-	55-60	-
Paul Butler, Director	60-65	-	55-60	-
David Jones, Director Start date 11/07/05 pro rata	35-45	-	n/a	-
Gordon Court, Director	Consent to disclosure withheld			
Barry Morris, Chief Driving Examiner	Consent to disclosure withheld			
Christine Morris, Director	Consent to disclosure withheld			

- a) Gary Austin continued to be paid by DSA at the same rate until the end of his contract in February 2006 whilst being employed on alternative DfT work.
- b) Includes £6,800 in respect of salaried travel and subsistence payments.
- c) Includes £8,223 in respect of salaried travel and subsistence payments.
- d) This taxable benefit relates to the provision of a car.

Salary

Salary includes gross basic salary; performance pay or bonuses; overtime; London allowances and any other allowance that is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefit provided by the Agency and treated by Her Majesty's Revenue and Customs as a taxable emolument.

Pension Benefits

Pension Benefits	Real increase in Pension £	Real increase in lump sum £	Pension at End Date £	Lump sum at End Date £	CETV at Start Date £'000	CETV at End Date £'000	Employee contributions and transfers in £	Real increase in CETV funded by employer £'000
Gary Austin, Chief Executive End date 30/09/05	772	2,318	29,894	89,682	425	498	730	13
Rosemary Thew, Chief Executive Start date 01/10/05	3,512	10,537	43,636	130,909	800	972	716	78
Brian Gilhooley, Director	1,577	5,365	30,560	91,679	546	698	917	36
Kathy Gillatt, Director	1,149	3,446	10,355	31,064	107	163	1,056	17
Robin Cummins, Chief Driving Examiner, End date 31/08/05	546	1,636	21,836	65,509	403	460	391	12
Trevor Wedge, Chief Driving Examiner, Start date 01/01/06	846	2,539	10,884	32,651	191	213	193	16
Andrew Beveridge, Director	888	2,665	3,179	9,538	36	62	917	16
Paul Butler, Director	2,218	6,646	27,394	81,993	458	612	2,153	47
David Jones, Director Start date 11/07/05	838	127	3,410	1,510	38	56	584	13
Gordon Court, Director	Consent to disclosure withheld							
Barry Morris, Chief Driving Examiner	Consent to disclosure withheld							
Christine Morris, Director	Consent to disclosure withheld							

Civil Service Pensions

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Advisory Board Members

The Advisory Board members for the year were as follows:

Stephen Hickey - Chairman and DVO Director General
Jonathan Moor - Strategy and Resources Director (until December 2005)
Vivien Bodnar - Strategy and Resources Director (from January 2006)
Gary Austin - DSA Chief Executive (until September 2005)
Rosemary Thew - DSA Chief Executive (from October 2005)
Kathy Gillatt - DSA Finance Director
Leslie Packer - DfT policy representative (until June 2005)
Michael Fawcett - DfT policy representative (from July 2005)
David Leibling - non-executive
Alec Cowan - non-executive
Geraldine Terry - non-executive (from January 2006)
John Mayhead - non-executive (May - December 2005)

The Advisory Board ceased to exist after 31 March 2006 and for future years the DVO Board will take its responsibility.

The non-executive members of the Advisory Board are remunerated by DfT.

Employee and Staff Costs

Details of employee numbers and staff costs are contained within note 3 to the Accounts.



Rosemary Thew - Chief Executive
5th July 2006



**The Accounts
2005/06**

Statement on Internal Control

Scope of Responsibility - As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Driving Standards Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

- The DSA operates in accordance with the DVO Corporate Governance Handbook. This defines the Agency's operating and financial accountability and responsibility.
- My staff work closely with their counterparts in the Driver and Vehicle Operators Group (DVO) to ensure planning and performance are compatible, clear accountability for risk management is agreed, joint action is taken where appropriate to manage, transfer or tolerate risks, and the Group are kept informed of risks as appropriate.
- The DSA Advisory Board reviews the strategic direction of DSA. It reviews progress towards key targets, financial performance and other objectives. Its membership comprises the Director General of DVO, DVO Finance Director, DSA Finance Director, DSA Chief Executive, DfT policy representative and Non-Executive Directors. The Advisory Board meets four times a year. The Advisory Board ceased to exist after 31 March 2006 and for future years the DVO Board will take this responsibility.

The Purpose of the System of Internal Control - The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

- identify and prioritise the risks to the achievement of Agency policies, aims and objectives,
- evaluate the likelihood of those risks being realised, and the impact should they be realised
- manage risks efficiently, effectively and economically.

The system of internal control has been in place in DSA for the year ended 31 March 2006 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance. The principles set out in 'Corporate Governance in central government departments: code of good practice' have been applied where appropriate.

The Capacity to Handle Risk -

- The Agency's approach to risk management is established in its risk management policy. DSA's risk management plan, which is reviewed and updated annually, sets out the way in which risk is to be treated within the Agency.
- The Agency's Finance Director champions the cause of risk management, through the monthly meetings of the Executive Board, where risk management and corporate governance are standing agenda items.
- The DSA Audit and Risk Management Committee (ARMC) meet quarterly and oversees the high level risk management process and reviews the high level risk register. It also meets with internal and auditors and reports to the DSA Executive Board which is chaired by a Non-Executive Director.
- DSA's risk management plan provides guidance to staff on the definitions, criteria and methods available for risk assessment. This guidance was updated in July 2005.
- DSA's risk management process is reviewed annually and appropriate revisions are made as approved by the Executive Board.

- The DSA's fraud response and integrity team reviews the measures and risks in place to combat fraud.
- The DSA supplies monthly performance and financial report information to the DVO Executive Board for review, actions and resources are adjusted accordingly.

Risk and Control Framework -

- Within DSA new projects or initiatives are assessed individually by reference to potential business impact, availability of resources and value for money of stakeholder benefits.
- Risks to successful delivery of the Agency's operational and control objectives are identified and evaluated by Managers, Project Sponsors and the Executive Board.
- Where significant procurement is involved, the Office of Government Commerce (OGC) risk model is applied, and OGC gateway reviews are undertaken.
- All major projects are subject to approved project management methodology, PRINCE2, including the use of project risk registers.
- Public stakeholders are involved in the extensive consultation process that precedes changes in policy and regulation and on the impact of Health and Safety regulations at the Agency's interface with the public, i.e. at test centres.
- All decision and information papers for the Advisory Board include explicit consideration of risk and any potential new risks. Members of the Advisory Board receive a copy of ARMC minutes and feedback is given to the Advisory Board by the non-executive chair.

Review of Effectiveness - As

Accounting Officer I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their

management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Management Committee and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

- On an annual basis, Heads of Branch provide assurance through stewardship certificates.
- Internal Audit operates to the standards defined in the Government Internal Audit Standards including, a risk based audit approach to developing the annual internal audit programme.
- Internal audit provide an annual report of audit activity in the agency which includes an independent opinion on the adequacy and effectiveness of the agency's system of internal control, together with recommendations for improvement.
- Annual Audit Opinion;

“ My overall opinion is that I can provide substantial assurance that DSA's risk management, governance arrangements and control systems are established and working effectively.

Where we have identified the need for control enhancements, these have not been significant in the context of the overall control environment. Where such enhancements were identified, corrective action agreed has contributed to the assurance required within the Statement on Internal Control. ”

H L Field

Heather Field – Head of Internal Audit
26th June 2006

Rosemary Thew

Rosemary Thew – Chief Executive
5th July 2006

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

I certify that I have audited the financial statements of the Driving Standards Agency for the year ended 31 March 2006 under the Government Trading Funds Act 1973. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Driving Standards Agency, Chief Executive and Auditor

The Driving Standards Agency and Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency's and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Driving Standards Agency has not kept proper accounting

records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 50-51 reflects the Driving Standards Agency's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Driving Standards Agency's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Trading Fund Act 1973 and directions made thereunder by HM Treasury, of the state of the Driving Standards Agency's affairs as at 31 March 2006 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Fund Act 1973 and HM Treasury directions made thereunder; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn - Comptroller
and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London SW1W 9SP

11th July 2006

Statement of Agency's and Chief Executive's Responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Driving Standards Agency to prepare a statement of accounts for 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 Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- Observe the Accounts Direction issued by the 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 have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Treasury has appointed the Chief Executive of the Driving Standards Agency as the Accounting Officer of the Agency. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the DVO Governance Handbook, and the Accounting Officers' Memorandum issued by the Treasury and published in 'Government Accounting'.

Income & Expenditure Account - For the year ended 31 March 2006

	Notes	2005/06		2004/05	
		£'000	£'000	£'000	£'000
Income					
Income from activities	2	140,589		122,503	
Other operating income	2	4,463		5,563	
			145,052		128,066
Expenditure					
Staff costs	3	76,085		67,278	
Depreciation	7	5,014		4,545	
Other operating charges	4	57,098		57,748	
			138,197		129,571
Operating Surplus/(Deficit)			6,855		(1,505)
Surplus/(Deficit) on disposal of fixed assets			149		(64)
Surplus/(Deficit) on ordinary activities before interest			7,004		(1,569)
Interest receivable	5	1,901		1,891	
Interest payable	6	(850)		(673)	
Dividends payable	6	-		(100)	
Net interest and dividends			1,051		1,118
Retained Surplus/(Deficit) for the year			8,055		(451)

All income and expenditure is derived from continuing operating activities.

Accounting policies and notes forming part of these accounts are on pages 57 to 66.

Statement of Total Recognised Gains & Losses - For the year ended 31 March 2006

	2005/06	2004/05
	£'000	£'000
Surplus/(Deficit) for the year	8,055	(451)
Unrealised surplus/(deficit) on asset revaluations	2,731	(1,836)
	10,786	(2,287)

Balance Sheet - As at 31 March 2006

	Notes	31 March 2006		31 March 2005	
		£'000	£'000	£'000	Restated £'000
Fixed assets					
Tangible assets	7		35,699		32,249
Current assets					
Debtors falling due within one year	8	6,848		6,223	
Debtors falling due after more than one year	9	1,394		4,728	
Deposits with National Loans Fund	18	40,000		-	
Cash at bank and in hand	18	16,283		41,400	
		<u>64,525</u>		<u>52,351</u>	
Creditors (amounts falling due within one year)	10	<u>(30,534)</u>		<u>(34,478)</u>	
Net current assets			<u>33,991</u>		<u>17,873</u>
Total assets less current liabilities			<u>69,690</u>		<u>50,122</u>
Creditors (amounts falling due after more than one year)	11		<u>(2,347)</u>		<u>(2,256)</u>
Provisions for liabilities and charges	12		<u>(3,639)</u>		<u>(3,563)</u>
Total net assets			<u>63,704</u>		<u>44,303</u>
Financed by					
Capital and reserves					
Public dividend capital			3,475		3,475
Loans from the Secretary of State	13		20,626		10,792
Government grant reserve	14		2,635		4,338
General fund	15		27,993		19,716
Revaluation reserve	16		8,975		5,982
			<u>63,704</u>		<u>44,303</u>

Accounting policies and notes forming part of these accounts are on pages 57 to 66.

The presentation of the balance sheet has been amended to include creditors over one year and provisions within the net assets figure, this has resulted in a restatement of the balance sheet as at 31 March 2005.



Rosemary Thew - Chief Executive
5th July 2006

Cash Flow Statement - For the year ended 31 March 2006

	Notes	2005/06 £'000	2004/05 £'000
Cash flow statement			
Net Cash inflow/(outflow) from operating activities		8,758	(1,261)
Return on investments and servicing of finance	17	770	1,417
Capital expenditure	17	(4,596)	(5,836)
Dividends paid		(100)	(1,845)
		4,832	(7,525)
Cash inflow/(outflow) before use of liquid resources and financing			
Management of liquid resources	18	(40,000)	20,000
Financing	17	10,051	(596)
		(25,117)	11,879
(Decrease)/increase in cash	18		
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating Surplus/(deficit) before interest		7,004	(1,569)
Depreciation	7	5,014	4,545
Revaluation of assets released to the income and expenditure account	4	280	(97)
Amortisation of capital grants	4	(1,580)	(1,052)
(Surplus)/deficit on disposal of assets		(149)	64
Decrease/(increase) in debtors		2,662	(7,142)
Receipt of capital grants		68	60
Net movement in provisions		76	621
(Decrease)/increase in creditors		(4,617)	3,309
		8,758	(1,261)
Net Cash inflow/(outflow) from operating activities			
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year	18	(25,117)	11,879
Cash outflow/(inflow) from increase in liquid resources	18	40,000	(20,000)
Net movement in loans	18	(10,051)	596
		4,832	(7,525)
Change in net funds			
Net funds at 1 April	18	29,374	36,899
		34,206	29,374
Net funds at 31 March	18		

Accounting policies and notes forming part of these accounts are on pages 57 to 66.

Notes to the Financial Accounts

Note 1 - Accounting Policies

(a) Accounting Conventions

The accounts have been prepared under the historic cost convention modified to include revaluation of fixed assets, to meet the requirements of the Companies Act 1985, and the accounting standards issued and approved by the Accounting Standards Board, so far as those requirements are appropriate. They are in accordance with the Financial Reporting Manual (FRM) and the Accounts Direction issued by the Treasury.

(b) Revaluation and Depreciation of Fixed Assets

Approximately a fifth of the Agency's land and buildings are valued each year by the Valuations Office Agency in accordance with the RICS Appraisal and Valuation Manual and the values of the remaining properties increased or decreased by extrapolating the results from those valuations. Other fixed assets are revalued annually using appropriate current cost accounting indices published by the Office of National Statistics. Indices are first applied in the year following acquisition.

Depreciation on such revalued assets is provided on a straight-line basis over the estimated useful lives of the assets, starting on the date the asset is brought into use. Fixed assets are stated at valuation less accumulated depreciation.

The minimum value for capitalisation is £2,000 for individual assets, although all computer hardware is capitalised irrespective of value. Items of a lower value can be capitalised where these form part of a larger group of assets or a specific project.

The asset categories and estimated useful lives are as follows:

Land and buildings:

Freehold land	No depreciation
Historic leasehold land	Life of the lease
Freehold and historic leasehold buildings	Lower of estimated useful life or 40 years
Enhancements to modern leasehold properties	Life of the lease

Furniture and fittings 5 years

Motor vehicles 5 years

Other equipment:

IT Systems	5-7 years
Computer equipment	3 years
Other equipment	5 years
Test booking system	7 years

(c) Operating Leases

Payments in relation to operating leases are charged to the income and expenditure account on the basis of rentals payable in the year.

(d) Income Recognition

Income from activities represents the value of driving test fees, fees for testing Approved Driving Instructors, and fees for certificates issued to Approved Training Bodies for basic motorcycle training. Although test fees are received in advance, income is only recognised when a test (or its equivalent) is completed.

(e) Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes, which are described at Note 19 and in the civil service pensions section of the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes.

(f) Management of Liquid Resources

Cash not required for short-term operational needs is deposited with the National Loans Fund, which pays a higher rate of interest than can be obtained from the current account. These deposits may last from one week to six months and the funds are not available until the end of the deposit period. These deposits have been shown as liquid resources within the cash flow statement.

(g) Government Grants

Grants received for capital assets are credited to the Government Grant Reserve, which is released to the Income and Expenditure Account over the expected useful lives of the relevant assets.

(h) Value Added Tax

DSA is not separately registered for VAT and VAT is accounted for through the Department for Transport (DfT) group registration. Through the DfT registration, under direction from Treasury, DSA recovers VAT on certain contracted out services. Income and expenditure are shown net of VAT, except where input VAT is irrecoverable when it is then charged to the relevant expenditure category or capitalised within fixed assets where appropriate.

Note 2 - Income & (Deficit)/Surplus on Activities

The Agency is required by the Treasury Direction and Fees and Charges Guide to disclose segmental information for the different services provided as below. This note is not provided for SSAP 25 purposes.

Turnover, Costs & Surplus/(Deficit) by Activity

Activity	2005/06			2004/05		
	Turnover £'000	Costs £'000	Surplus/ (Deficit) £'000	Turnover £'000	Costs £'000	Surplus/ (Deficit) £'000
Cars	85,035	80,937	4,098	70,630	74,331	(3,701)
Large goods/passenger vehicles	9,423	8,362	1,061	7,931	7,519	412
Motorcycles	4,576	4,706	(130)	4,135	4,774	(639)
Approved Driving Instructor	8,384	9,002	(618)	7,202	7,789	(587)
Compulsory Basic Training	1,463	1,378	85	1,425	877	548
Theory Testing	31,708	29,197	2,511	31,180	29,013	2,167
Total Statutory Services	140,589	133,582	7,007	122,503	124,303	(1,800)
Other operating activities	4,463	3,922	541	5,563	4,512	1,051
Sub total	145,052	137,504	7,548	128,066	128,815	(749)
Group incentive bonus (including ERNIC)	-	693	(693)	-	756	(756)
Operating Surplus/(Deficit)	145,052	138,197	6,855	128,066	129,571	(1,505)
Disposal of fixed assets	-	(149)	149	-	64	(64)
Net interest and dividends	-	(1,051)	1,051	-	(1,118)	1,118
Total	145,052	136,997	8,055	128,066	128,517	(451)

Each Statutory Service has a financial objective to recover full costs inclusive of a rate of return on capital employed of 3.5%, taking one year with another. Other operating activities have a financial objective set under the HM Treasury Fees and Charges Guide to recover full costs, as a whole, having taken into account the relevant return on capital employed. The above costs exclude any charge for return on capital employed.

Other operating activities comprises any activities that are non-statutory including commercial activities such as publications, taxi testing, driver quality monitoring and copyright licensing as well as other services such as the Arrive Alive programme and the provision of external training courses.

The analysis of other operating activities income is as follows:

	2005/06 £'000	2004/05 Restated £'000
Royalties from sales of publications	1,426	1,452
Practical test call centre income	583	933
Taxi testing	467	350
Driver Quality Monitoring	397	359
Department for Transport Arrive Alive funding	394	832
Publication licenses	381	563
External training candidate fees	291	145
Commercial receipts through the theory test channel	11	515
Other sundry income	513	414
	4,463	5,563

Prior year comparators have been restated to provide for the additional analysis shown for the current year.

Note 3 - Employee & Staff Costs

a) Staff costs comprise:

	2005/06 £'000	2004/05 £'000
Wages and salaries	59,909	54,134
Group incentive bonus	645	704
Social security costs	4,532	4,082
Pension costs	9,526	6,194
Agency staff	1,473	2,164
Gross paybill	76,085	67,278

b) The average number of employees during the year was:

	2005/06 Number	2004/05 Number
Management	87	78
Administrative and support	589	558
Professional and technical	1,849	1,737
Total civil service staff	2,525	2,373
Agency staff	86	152
	2,611	2,525

Note 4 - Other Operating Charges

	Notes	2005/06 £'000	2004/05 Restated £'000
Theory Test net contractor charges		25,770	24,527
Operating lease rentals: buildings		3,992	4,566
Accommodation costs		6,060	6,489
Administration		4,170	5,628
Staff travel and subsistence		6,066	5,359
Computer agency charges		5,274	4,304
Audit fee		54	54
Revaluation of assets released to the income and expenditure account	16	280	(97)
Amortisation of capital grants	14	(1,580)	(1,052)
Net increases/(reversals) in provisions required in the year	12	1,158	1,571
Other services		5,854	6,399
		57,098	57,748

Prior year comparators have been restated to re-analyse the utilisation of provisions from the movement in provisions item.

Note 5 - Interest Receivable

	2005/06 £'000	2004/05 £'000
Bank interest	1,901	1,891

Note 6 - Interest & Dividends Payable

a) Interest payable:

	2005/06 £'000	2004/05 £'000
On long term loans	850	673

b) Dividends payable:

The dividend payment is calculated as follows:

	2005/06 £'000	2004/05 £'000
3.5% return on capital employed	1,789	1,596
Less interest payable	(850)	(673)
Less loan capital repayments	(1,137)	(823)
Dividends payable	n/a	100

Note 7 - Tangible Fixed Assets

	Assets Under Construction £'000	Freehold Property £'000	Long Leasehold Property £'000	Short Leasehold Property £'000	Furniture & Fittings £'000	Motorcycles & Vehicles £'000	Other Equipment £'000	Test Booking Systems £'000	Total £'000
Cost or valuation:									
At 1 April 2005 (Restated)	272	17,619	1,257	4,954	183	2,425	18,422	8,436	53,568
Additions	745	15	3	570	48	595	3,178	860	6,014
Revaluations	-	3,459	(99)	62	6	27	(1,237)	(1,017)	1,201
Disposals	-	-	-	(54)	-	(589)	(2,565)	(36)	(3,244)
At 31 March 2006	1,017	21,093	1,161	5,532	237	2,458	17,798	8,243	57,539
Depreciation:									
At 1 April 2005 (Restated)	-	1,118	111	1,815	49	1,490	9,617	7,119	21,319
Charge for year	-	425	61	367	38	322	3,485	316	5,014
Revaluations	-	201	-	-	1	18	(609)	(862)	(1,251)
Disposals	-	-	-	(54)	-	(589)	(2,563)	(36)	(3,242)
At 31 March 2006	-	1,744	172	2,128	88	1,241	9,930	6,537	21,840
Net book value									
At 1 April 2005 (Restated)	272	16,501	1,146	3,139	134	935	8,805	1,317	32,249
At 31 March 2006	1,017	19,349	989	3,404	149	1,217	7,868	1,706	35,699

The 1 April 2005 figures have been restated to re-analyse assets under construction from short leasehold property.

Approximately a fifth of the Agency's land and buildings were valued during 2005/06 by the Valuations Office Agency and the remainder increased or decreased by extrapolating the results from those properties valued. Other assets were revalued using appropriate published indices (see also note 16).

Note 8 - Debtors (amounts falling due within one year)

	31 March 2006 £'000	31 March 2005 £'000
Trade debtors	300	233
Interest receivable	105	152
Recoverable VAT	1,608	1,200
Other debtors	734	969
Payment of implementation costs on theory test contract	3,333	3,333
Prepayments	768	336
	6,848	6,223

Other debtors include royalties £514,000 (31 March 2005: £262,000), advances to employees £71,000 (31 March 2005: £85,000) and sundry debtors £149,000 (31 March 2005: £622,000).

With the exception of the VAT debtor recoverable from HM Revenue & Customs above, no material debtor balances are held with bodies within the Whole of Government Accounts boundary.

Note 9 - Debtors (amounts falling due after more than one year)

	31 March 2006 £'000	31 March 2005 £'000
Payment of implementation costs on theory test contract	1,389	4,722
Advances to employees	5	6
	1,394	4,728

The original £10m payment for theory test set up costs has a beneficial effect on monthly service payments over a 3 year period and is being released to the Income and Expenditure account in 36 equal monthly amounts ending in August 2007 (see also the amount in note 8).

Note 10 - Creditors (amounts falling due within one year)

	31 March 2006 £'000	31 March 2005 Restated £'000
Current instalment on long term loan	1,451	1,234
Accruals	10,364	12,893
Dividends payable	6	100
Deferred income	1d	17,228
Unutilised capital grants	677	970
Taxation and social security	1,600	1,525
Other creditors	66	239
Trade creditors	277	289
	30,534	34,478

Prior year comparatives have been restated to re-analyse the taxation and social security creditor from other creditors.

With the exception of the taxation and social security creditor balance due to HM Revenue & Customs above, no material creditor balances are held with bodies within the Whole of Government Accounts boundary.

Note 11 - Creditors (amounts falling due after more than one year)

	31 March 2006 £'000	31 March 2005 £'000
Deferred income	2,347	2,256

The deferred income is wholly in respect of prepaid ADI and related fees.

Note 12 - Provisions for Liabilities & Charges

	Dilapidations £'000	Restructuring £'000	Insurance £'000	Rent £'000	Total £'000
At 1 April 2005	662	-	1,273	1,628	3,563
Increase/(reversal) charged to Income and Expenditure	(139)	486	336	475	1,158
Utilised in year	(3)	-	(1,079)	-	(1,082)
At 31 March 2006	520	486	530	2,103	3,639

- (i) The provision for dilapidations is required to meet current estimated obligations on leasehold premises which represent costs that may be incurred within the next 3 years.
- (ii) The provision for restructuring is in relation to the closure of the Cardiff Call Centre and the future rent & rates on the resulting vacant space until the expiry of the current lease.
- (iii) The provision for insurance relates to all claims against the Agency which are expected to materialise (see note 22) following due legal process, and include unfair dismissal, sex discrimination and personal injury. Further disclosure relating to the nature of the claims and the uncertainties of the timing and amount of any settlement are withheld as such disclosure could seriously prejudice the position of the Agency in these claims.
- (iv) The provision for rent is an estimate of the liability due to Other Government Departments for disputed rental increases since 2001/02.

Note 13 - Long Term Loans

Government loans, repayable by instalments, and bearing interest:

	31 March 2006 £'000	31 March 2005 £'000
Comprising the following fixed interest loans:		
Original vesting loan, repayable over 25 years with interest at 7.75%	2,185	2,330
Additional £10.0m loan issued in 2003/04, repayable over 15 years with interest at 4.9%	7,784	8,462
Additional £5.0m loan issued in 2005/06, repayable over 25 years with interest at 4.5%	4,600	-
Additional £0.8m loan issued in 2005/06, repayable over 7 years with interest at 4.4%	571	-
Additional £5.0m loan issued in 2005/06, repayable over 25 years with interest at 4.45%	4,800	-
Additional £0.8m loan issued in 2005/06, repayable over 7 years with interest at 4.55%	686	-
	20,626	10,792
Amounts repayable:		
In one to two years	1,451	822
In two to five years	4,353	2,468
After five years	14,822	7,502
	20,626	10,792

Note 14 - Government Grant Reserve

	Notes	2005/06 £'000	2004/05 £'000
At 1 April		4,338	4,221
Grant utilised		361	1,597
Revaluation of grant funded assets	16	(484)	(428)
Grant released to income and expenditure account	4	(1,580)	(1,052)
At 31 March		2,635	4,338

Note 15 - Reconciliation of Movements in General Fund

	Note	2005/06 £'000	2004/05 £'000
At 1 April		19,716	20,025
(Deficit)/Surplus for the year		8,055	(451)
Realised revaluations on fixed assets	16	222	142
At 31 March		27,993	19,716

Note 16 - Revaluation Reserve

	Notes	2005/06 £'000	2004/05 £'000
At 1 April		5,982	7,532
On asset revaluations		2,451	(1,739)
Revaluation of grant funded assets	14	484	428
Revaluations released to the income and expenditure account	4	280	(97)
Realised revaluations on fixed assets	15	(222)	(142)
At 31 March		8,975	5,982

All changes in carrying values on asset revaluation have been processed through the asset revaluation reserve. Where the underlying asset was funded through capital grants this has resulted in a transfer to the government grant reserve reflecting the changed value of these assets. Assets revalued to amounts below their historic net book value have resulted in a write down charged to the Income and Expenditure account and where these have subsequently increased in value, amounts up to the historic net book value have resulted in a reversal of previous write down charges. Realised revaluations have been transferred to the General Reserve.

Note 17 - Gross Cash Flows

	2005/06 £'000	2004/05 £'000
Returns on investment and servicing of finance		
Interest received	1,948	1,893
Interest paid	(1,178)	(476)
	770	1,417
Capital expenditure		
Payments to acquire tangible fixed assets	(4,747)	(6,104)
Receipts from sales of tangible fixed assets	151	268
	(4,596)	(5,836)
Financing		
Repayment of loans	(1,549)	(596)
Addition loans from DfT	11,600	-
	10,051	(596)

Note 18 - Analysis of Changes in Net Funds

	At 31 March 2005 £'000	Cashflows £'000	Other Movements £'000	At 31 March 2006 £'000
Cash at bank and in hand	41,400	(25,117)	-	16,283
Deposits with National Loans Fund	-	40,000	-	40,000
	41,400	14,883	-	56,283
Loans due within 1 year	(1,234)	1,549	(1,766)	(1,451)
Loans due after 1 year	(10,792)	(11,600)	1,766	(20,626)
Total	29,374	4,832	-	34,206

Note 19 - Pension Commitments

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the DSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005/06, employers' contributions of £9,484,000 were payable to the PCSPS (2004/05: £6,167,000) at rates in the range 16.2 to 24.6 per cent of pensionable pay, based on salary bands. Rates will increase in 2006/07 to between 17.1 and 25.5 per cent. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers contributions of £42,000 were paid to one or more of a panel of four appointed stakeholder pension providers (2004/05 £27,000). Employer contributions are age related and range from 3 to 12.5 per cent of pensionable pay. In addition employer contributions of 0.8 per cent of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

Note 20 - Capital Commitments

	At 31 March 2006 £'000	At 31 March 2005 £'000
Contracted:		
Within one year	5,267	1,529
Between two and five years	-	-
Over five years	-	-
	<hr/> 5,267	<hr/> 1,529

Note 21 - Other Commitments

The Agency has annual commitments under operating leases as follows:

	At 31 March 2006 Land and Buildings £'000	At 31 March 2005 Land and Buildings £'000
Expiring:		
Within one year	952	1,076
Between two and five years	610	610
Over five years	2,206	2,050
	<hr/> 3,768	<hr/> 3,736

Note 22 - Contingent Liabilities

There are a number of legal claims or potential claims against the Agency, the outcome of which cannot at present be stated with certainty. Full provision is made in the financial statements when the extent of the liability is known with reasonable certainty (see note 12).

Note 23 - Related Party Transactions

The Driving Standards Agency is an Executive Agency of the Department for Transport (DfT), and as such the DfT is regarded as a controlling related party. During the year the Driving Standards Agency has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, namely the Vehicle and Operator Services Agency (VOSA) and the Driver and Vehicle Licensing Agency (DVLA).

In addition, the Driving Standards Agency has had a significant number of material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Inland Revenue, Department for Work and Pensions and the Valuation Office Agency.

During the year, none of the Executive Board, Advisory Board Members or members of the key management staff or other related parties has undertaken any material transactions with the Driving Standards Agency (2004/05: NIL).

Note 24 - Financial Instruments

The book values and fair values of the Agency's financial assets and liabilities as at 31 March 2006 are as follows:

	Book value £'000	Fair value £'000
Financial assets:		
Cash at bank and in hand	16,283	16,283
Deposits with National Loans Fund	40,000	40,000
Financial liabilities:		
Total Long term loan from Secretary of State	22,077	22,077

Other short term debtors and creditors have been excluded, the long term loan however includes the current instalments shown as creditors.

Financial risks:

- **Liquidity risk** - The Agency is not exposed to a liquidity risk as long as its annual surplus is sufficient to clear the loan repayment of £1,451,000. The level of capital expenditure payments are managed to be met from available cash balances. Further borrowing requirements, should they arise, will be met by loans from the Department for Transport.
- **Interest rate risk** - The interest-bearing loans represent 86% of total Government funds. The interest rates are fixed at the time of the loan issue and are identified in note 13. Short term risk arises from holding received loans temporarily as cash prior to utilisation, this risk is small due to the stability of interest rates and is not managed. Cash not immediately required is invested with the National Loans Fund. The rate of interest earned through these investments and on cash balances varies and will offset that short term risk from holding loans temporarily as cash to some extent.
- **Foreign currency risk** - The Agency has no exposure to assets, liabilities, income or expenditure denominated in foreign currencies.

Note 25 - Post Balance Sheet Events

There have been no events since the end of the financial year which would affect the understanding of these financial statements.

Note 26 - Losses, Special Payments & Gifts

During the year, costs falling into the category of losses and gifts were below the level, currently £250,000, at which they need to be reported separately.

Special payments of £573,000 (2004/05: £1,066,000) were made during the year, in respect of 9,100 cases (2004/05: 14,230). No individual case exceeded £250,000.

Note 27 - Financial Performance

The Secretary of State for Transport has determined financial objectives for the Driving Standards Agency. These were confirmed by Treasury Minute dated 19 November 2004, the text of which is reproduced at Annex A.

The financial objectives for the Agency are:

- i) managing the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to the revenue account; and
- ii) to achieve an average annual return on capital employed (ROCE) on its activities of at least 3.5% of net assets employed over the period 1 April 2004 to 31 March 2009 after taking into account the surplus return made in 2003/04 and earlier years.

The operating surplus in 2005/06 was £6,855,000 which together with the interest receivable during the year of £1,901,000 represents a return on capital employed of 17.1% of the average net assets of £51,104,000. After allowing for a brought forward excess return of £8,854,000 from 2003/04 and previous years the overall return over the period since 1 April 2004 amounts to 33.9% of net assets.

Five Year Financial Summary

Part 1 - Income & Expenditure

£'000	2001/02	2002/03	2003/04	2004/05	2005/06
Car test					
Fee income	49,679	54,573	59,064	70,630	85,035
Total expenditure	50,135	53,478	61,721	74,331	80,937
Total surplus/(deficit)	(456)	1,095	(2,657)	(3,701)	4,098
LGV/PCV					
Fee income	5,479	6,254	6,791	7,931	9,423
Total expenditure	5,352	5,703	6,337	7,519	8,362
Total surplus/(deficit)	127	551	454	412	1,061
Motorcycle					
Fee income	4,155	4,437	4,475	4,135	4,576
Total expenditure	4,514	4,549	4,969	4,774	4,706
Total surplus/(deficit)	(359)	(112)	(494)	(639)	(130)
ADI					
Fee income	4,417	5,187	6,668	7,202	8,384
Total expenditure	3,658	4,348	6,534	7,789	9,002
Total surplus/(deficit)	759	839	134	(587)	(618)
CBT					
Fee income	1,357	1,374	1,523	1,425	1,463
Total expenditure	675	698	1,034	877	1,378
Total surplus/(deficit)	682	676	489	548	85
Theory test					
Fee income	19,488	24,221	29,849	31,180	31,708
Total expenditure	17,592	22,051	29,066	29,013	29,197
Total surplus/(deficit)	1,896	2,170	783	2,167	2,511
Other activities					
Total income	3,368	5,104	5,310	5,563	4,463
Total expenditure	2,337	4,011	3,751	4,512	3,922
Total surplus/(deficit)	1,031	1,093	1,559	1,051	541
Total costs					
Income	87,943	101,150	113,680	128,066	145,052
Expenditure	84,263	94,838	113,412	128,815	137,504
Surplus/(deficit)	3,680	6,312	268	(749)	7,548

Annex A

Treasury Minute Dated 19 November 2004

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to the fund it shall be his duty:
 - (a) To manage the funded operations so that the revenue of the fund:
 - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operation, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) to achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. A trading fund for the Driving Standards Agency was established on 1 April 1997 under the Driving Standards Agency Trading Fund Order 1997 (SI 1997 No. 873).
3. The Secretary of State for Transport, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Driving Standards Agency Trading Fund for the 5-year period from 1 April 2004 to 31 March 2009 shall be to achieve a return, averaged over the period as a whole, of at least 3.5 per cent on the average capital employed after offsetting the surplus in respect of 2003/04 and earlier years. The return shall be defined as the surplus on ordinary activities after the recognition of interest receivable, but before interest and dividends payable, expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long-term element of Exchequer loans, and reserves.
4. This Minute supersedes that dated 11 March 2004.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1) (b) of the Government Trading funds Act 1973.



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Glossary

Abbreviations

ACDE	Assistant Chief Driving Examiner
ADLI	Automatic Driver Licence Issue
ADI	Approved Driving Instructor
ASR	Automatic Speech Recognition
BSM	British School of Motoring
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Value
CPC	Certificate of Professional Competence
CPD	Continuing Professional Development
DEFRA	Department for Environment, Farming and Rural Affairs
DfT	Department for Transport
DSA	Driving Standards Agency
DVLA	Driver Vehicle Licensing Agency
DVO	Driver Vehicle and Operator Group
HPT	Hazard Perception Test
HR	Human Resource
ICA	Independent Complaints Advisor
IRDT	Integrated Register of Driver Trainers
LGV	Large Goods Vehicles
PCV	Passenger Carrying Vehicle
PDI	Potential Driving Instructor
SAP	System Access Processes

Definition of Terms

Throughput is fees earned for tests conducted plus fees forfeited by candidate.

Demand is number of applications for test.

Direct.gov.uk is the Government website including services offered by DVO agencies for consumers.

Transportoffice.gov.uk is the Government website including services offered by DVO agencies for business customers.