



GOVERNMENT CAR
AND DESPATCH AGENCY



Annual report and accounts 2008/09





Government Car and Despatch Agency Annual report and accounts 2008/09

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Contents

Foreword	5
Who's who	6
Management commentary	12
Case study – We go when it's 'snow go'	18
The year of awards	20
Remuneration report	22
Statement of Agency's and Accounting Officer's responsibilities	27
Statement on internal control	28
The certificate and report of the Comptroller and Auditor General to the House of Commons	31
The accounts	33
Notes to the accounts	35



Foreword



Welcome to the Annual Report for the Government Car and Despatch Agency for 2008/09.

The past year has again seen a number of changes in our organisational structure with the departure of Alan Westover as HR Director and the appointment of two new directors in Kendrick Macpherson and Estelle Burns. These new appointments, along with the anticipated appointment of directors for Government Mail and Government Cars, gives the leadership team a whole new look.

I am looking forward to working with the new people over the coming year and to achieving a more seamless leadership approach.

A number of awards recognised our efforts to change the composition of the fleet last year; and I am particularly proud of our achievements in reducing CO₂ emissions. We will continue to work with manufacturers to achieve even better results this year.

The Agency's organisation developed well in 2008/09 and our financial position has improved markedly, with even better results anticipated this coming year. My thanks to everyone who has contributed to a period marked by management changes and tough trading conditions.

Once again, my thanks go to all those people in our Agency who work so hard to deliver the mail, to drive our customers, and those who support our front line services. This report recognises your commitment and achievements and looks forward to the challenges of the coming months.

A stylized, handwritten signature in black ink that reads "Roy Burke".

Roy Burke
Chief Executive

Who's who



➤ **Roy Burke** spent his fourth year as Chief Executive of the Agency in 2008/09 since joining from the Home Office. He has continued to oversee the Agency's growth project and to spearhead IT developments.



➤ **Nigel Bennett** is Director of Core Services. He oversees our cars with allocated drivers and the national network of deliveries between public buildings.



➤ **Kendrick Macpherson** joined us in November 2008. Having worked as interim Finance Director beforehand, he brings his experience from the Prison Service and 30 years in commerce; and is now responsible for steering the Agency's finances, procurement, security and corporate governance.



➤ **Estelle Burns** joined the Agency in March 2009, replacing Alan Westover as Director of People and Organisational Development. With 25 years' experience in HR, she came to us from charities Diabetes UK and Crisis, working for three years previously as a change manager at the House of Commons.



➤ **Kenneth Ludlam** joined us as a Non-Executive Director in December 2006. He was formerly Group Chief Accountant and Associate Director of Hanson PLC for 27 years. He also currently holds non-executive directorships with Her Majesty's Court Services, JobCentre Plus and Queen Elizabeth II Conference Centre, as well as sitting on the Cabinet Office Audit & Risk Committee.



➤ **Jerry Cope** joined us as a Non-Executive Director in January 2007, having spent 30 years with the Post Office and Royal Mail, where he was latterly UK Managing Director. He has a wealth of Board-level experience ranging from being a shareholder Director at Camelot to Chair of the Prison Service Pay Review Body.



➤ **David Turner** left the Agency in 2008 after his 10 years' service as a Non Executive Director came to an end.

What we do

Background

The Government Car and Despatch Agency became an Executive Agency on 1st April 1997. It is accountable to Parliament through Ministers. We operate predominantly from sites in London, Cardiff and Bradford, with offices in Birmingham and Warrington. Our revenue is derived primarily from Government and the wider public sector within the UK.

GCDA is an Executive Agency of the Department for Transport and part of the Motoring and Freight Services Group.

Our services

We operate two core businesses to meet our principal aim of being **Government's first choice secure provider for moving people, mail and documents**. The two businesses are:

- Government Cars – which provides long and short term chauffeur and car hire, a taxi-style booking service, protected security cars and specially-trained VIP drivers. The Agency also provides fleet management and maintenance services to other public bodies; and
- Government Mail – which provides secure mail services within Government and the wider public sector. As well as mail delivery, the service offers mail screening services for government departments and secure waste disposal.

Aims and objectives

Our aim is to be the Government's first choice secure provider for moving people, mail and documents.

Our objectives in delivering this aim are:

- organisational development
- service provision
- realising staff potential
- efficiency and corporate assurance
- making best use of IT.



We operate two core businesses to meet our principal aim of being Government's first choice secure provider for moving people, mail and documents.



**GOVERNMENT CAR
AND DESPATCH AGENCY**

Measuring our performance

Each year we measure our performance against targets set by the Minister for our parent department and our own internal targets. These cover our financial performance, quality of service, customer satisfaction and our impact on the environment.

The table below sets out how we performed against the Department for Transport targets.

Secretary of State Targets 2008/09		
Target	Achievement	Description
Financial		
To break even on an accruals basis	Achieved	As a not-for-profit organisation, GCDA aims to recover costs. In delivering this target we will seek to ensure that our administration is as effective as possible, delivering excellent value for money to our customers.
Quality of Service		
To maintain a high level of customer satisfaction through the following:		We now understand more about our customers and their requirements. This target is key to the continuing success of the Agency.
To maintain a Customer Satisfaction Index (CSI) score of at least 87	Achieved	Collected in our Annual customer satisfaction survey.
To maintain accreditation for ISO 9001	Achieved	The quality of our service is measured by means of our ISO 9001, the internationally-recognised standard for quality management systems.
Environmental		
To reduce the environmental impact of the Agency		This is an important area for the Agency and we will do more to ensure that the impact on the environment of the vehicles we use is minimised.
To maintain accreditation for ISO 14001	Achieved	Our system is measured by means of ISO 14001, the internationally-recognised standard for environmental management systems.
By March 2009 to reduce the average CO ₂ tailpipe emissions of our fleet by at least 5% compared with March 2008 levels	Achieved: 134.84g/km (07/08 144.96g/km)	We will seek to reduce the tailpipe emissions of our vehicles in line with Government targets.
Efficiency		
To reduce sickness absence rates to 8 days per employee per annum	Not achieved. Year end figure was 9.76	To provide value for money for our customers, we must ensure that the administration of our operations is as efficient as possible.
To commission an online payment system for customers	Achieved	

Financial framework and performance

Segmental analysis 2008/09		
	Income	Total Expenditure
Direct services	£000	£000
Government Cars (inc Workshop)	14,955	14,847
Government Mail	5,405	5,607
Government Mail Services	277	182
Corporate & Support Services	623	623
Total	21,260	21,259

HM Treasury Direction

These accounts have been prepared by the Agency in accordance with a direction given by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Our accounting policies are set out in Note 1 to the Accounts on pages 35 and 36.

Supplier payment policy

We believe in paying suppliers within prescribed limits. For the financial year ended 31st March 2009, 98.56% of all payments were made within 30 days. And, on average, payment was made 19 days after the issue of a supplier's invoice.

Fixed assets

Movements in fixed assets in the period are set out in Note 5 to the accounts on page 40.

Auditors

These accounts have been audited by the Comptroller and Auditor General (C & AG). The notional cost of the audit work for 2008/09 was £47k including £3k for IFRS audit work. The cost is in respect of the audit services relating to the statutory audit. There were no other services provided or assurance work undertaken by the C & AG during the year.

So far as the Accounting Officer is aware, there is no relevant audit information of which the GCDA's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

Equal opportunities

The Agency is an equal opportunity employer. We are committed to a policy of non-discrimination. Director Estelle Burns is now the Equal Opportunities Officer for the Agency.

We also recognise the particular difficulties and challenges faced by people with disabilities. Disability in itself is no bar to recruitment to, or advancement in, the Agency. All our recruitment is carried out in line with the principles set out in the Civil Service Commissioners' Recruitment Code.

Our directors

The GCDA directors who form the Agency's Management Board are listed on pages 6 and 7 of this report. Remuneration and appointment details can be seen in the remuneration report on pages 22 to 26.

Pensions are also included in the remuneration report on pages 22 to 26, and in Note 1.5 to the Accounts on page 35.

Management commentary

Finance

Kendrick Macpherson – Director of Finance

Kendrick came to the Agency in November 2008, at a time of rising petrol prices and a slowing economy. He was quick to suspend the Agency's capital expenditure programme and concentrate on ensuring our debtors paid outstanding sums. This has allowed our cash balance to grow, from which money can be invested in the fleet and the Agency's people.

Kendrick's move to control expenditure has left the Agency with markedly healthier coffers, as you can read in the accounts on pages 33 to 34. Kendrick also looked carefully at how we charged the customer and whether the pricing structure reflected the true costs of Agency overheads and the value of car depreciation.

For him, a more vigorous costing and buying system involves cutting bureaucracy and building a working surplus for the Agency. He believes that his 30 years' experience in commerce and the Prison Service – handling huge budgets – puts him in an excellent position to make the Agency behave more commercially, while guarding its public service ethos.

As well as finance and procurement, his responsibilities include facilities, security and corporate governance.

Delivering passengers and mail

Nigel Bennett – Director of Core Services

Nigel's year has been primarily focused on working time issues, turning around the fortunes of Government Mail, to reduce its financial losses, and to provide continuing leadership for Government Cars.

Government Mail

We needed to find out if we were really offering the services that customers wanted. Revenues were falling, as government sent fewer letters and the civil service estate in London contracted. At the end of 2007, the Agency engaged an external consultant to review Government Mail. The financial year 2008/09 has been about implementing the recommendations of the review. The 2007/08 losses of £390,000 have now been stemmed.

We found that customers wanted more flexibility in the services that they received. They wanted to be able to pick up the phone and say "Can you pick up now?" rather than rely on set pick up times.

With the importance of keeping files – electronic and paper – secure following the loss of people's personal data, many government departments wanted to send bundles of files and documents securely between buildings. In line with this, we refined our Regional Plus service – which was 'same day' – to a 'next day' service. By March 2009, 85% of all Regional Plus work was for the secure next day service.



GOVERNMENT MAIL
TRUSTED TO DELIVER

With the importance of keeping files – electronic and paper – secure following the loss of people’s personal data, many government departments wanted to send bundles of files and documents securely between buildings.



Along with this success story, we've continued to work with the traditional Government Mail teams, to make their routes more efficient and customer focused. This has saved the Agency money.

Government Cars

Providing ministers and senior government officials with a regular driver remains a primary function of the Agency. Again, we looked at what customers were saying about this and noticed that while satisfaction levels for the allocated driver service remained high, ministers and officials were less keen on having relief drivers – who sometimes had to be provided by contractors and external companies.

To overcome this, we became more proactive with Private Offices, making preparations for periods of absence by the allocated driver, and finding out which relief drivers our customers preferred. A new management structure internally helped us to achieve this.

Green Cars

Civil servants and other public workers are taking the impact of their work on the environment more seriously than ever before. So it's no surprise that our Green Cars service proved a major success in the financial year 2008/09.

Keen to travel between government buildings and to meetings in our hybrid cars, which boast very low CO₂ emissions, Green Car passengers like being in vehicles that are cleaner than black cabs.

During the financial year, we put in place a new system that will deliver in-car technology to give a better service to our passengers on short journeys. It means that drivers no longer have to phone in and tell us where they are; their whereabouts is monitored automatically so that the nearest available car can be sent to the passenger. This reduces customer waiting times considerably.

Workshops

Our fleet team of mechanics and officials continues to care for GCDA's cars and vans:

Workshops				
Manufacturer	Model	Number	Country of Manufacture	CO ₂ /kmg
Jaguar	XJ Diesel	16	United Kingdom	214
	X Type Diesel	2	United Kingdom	149
Ford	Galaxy MPV 2.8 Petrol	4	Portugal	278
	Galaxy MPV 2.3 Petrol	1	Portugal	264
	Galaxy MPV 2.2 TDCi	1	Belgium	196
	Galaxy MPV 2.0 TDCi	1	Belgium	179
	Mondeo Petrol	4	Belgium	218
	Mondeo Diesel	2	Belgium	196
	Mondeo Diesel Econetic	1	Germany	139
Vauxhall	S-Max	1	Belgium	193
	Zafira	1	Poland	194
	Corsa	5	Spain	127
	Vectra	9	Germany	186
Honda	Civic ES IMA	41	Japan	109
Toyota	Prius	93	Japan	104
Rover	75 Petrol	4	United Kingdom	249
	75 Diesel	1	United Kingdom	190
Hyundai	Sonata	7	South Korea	191
BMW	Mini Cooper D	2	United Kingdom	104

We also repair and maintain vehicles from the government's Vehicle and Operator Services Agency (VOSA) and the Olympic Delivery Authority (ODA). We intend to expand external fleet management in the coming year.

We've also won a string of awards for our fleet in the financial year 2008/09. See page 20 for details.

People, Places and Potential

Estelle Burns – Director of People and Organisational Development

Estelle joined us on 4th March 2009 on an interim basis. With 25 years of experience in HR, organisational development and change management, she looks forward to building on moves by the Agency in 2008/09 to transform HR from a transactional and administrative function into a true business partnership service.

The improved HR service will contribute to the 'bottom line' financially and new initiatives should enhance the reputation of HR internally within GCDA.

Estelle plans to build on organisational development and change work in 2008/09 to make this come to life for the Agency's workforce.

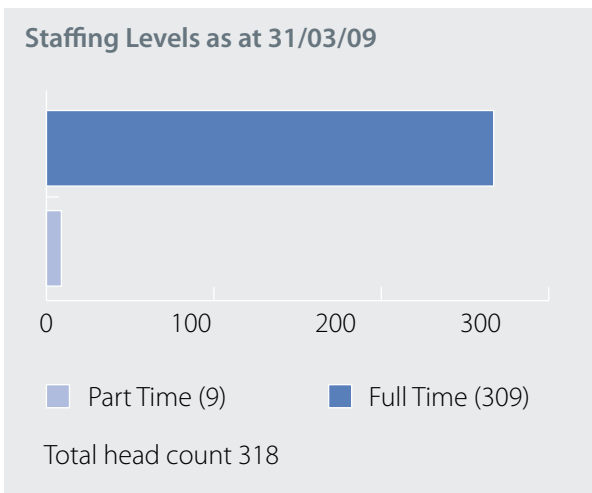
The results of the staff survey carried out at the Agency in March 2009 revealed to Estelle that staff wanted stronger leadership, better performance management and improved communication.

This provided her with a good baseline and she is pleased that so many people across the organisation are supportive of change. Estelle will be working with the leadership team to make the Business Plan more target-driven and to provide the Agency with a modern partnership approach.

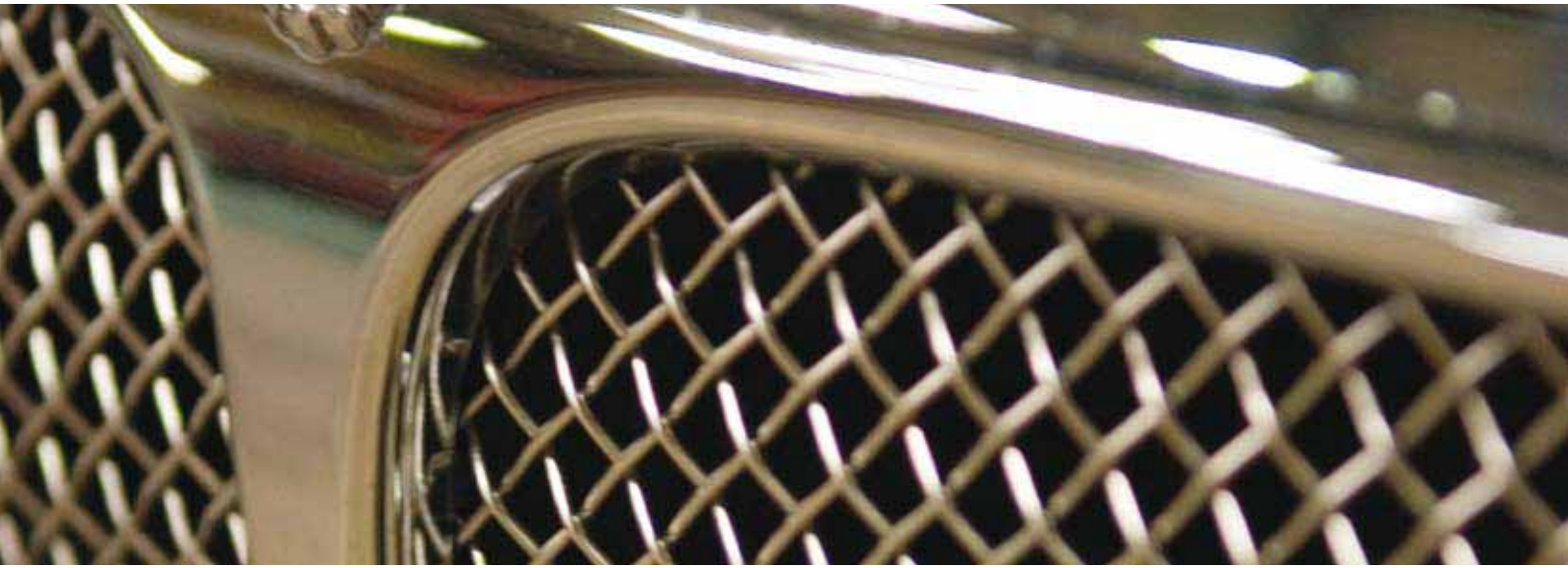
All GCDA directors are looking – and have been for many months – at the impact of the Working Time Directive on the Agency's work and relationship with its customers. Plans are being rolled out to review and redefine the allocated car service in order to align working practices with the current legal position.

Staffing Levels as at 31/03/09	
Government Cars	174
Government Mail	83
Workshop	11
Mail Screening	5
Support Services	45
Total	318

No. of Black and Minority Ethnic staff	43
No. of Disabled staff	8
No. of Female staff	32



Staff Recruited 08/09			
	Total	Industrial	Non-industrial
Government Cars	24	24	0
Government Mail	2	2	0
Support Staff	12	0	12
Workshop	0	0	0
Total	38	26	12



Estelle will be working with the leadership team to make the Business Plan more target-driven and to provide the Agency with a modern partnership approach.



We go when it's 'snow go'

Pictures of empty desks and deserted roads dominated the news on Monday 2nd February. Yet GCDA kept three quarters of its award-winning Green Cars on the road throughout the heaviest snowfall that the UK – and particularly the capital – has seen in almost two decades.

Despite the severe weather conditions and lack of public transport, 75% of the staff who drive Government Car and Despatch Agency's car fleet reported for work and gave their usual service for ministers and other government clients.

Like thousands of workers in the worst-affected parts of the country, many clients made their own way home early. All pre-bookings were therefore double-checked so that cars could be diverted to clients who still wanted them.

As a result, anyone who needed a car and who could also tolerate a short delay was able to have one.

GCDA's Government Mail arm, delivering parcels and documents across the UK on behalf of a wide range of government clients, found itself grinding to a halt by lunchtime on Monday – the first time in over 14 years that any part of the service has not been able to complete a booked run.

In many cases GCDA vans became stuck when they arrived at premises where delivery areas had not been cleared or gritted, with drivers only failing to deliver packages to unstaffed offices. All work on behalf of Her Majesty's Court Service was delivered with the exception only of those courts that had closed early.

News of the severe weather coming in to Wales and the North, where key GCDA depots are located, prompted a decision to call all the Agency's vans off the road and suspend all trucking routes at lunchtime on Monday. By Tuesday morning, however, despite plummeting temperatures and a hard frost overnight, all Government Cars services were back to full strength and all but five percent of the Government Mail service was running normally. Only two routes in Wales, where the heaviest snowfalls in the UK had completely blocked major roads, were suspended until further notice.

"We are immensely proud of the way our staff responded to these extraordinary weather conditions," said Roy Burke, Chief Executive of GCDA.



We are immensely proud of the way our staff responded to these extraordinary weather conditions.



The year of awards

The financial year 2008/09 was a bumper year for awards at the Government Car and Despatch Agency. The walls are almost groaning under the weight of certificates and accolades.

Among them:

Ben Davis, the Agency's Fleet Manager and Assistant Director of Core Services, received a commendation in the category of European Fleet Manager of the Year at the European Green Fleet Awards in June 2008. The Agency was also commended in the Public Sector Fleet of the Year category.

In September, the Agency won Public Sector Fleet of the Year award at the Green Fleet Awards and Ben Davis won Public Sector Fleet Manager of the Year at the same ceremony.

In October, news came that we'd also won the Energy Saving Trust's prestigious Fleet Heroes Awards for our innovative driver training policy, which focuses on both road safety and environmental responsibility, and which has helped to dramatically cut the Agency's fuel consumption.

Secretary of State the Rt Hon Geoff Hoon MP presented GCDA's Nigel Bennett, Director of Core Services, with the award.

The Agency was also runner-up in the Fleet Heroes 2008 Leadership Award in recognition not only of its bold approach to cutting its own carbon emissions, but also for leading the industry by example and being in the vanguard of the sector's efforts to make their services sustainable.

Green Cars, GCDA's taxi-style service for government and public sector clients, uses hybrid fuel cars which produce half the carbon emissions of traditional black cabs.

"For a small Agency like ours, competing with national players, this is a truly remarkable feat," said Roy Burke, Chief Executive of GCDA. "These awards are recognition of the work the whole Agency has done over the past two years in making significant changes to the fleet and reducing our environmental impact."



For a small Agency like ours, competing with national players, this is a truly remarkable feat.



Remuneration report

This report sets out the remuneration policy for the Agency's directors, outlines the various elements of their remuneration and discloses the amounts of remuneration paid to the Agency's directors in 2008/09.

Remuneration Policy

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

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

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- the Government's inflation target.

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

Further information about the work of the Review Body can be found at www.ome.uk.com

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The notice period for the directors is three months. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.gov.uk

The Agency's remuneration policy for the Chief Executive, executive directors and the non-industrial workforce operates within a pay and grading banding structure that is applied within civil service pay and guidance issued by the Treasury. The directors and non-industrial workforce are eligible for an annual performance related bonus. This is determined within Treasury guidelines and negotiated with the Trades Unions at the annual pay round.

Remuneration package

The remuneration package for the Agency's directors which applied during the year is set out below.

During the year the remuneration package comprised the following elements:

- a basic salary;
- a performance related non-consolidated bonus;
- a final salary defined benefit pension entitlement.

Basic salaries

The basic salaries of all the directors are determined by their position in the banding structure currently in place within the Agency. The band is determined by grade and position within the grade by factors such as experience, professional qualifications and market forces.

The following table provides audited details of the remuneration of the directors of the Agency:

Name	Salary £ p.a 2008/09	Benefits in kind	Salary £ p.a 2007/08	Benefits in kind
Roy Burke	68,568	-	75,999	-
Jerry Doyle (to November 2007)	-	-	44,388	5,300
(Annual equivalent)	-	-	(66,583)	-
Neil Morrison (to 31/3/08)	-	-	37,299	-
(Annual equivalent)	-	-	(60,000)	-
Alan Westover (to February 2009)	91,005*	-	63,450	-
(Annual equivalent)	(65,709)	-	-	-
Nigel Bennett	59,567	-	54,847	-
Kendrick Macpherson	25,000	-	-	-
(Annual equivalent)	(60,500)	-	-	-

*Includes payment in lieu of notice £29,916 which was equal to half of the annual equivalent salary.

Estelle Burns was appointed after year end.

The Chief Executive is paid under the policies operated within the Senior Civil Service.

Bonuses

A performance related non-consolidated bonus is paid each year to all non-industrial staff, including the executive directors and is tied to the markings achieved in the annual performance appraisal.

All non-industrial staff, including executive directors received a consolidated increase on their annual salaries based on the outcome of their annual appraisal in line with the Agency's policy on performance management, and in compliance with the Agency's Treasury approved pay remit.

An equal pay health check at the Agency was completed at the end of March 2005 by an external consultancy. This has been developed into a pay platform for non-industrial staff that conforms to best practice and can support the Agency's longer term reward strategy.

Non-executive directors

It is Agency policy for the Executive Board to determine the fees paid to the non-executive directors. Non-executive directors receive a basic annual fee in respect of their Board committee duties.

Fees are reviewed annually and are set by the Board to attract individuals with the broad range of skill and experience appropriate for a central government agency operating in a commercial environment. In determining the level of fees paid to the non-executive directors the following factors are taken into account: their duties and responsibilities; the time commitment required in preparing for and attending meetings; and the amounts paid by organisations of a similar nature. Non-executive directors receive no other benefits in addition to their fees, nor do they participate in any performance related pay schemes.

The basic fee paid to each non-executive director during the year was £4,000 (2007/08: £4,000).

The non-executive directors have letters of appointment setting out their duties and responsibilities. The appointments are ongoing and may be renewed by mutual consent. These appointments can be terminated at any time by either party, without the payment of compensation, upon giving one month's notice.

	Date of appointment	Date appointment terminates
David Turner	November 1998	November 2008
Jerry Cope	January 2007	Annual review
Kenneth Ludlam	January 2007	Annual review

Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). 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 as per classic.

Columns 4 and 5 of the table on page 26 show the member's Cash Equivalent Transfer Value (CETV) accrued at the end and the beginning of the reporting period. Column 6 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.

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 the disclosure applies. The CETV figures, and other pension details, include the value of any pension

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

The remuneration package for the directors includes employer contributions into the Principal Civil Service Pension Scheme (PCSPS). All the executive directors are members of one of the three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). Further details of the PCSPS can be found in the notes to the accounts and at www.civilservice-pensions.gov.uk.

Pension benefits (audited). During the year each of the executive directors accumulated pension benefits under the non-contributory defined benefits PCSPS pension scheme.

	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31/3/09 and related lump sum	CETV at 31/3/09	CETV at 31/3/08	Real increase in CETV
	£	£	£	£	£
Roy Burke Chief Executive	127 Plus lump sum of 382	19,703 plus lump sum 59,108	321,000	324,000	1,087
Jerry Doyle (to Nov 2007)	N/A	N/A	N/A	N/A	N/A
Neil Morrison (to 31/3/08)	N/A	N/A	N/A	N/A	N/A
Alan Westover (to Feb 2009)	247 plus lump sum of 741	18,806 plus lump sum of 56,419	424,000	381,000	4,365
Nigel Bennett Director Government Mail	1,525 plus lump sum of 4,576	22,334 plus lump sum 67,001	431,000	389,000	28,516
Kendrick Macpherson Director of Finance	N/A	N/A	N/A	N/A	N/A

Roy Burke
Chief Executive and Accounting Officer
9 July 2009

Statement of Agency's and Accounting Officer's responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 H M Treasury has directed GCDA 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.

The Accounting Officer of the Department for Transport has designated the Chief Executive of GCDA as Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency's assets, are set out in Managing Public Money issued by H M Treasury.

In preparing the Accounts the Agency is required to:

- observe the accounts direction issued by H M Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements; and
- prepare the Accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

Statement on internal control 2008/09

Scope of responsibility

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

My role as Accounting Officer for the Agency is delegated to me by the additional Accounting Officer for the MFS Group at the Department for Transport, the parent Department, and is described in the Agency's Framework Document. The performance of the Agency is reported to Ministers quarterly.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st March 2009, and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

I have appointed an Executive Director to lead the risk management process. All of the Agency's key staff are involved in the identification and evaluation of risk. Managers must maintain a systematic approach to the identification, recording and management of risk; monitor, review and update their local risk register regularly; assist in the updating of the Agency's central risk register at least annually; ensure that staff in their command are fully aware of risk management issues; and inform their Director of any new risks or changes to the probability or impact of existing risks as they occur.

All key managers have been equipped to manage risk through a series of interventions, although there is a need to maintain this intervention for those members of staff who have worked in the Agency for a number of years.

The Audit and Risk Management Committee is responsible for overseeing risk management within the Agency. It is required to report to the Accounting Officer and the Board periodically on internal controls and alert them to any emerging issues and to note risk events.

The risk and control framework

The Agency introduced its Risk Management Policy in October 2002 and re-issued the policy and framework in January 2009. The key elements of this policy are:

- a definition of risk;
- the underlying approach to risk management;
- the role of the GCDA Management Board, the Chief Executive and senior departmental and operational managers;
- risk management as part of the system of internal control; and
- an annual review of its effectiveness.

The nature of the Agency's activities determines its risk profile and has been taken into account in developing the Agency's risk management policy.

Risk is identified and evaluated through regular reviews of the risk registers involving all key members of the Agency's staff. Risk is controlled through the Agency's management processes, regular monitoring and reporting of risk, and through the Audit and Risk Management Committee's reports to me as Accounting Officer.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive 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 results of the review of the effectiveness of the system of internal control by the GCDA Management Board, the Audit and Risk Management Committee. This year once again saw a significant period of time without a Director to oversee the process. At year end the situation had been rectified and a plan to address weaknesses and ensure the continuous improvement of the system was in place at the end of the third quarter.

The GCDA Management Board advises me as Accounting Officer in determining the risk management culture and the risk appetite of the Agency. The Board also advises me on the implications of major decisions affecting the Agency's risk profile, monitors the management of significant risks and satisfies itself that lesser risks are being properly managed by the Chief Executive, the Executive Directors, senior departmental and operational managers with the appropriate controls in place and working effectively.

The Executive Directors undertake at least annually a review of the effectiveness of the system of internal control within their areas of accountability and provide a report to me as Accounting Officer for the Agency.

The Audit and Risk Management Committee is required to report through the GCDA Management Board to me as Accounting Officer on the system of internal control and to alert me to any emerging issues or significant changes to the risk framework. In addition the Committee oversees the internal audit, external audit and management processes as required in its review of the system of internal control.

Internal audit is responsible for reporting on the effectiveness of the system of internal control, including risk management. The Agency has employed the Department for Transport's Audit and Risk Assurance section as its internal auditors who operate to Government Internal Audit Standards. They have submitted regular reports that include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement. The Agency has appointed a Corporate Governance Manager who has changed the way that risk is handled in the Agency. The process of change is not yet completed but is nearing completion. The many changes to the organisational structures in GCDA have not helped the process, but the new ways of working are already having a marked effect on the management of the Agency.

During the year 2008/09 some significant weaknesses have been identified. The main findings of an audit into allegations made through the "whistleblowing" process centred on the use of contractors, the processes for declaring hospitality and some processes in authorising overtime. Changes to the way we work in all the areas identified in the audit have been enacted. This year the annual audit opinion of the internal auditors gave the Agency a partial assurance that GCDA's risk management, governance arrangements and control systems are established and generally working effectively.

The agency has, during the year, had two Finance Directors and periods during which no-one was in post. As a result of this, the quality of financial information supplied to the Board fell below that required. Since the appointment of a Finance Director in November 2008 the position has improved and systems are now being put in place to correct the situation.

Information Assurance

- GCDA operates within Government. As such the Agency does not hold or process personal data in respect of the general public. Some data held on GCDA's ICT network and laptops could be classed as commercially sensitive. All staff handling this data are required to sign the Agency's IT policy on joining the Agency. Staff are periodically reminded of the importance of protecting data.
- I have appointed a Senior Information Risk Officer (SIRO) and each part of the Agency has at least one Information Asset Owner (IAO) responsible for information assets within their area. Each quarter IAOs report to the SIRO on potential risks to, and status of their information assets.
- All staff are required to complete basic information assurance training.
- All staff have been reminded that the personal data must be processed in accordance with the requirements of the Data Protection Act and the data protection principles set out under it. GCDA has procedures for reporting breaches of information security.
- The GCDA Board has reviewed and approved the Information Risk and Security Policy.

Roy Burke
Chief Executive and Accounting Officer

The certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Government Car and Despatch Agency for the year ended 31st March 2009 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Chief Executive and auditor

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

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

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

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report. 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 opinions

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 Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary 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 that 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 Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31st March 2009, and of the net operating surplus, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road,
Victoria,
London
SW1W 9SS

15 July 2009

The accounts

Government Car and Despatch Agency

Income and Expenditure Account for the year ended 31 March 2009

	Notes	2008/09 £000	2007/08 £000
Income from operating activities	2	20,637	18,730
Staff Costs	3.2	(12,742)	(11,905)
Other operating costs	4	(8,517)	(8,201)
		(21,259)	(20,106)
		(622)	(1,376)
Other operating income	2	623	778
Operating Surplus / (Deficit)	11	1	(598)

The above Surplus / (Deficit) arose from continuing activities.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

	Notes	2008/09 £000	2007/08 £000
Surplus / (Deficit) for the financial year		1	(598)
Unrealised surplus on revaluation of fixed assets	12	107	75
Total gains and losses recognised		108	(523)

The notes on pages 35 to 46 form part of these accounts.

Balance Sheet

	Notes	31/03/09 £000	31/03/08 £000
Fixed Assets			
Tangible assets	5	3,420	2,970
Current Assets			
Stock	6	28	34
Debtors	7	3,275	3,437
Cash	8	1,729	1,156
		5,032	4,627
Creditors due within one year	9	(4,046)	(3,056)
Net Current Assets		986	1,571
Total Assets less Current Liabilities		4,406	4,541
Creditors due after one year	9	(133)	(133)
Provision for Liabilities and Charges	10	(69)	(212)
Net Assets		4,204	4,196
Taxpayers' Equity:			
General Fund	11	4,166	4,169
Revaluation Reserve	12	38	27
		4,204	4,196

The notes on pages 35 to 46 form part of these accounts.

Roy Burke
Chief Executive and Accounting Officer
Date: 9 July 2009

Cash Flow Statement

	Notes	2008/09 £000	2007/08 £000
Net cash inflow from operating activities	16(i)	1,887	784
Capital Expenditure			
Payments to acquire tangible fixed assets		(1,775)	(1,109)
Receipts from sale of tangible fixed assets		211	261
		(1,564)	(848)
Drawdown from DfT		250	-
Increase / (Decrease) in cash in the year	16(ii)	573	(64)

The notes on pages 35 to 46 form part of these accounts.

Notes to the accounts

1. Accounting Policies

1.1 Basis of Accounting

The Accounts have been prepared in accordance with the Financial Reporting Manual 2008/09 (FRM) and comply with the Accounts Direction given by HM Treasury. The accounting policies contained in the FRM follow UK Generally Accepted Accounting Practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

1.2 Tangible Fixed Assets and Depreciation

The Agency is required by the FRM to disclose fixed assets in the Balance Sheet at modified historic cost. To comply with this requirement all fixed assets were revalued at March 2009 by reference to relevant indices.

Depreciation is provided on all tangible fixed assets at rates calculated on a straight line method to write off the cost or the valuation, less the estimated residual value, over the useful lives of those assets as follows:

Motor Vehicles	3 to 5 years
Plant & Machinery	3 to 5 years
Computer and Office Equipment	3 to 5 years
Buildings	4 to 6 years

1.3 Stock and work in progress

Stock and work in progress are valued at cost on a first in first out basis.

1.4 Operating Leases

Rentals under operating leases are charged to the Income and Expenditure Account as incurred.

1.5 Pensions

GCDA employees are Civil Servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but GCDA is unable to identify its share of the underlying assets and liabilities. GCDA recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office, Civil Superannuation (www.civilservice-pensions.gov.uk).

Further pension details are included in the remuneration report on page 22 to 26.

1.6 Insurance

Insurance is charged to the Income and Expenditure Account on the basis of actual premiums paid for motor vehicles.

1.7 Research and Development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred.

1.8 Operating income

Operating income is income that relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided on a full-cost basis to other public sector organisations. Operating income is stated net of VAT.

1.9 Cost of Capital

The financing structure of the Agency does not include specific interest bearing debt but, to ensure that the Income and Expenditure Account bears an appropriate charge for the use of capital in the business in the year, a notional charge is included. This is calculated on the average net assets of the opening and closing Balance Sheets after all liabilities. The interest rate currently used is the standard HM Treasury rate of 3.5%.

1.10 Financial Assets and Liabilities

The Agency classifies its financial assets under loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are recognised at fair value which is not materially different from the book value.

2. Segmental analysis

	Income	Direct	Internal	Total	2008/09	2007/08
		Expenditure	Recharges	Expenditure	Operating	Operating
	£000	£000	£000	£000	Surplus/ (deficit)	Surplus/ (deficit)
					£000	£000
Direct Services						
Government Cars (Inc Workshop)	14,955	12,717	2,130	14,847	108	(208)
Government Mail (Previously InterDespatch Service)	5,405	4,187	1,420	5,607	(202)	(390)
Government Mail Services	277	182	0	182	95	-
Corporate & Support Services	623	4,173	(3,550)	623	0	-
	21,260	21,259	0	21,259	1	(598)

The information above is provided in compliance with the Fees and Charges Guide issued by H M Treasury and is not disclosed for the purposes of SSAP25.

The Agency's income arises from the provision of chauffeuring, car hire, mail distribution, reprographic and workshop services, all arising in the UK. Corporate and Support Services income all relates to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other government departments and external driver training. This is presented as other operating income in the Income & Expenditure Account on page 33.

Other operating income, derived from the renting out of Agency premises, is netted off the overall premises costs before being apportioned to each of the business areas.

An estimated analysis of total income generated, analysed over public and private sectors, is set out below:

	Public Sector	Private Sector	2008/09 Total	2007/08 Total
	£000	£000	£000	£000
Government Cars	14,906	49	14,955	13,806
Government Mail	5,173	232	5,405	4,688
Government Mail Services	277	-	277	236
Corporate & Support Services	623	-	623	778
	20,979	281	21,260	19,508

3. Employee Information

3.1 Staff Numbers

The average number of employees (full-time equivalent) excluding agency staff during the year was:

	2008/09	2007/08
Government Cars	182	158
Government Mail	65	63
Government Mail Services	5	-
Corporate & Support Services	63	71
Total	315	292

Agency staff costs incurred in 2008/09 equate to an estimated 9.2 full-time equivalent staff being employed throughout the year (2007/08; 9.2 full time equivalent staff).

3.2 Staff Costs (including Executive Directors)

	2008/09	2007/08
	Total	Total
	£000	£000
Government Cars	8,576	7,865
Government Mail	3,589	2,710
Government Mail Services	29	85
Corporate & Support Services	548	1,245
Total	12,742	11,905
Wages, salaries & allowances	10,054	9,387
Social Security costs	782	737
Pension costs	1,573	1,518
Other	20	24
Agency staff costs	313	239
Total	12,742	11,905

3.3 Directors' Salary and Pension Entitlements

The salary and pension entitlements of the Chief Executive and the Executive Directors of the Agency are included in the Remuneration Report on pages 22 to 26.

3.4 Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). For 2008/09 employers' contributions of £1,573k (2007/08: £1,518k) were payable to PCSPS at one of the four rates in the range 17.1% to 26.5% (2007/08 17.1% to 26.5%) of pensionable pay. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. As at 31 March 2009 GCDA had no employees with a partnership pension account.

Further details of the scheme can be found in the Remuneration Report on pages 22 to 26.

4. Other operating costs

	2008/09	2007/08
	£000	£000
Vehicle costs and services excluding depreciation	4,208	3,460
Depreciation	1,125	1,097
Downward revaluation of fixed assets	92	5
Consultancy support	142	93
Stationery & reprographic consumables	50	71
Staff travel, subsistence, and hospitality	213	192
Security	252	266
IT & telecommunications	236	252
Accommodation – general	585	504
Transfer to dilapidations and other provisions	-	180
Provision for bad debts	55	76
Research and development	-	2
(Profit) / Loss on disposal of fixed assets	(6)	64
Operating leases – hire of plant and machinery	104	232
Operating leases – buildings	832	787
Cost of capital charge	145	152
Auditors' remuneration	47	30
Internal Audit & Legal (DfT notional charges)	30	53
Training	80	182
Publicity	39	28
Postage	36	37
Legal	21	44
Uniforms	49	24
Canteen	29	30
Other	153	340
	8,517	8,201

5. Tangible fixed assets

	Motor Vehicles	Plant and Machinery	Computer and Office Equipment	Buildings – non- dwelling	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
Balances at 1 April 2008	5,017	235	247	182	5,681
Additions	1,315	6	429	25	1,775
Disposals	(611)	-	-	-	(611)
Revaluation	100	3	(18)	-	85
Balances at 31 March 2009	5,821	244	658	207	6,930
Depreciation					
Balances at 1 April 2008	(2,379)	(105)	(112)	(115)	(2,711)
Charge for the year	(975)	(58)	(71)	(21)	(1,125)
Disposals	418	-	-	-	418
Revaluation	(103)	(3)	15	(1)	(92)
Balances at 31 March 2009	(3,039)	(166)	(168)	(137)	(3,510)
Net Book Values at 31 March 2009	2,782	78	490	70	3,420
Net Book Values at 31 March 2008	2,638	130	135	67	2,970

6. Stock

	2008/09	2007/08
	£000	£000
Workshop stock	28	34

7. Debtors

	2008/09	2007/08
	£000	£000
Trade Debtors	2,051	2,911
Other Debtors	125	302
Prepayments and Accrued Income	1,099	224
	3,275	3,437

All debtors are amounts falling due within one year.

7.1. Intra-governmental balances – debtors

	Debtors: amounts falling due within one year	
	2008/09	2007/08
	£000	£000
Balances with other central government bodies	3,188	3,348
Balances with local authorities	4	5
Balances with public corporations and trading funds	21	27
Balances with bodies external to Government	62	57
	3,275	3,437

8. Cash at bank

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March.

	2008/09	2007/08
	£000	£000
Balance at OPG	1,729	1,156
	1,729	1,156

9. Creditors due within one year

	2008/09	2007/08
	£000	£000
Amounts due to the Consolidated Fund; Excess of Parliamentary Grant over actual expenditure		
2008/09	1,729	-
2007/08	-	1,156
Trade Creditors	576	394
Other Creditors	552	526
Taxation and Social Security	1,044	807
Deferred Income and Accrued Expenditure	145	173
	4,046	3,056

9.1. Creditors due after one year

	2008/09	2007/08
	£000	£000
Deferred Income & Accrued expenditure	133	133
	133	133

9.2. Intra-governmental balances – Creditors

	Creditors: includes amounts falling due after one year	
	2008/09	2007/08
	£000	£000
Balances with other central government bodies	3,577	2,632
Balances with bodies external to government	602	557
	4,179	3,189

10. Provision for liabilities and charges

	VER	Property Dilapidations	Total
	£000	£000	£000
Balances at 1 April 2008	(212)	-	(212)
Payments in year	143	-	143
Balance at 31 March 2009	(69)	-	(69)

Voluntary early retirements (VER) give retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme (PCSPS). The Agency bears the cost of these benefits until normal retirement age of the employees retired under the Early Retirement Scheme. Total payments in the year amounted to £143k.

The total pensions' liability up to normal retiring age in respect of each employee is charged to the Income and Expenditure Account in the year in which the employee takes early retirement and a provision for future pension payments is created. Pensions and related benefit payments to the retired employee until normal retiring age are then charged annually against the provisions.

The Agency is required to maintain the premises at Ponton Road to a standard specified in the original lease agreement. This is maintained through the annual maintenance budget; therefore no provision has been made for dilapidations.

11. General fund

	2008/09	2007/08
	£000	£000
Balance at 1 April	4,169	4,412
Surplus / (Deficit) for year	1	(598)
Amounts due from/(to) the Consolidated Fund	(322)	64
Drawdown		
Cost of Capital	145	152
Auditors' Remuneration	47	30
Internal Audit & Legal (DfT notional charges)	30	53
Transfer from Revaluation Reserve	96	56
Balance at 31 March	4,166	4,169

12. Revaluation reserve

	2008/09	2007/08
	£000	£000
Balance at 1 April	27	8
Arising on revaluation during the year	107	75
Transfer to General Fund (see below)	(96)	(56)
Balance at 31 March	38	27
Transfer to General Fund:		
Realisation of revaluation gains	(96)	(56)
	(96)	(56)

13. Commitments

13.1 Capital Expenditure

	2008/09	2007/08
	£000	£000
Authorised by the Chief Executive and contracted for:	250	496

Contracted Capital expenditure for 2008/09 relates to orders placed for the purchase of the new enterprise-wide information system.

13.2 Operating leases

	Buildings	Other	2008/09 Total	2007/08 Total
Annual operating lease rentals due on leases expiring within:	£000	£000	£000	£000
one year	-	-	0	17
two to five years	24	107	131	95
over five years	754	-	754	744
	778	107	885	856

Building lease rentals, expiring after more than five years relate to the lease of the premises in London and Birmingham.

13.3 Other Commitments

The Agency had not entered into any non-cancellable contracts for services as at 31 March 2009.

14. Contingent Liabilities

There were no contingent liabilities at 31 March 2009.

15. Related Party Transactions

The Government Car and Despatch Agency (GCDA) is an Executive Agency of the Department for Transport, transferring from the Cabinet Office in November 2005 under a Machinery of Government change.

During the year, GCDA has generated income amounting to an estimated £20,979k (98.7% of operating income) with the Department for Transport, other government departments and public sector bodies.

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

16. Notes to the Cash Flow Statement

(i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2008/09	2007/08
	£000	£000
Operating Surplus / (Deficit) for year	1	(598)
Non-cash charges	222	319
Movement in provisions	55	180
Depreciation charges	1,125	1,097
Downward revaluation of fixed assets	92	5
Loss/(Profit) on disposal of tangible fixed assets	(6)	64
Increase in debtors, excluding supply debtor due from the Consolidated Fund	(162)	(212)
Increase in creditors, excluding the amounts due to the Consolidated Fund	417	(28)
Voluntary early retirement costs paid	137	(28)
(Decrease)/Increase in stock	6	(15)
Net cash inflow from operating activities	1,887	784

(ii) Reconciliation of net cash flow to movement in net funds

	2008/09	2007/08
	£000	£000
Net funds at 1 April	1,156	1,220
(Decrease)/Increase in cash in the year	573	(64)
Net funds at 31 March	1,729	1,156

(iii) Cash surplus to be surrendered to the Consolidated Fund

The Department for Transport accounts for the income and expenditure of the Agency in its Resource Account.

17. Financial Instruments

Financial Reporting Standards require disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because GCDA's activities are financed mainly by income generated from Government customers, it is not exposed to the degree of financial risk faced by business entities. Moreover financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 25, 26 and 29 apply.

The Agency has no powers to borrow or invest surplus funds and no transactions are in foreign currency. It is therefore not exposed to interest rate or currency risk. Financial assets and liabilities, which are held in the balance sheet at fair value, are generated by day to day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

Credit risk is the risk of suffering financial loss should any of the Agency's customers or counterparties fail to fulfil their contractual obligations to the Agency. The majority of debtors are with other government bodies and thus the risk of non-payment is minimal. Procedures are in place to mitigate the risk of default, including formal authorisation procedures at the instigation of transactions. A provision for bad debts has been established in recognition that a proportion may not be settled, following formal review to ensure that all effort is made to collect outstanding amounts.

At 31 March 2009 the bad debt provision amounted to £149,000.

18. Financial Objectives

The primary financial objective set by the Minister for the Department for Transport was to achieve full cost recovery on an accruals basis. This target was achieved with a surplus of £1k. This represents a 0.004% variance to income from operating activities.

The outcomes were:

	2008/09	2007/08
	£000	£000
Surplus / (Deficit)	1	(598)
Surplus / (Deficit) as % of income from operating activities	0.004%	(3.07%)

19. Post Balance Sheet Events Note

Government Car and Despatch Agency financial statements are laid before the Houses of Parliament by the Secretary of State of the Department for Transport. FRS 21 requires the Government Car and Despatch Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by Government Car and Despatch Agency management to the Secretary of State of the Department for Transport

The authorised date for issue is 16 July 2009.



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