Driving Standards Agency Annual Report and Accounts 2011-12

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The Review
Chief Executive's statement

I am pleased to introduce the Driving Standards Agency annual report and accounts for 2011-12.

This report shows our achievements during the year and our commitment to improving road safety as well as working to the government's reform agenda.

Our core business of testing has seen delivery of around 1.6m car practical tests and over 1.6m theory tests. We have kept our ISO9001 accreditation for the quality assurance of the car practical test.

2011-12 has been another challenging year but, through the hard work of all our staff and stakeholders I'm proud to announce that we have achieved 24 out of 26 of our performance measures.

The two that we unfortunately missed were:

- the average absence per member of staff – this has reduced to 10.6 days narrowly missing the measure of 10.5 days, but a real reduction on 2010-11's 11.1 days
- our candidate satisfaction rating – this has improved from 77 per cent to 83 per cent, against the measure of 90 per cent and we hope to improve further in 2012-13

During the year we have made two changes to the theory test – we have:

- introduced new case studies
- stopped publishing live questions.

By doing this we aim to ensure candidates have a better understanding of driving and riding theory.

We have shown our commitment to customer service by keeping both our Customer Service Excellence award and Customer Contact Association accreditation. We continue to support the government's 'digital by default' strategy and we have increased take-up of electronic services to 83 per cent.

We have continued to look at how our business operates to make sure that we are working in an efficient and economical way. We have found efficiency savings in the region of £2.8million. The warmer than average weather and changes to some of our estate has meant a reduction in our carbon emissions of 8.7 per cent.

Working with local stakeholders we have trialled the introduction of extra car driving test facilities at nine locations across Great Britain to give a more localised service. The results from both ADIs and candidates were positive. We plan to increase the number of locations in 2012-13. Please see page 17.

In 2012-13 we will continue to work towards:

- the objectives of the Strategic Framework for Road Safety
- making sure that our service provision meets the principles of the Open Public Services White Paper.

For more detail please read DSA's business plan 2011-12

Rosemary Thew
Chief Executive

Highlights

Improving road safety:

- delivered around 1.6m car practical tests and over 1.6m theory tests
- introduced new case studies into the theory test in September 2011
- stopped the publication of theory test questions in January 2012
- completed 122 quality assurance visits and supervised 99 per cent of examiners including delegated examiners
- kept ISO9001 accreditation for the quality assurance of the car practical test
- finished 1,013 investigations into impersonation/ID fraud and 303 investigations into illegal driving instruction.

Greater efficiency, better value for money, and a well-managed workforce:

- achieved a financial surplus of £12 million
- made efficiency savings of £2.8 million
- improved driving examiner utilisation of 82 per cent.

Climate change and carbon reduction:

- kept ISO14001 for Environmental Management System
- 8.7 per cent carbon reduction from 2010-11 level.

Transformed, customer-focussed, convenient, e-enabled services:

- increased take-up of electronic services to 83 per cent
- kept Customer Service Excellence (CSE) award with a Compliance Plus rating
- improved business customer satisfaction of 77 per cent
- answered in excess of 1.1 million phone calls
- reaccredited with global standard Customer Contact Association.

The Driving Standards Agency and this report

The Driving Standards Agency (DSA) is a national organisation with:

- headquarters in Nottingham
- training centre based in Bedfordshire
- administrative centre in Newcastle.

We deliver tests from around 400 driving test centres and 140 theory test centres.

The DSA is an executive agency within the Department for Transport (DfT). We are a trading fund with a turnover of over £190 million in 2011-12, and are mainly funded through customer fees and income from other road safety initiatives.

This report sets out the measures, outcomes, programmes and key deliverables that we have achieved during 2011-12. It is structured around DSA's business plan for 2011-12.

The DSA mission

Our mission and primary aim is to promote road safety by influencing driver and rider behaviour. We do this through:

- setting the standards for pre-driver education, for drivers, riders and driver trainers

- registering and quality-assuring approved driving instructors (ADI) and approved training bodies (ATBs) delivering motorcycle compulsory basic training and being the competent authority for Driver Certificate of Professional Competence (CPC)

- carrying out theory and practical driving and riding tests

- ensuring the quality assurance of all testing activity

- investigating cases of suspected theory test and practical test impersonations and identity fraud

- keeping learning and testing arrangements under review.

Operational results summary

Category	Performance measures	Met	Achievement
Operational	**Driving test quality** Maintain the integrity and quality of the driving test by: • supervision of at least 95% of examiners including delegated examiners • conducting a rolling programme of 120 quality assurance visits.	✓ ✓	**99%** **122**
	Driving test availability Availability of practical and theory test appointments: • giving candidates an appointment at their preferred theory test centre – 95% within two weeks of their preferred date • making appointments available within nine weeks at car driving test centres – 90%.	✓ ✓	**97%** **91%**
	Customer satisfaction Maintain or improve customer satisfaction for: • candidates – 90% • business customers – 75%.	✗ ✓	**83%** **77%**
	Protecting the environment Cut carbon emissions from agency buildings and business use of vehicles by 31 March 2012 – 5% reduction.	✓	**8.7%**

Finance and efficiency	**Digital by default** Increase the take-up of key digital services by March 2012 to 78%.	✓	**83%**
	Agency finance Make further efficiency savings of £1.3m. Deliver financial performance in line with Business Plan.	✓ ✓	**£2.8m** **£12m**

Finance and efficiency	**Workforce** Ensure efficient deployment of staff within business plan complement set for 31 March 2012 – 2,503 FTEs. Ensure the number of working days lost due to sickness absence does not exceed 10.5 days. Deliver driving examiner utilisation of 79%.	✓ ✗ ✓	**2,406** **10.6 days** **82%**

Measures applicable to all motoring agencies

Category	Measure	Met	Achievement
Operational	Payment of invoices within five working days – 80%.	✓	**99%**
	FOIs – Provide response within 20 working days – 93%.	✓	**98%**
	PQs – Provide response within due date – 85%.	✓	**100%**
	MPs' correspondence – Provide response within seven working days – 85%.	✓	**91%**
	Official correspondence – Provide response within 20 working days – 80%.	✓	**96%**
	Deliver the eight Customer Promises:		
	i We will provide a full response to enquiries quickly – we will respond to 90% of general enquiries within 10 working days.	✓	**99%**
	ii We will provide a full response to complaints quickly – we will respond to 90% of complaints within 10 working days.	✓	**96%**
	iii We will respond to telephone calls promptly and endeavour to resolve all enquiries at the first call – we will answer 70% of telephone calls within 30 seconds.	✓	**78%**
	iv We will use reliable and accurate methods to measure customer satisfaction on a regular basis.	✓	**Retained CSE***
	v We provide our customers with information that is clear, accurate and complete. If we do not have all the information required, we will advise customers when they will receive the information they requested.	✓	**Retained CSE***
	vi Our staff are polite and friendly to customers at all times and understand our customer needs.	✓	**Retained CSE***

	vii We make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how our services are run and who is in charge.	✓	**Retained CSE***
	viii We make particular efforts to identify hard-to-reach and disadvantaged groups and individuals and have developed our services in response to their specific needs. We have policies and procedures that support the right of all customers to expect excellent levels of service.	✓	**Retained CSE***

*****CSE – Customer Service Excellence Award

Chapter 2
Improving road safety

Introduction

Delivery of theory and practical driving and riding tests is the DSA's core activity.

The DSA's operations and finances are dependent on the number of candidates taking tests. We use two terms throughout this document:

- **demand** – the number of applications for a test
- **throughput** – the number of tests conducted, including the number forfeited by candidates (where they failed to attend for test or cancelled their appointment with less than three days' notice).

The difference between the two is due to the time lapse between booking and taking a test. We earn the fee when we deliver a test, not on receipt of the fee.

Cars

	2009-10 Actual	2010-11 Actual	2011-12 Business plan	2011-12 Actual
Theory test	**000s**	**000s**	**000s**	**000s**
Demand	1,500	1,506	1,577	1,521
Throughput	1,471	1,482	1,577	1,509
Practical test	**000s**	**000s**	**000s**	**000s**
Demand	1,621	1,668	1,600	1,605
Throughput	1,590	1,669	1,678	1,621

In 2011-12, we saw relative stability in theory and practical test demand. Our forecasting accuracy reflects this: by using various models, the planned demand levels for car practical tests were only 0.3 per cent below the actual demand level.

We delivered car tests with an average waiting time of 6.5 weeks against an internal measure of 7.7 weeks. This is a significant improvement on the 7.9 weeks achieved in the previous year.

Approved driving instructor (ADI)

	2009-10 Actual	2010-11 Actual	2011-12 Business plan	2011-12 Actual
Theory test	**000s**	**000s**	**000s**	**000s**
Demand	21	14	14	9
Throughput	21	14	14	9
Practical test	**000s**	**000s**	**000s**	**000s**
Demand	28	23	22	16
Throughput	29	24	22	17

Demand for ADI theory and practical tests were significantly lower than planned levels. Theory tests were 36.9 per cent below planned levels and practical test levels were 26.7 per cent below planned levels. This is due to the high level of ADIs on the register and the current economic climate.

The table below reflects the number of potential driving instructors, and applications made for each part of the process.

Register of approved driving instructors	2009-10 Actual	2010-11 Actual	2011-12 Actual
Initial applications	18,157	11,595	6,930
Trainee licences issued	5,961	5,324	3,214
New ADI registrations	4,368	4,420	3,339
Renewal of ADI registrations	7,958	8,225	8,609
Check tests	12,617	15,676	15,887
Number of ADIs removed or resigned	2,935	3,308	3,890
ADIs on register	45,961	47,008	46,569

Motorcycles

	2009-10 Actual	2010-11 Actual	2011-12 Business plan	2011-12 Actual
Theory test	**000s**	**000s**	**000s**	**000s**
Demand	67	70	72	77
Throughput	61	64	72	73
Practical test	**000s**	**000s**	**000s**	**000s**
Demand – Module 1	70	67	70	68
Throughput – Module 1	57	64	71	63
Demand – Module 2	53	58	65	65
Throughput – Module 2	52	55	64	61

We saw a higher than expected demand for motorcycle theory tests which were 7.4 per cent above planned levels.

For motorcycle module 1, demand was 2.7 per cent below planned levels and, for module 2, just 0.1 per cent below planned levels.

Vocational

	2009-10 Actual	2010-11 Actual	2011-12 Business plan	2011-12 Actual
Theory test – LGV/PCV	**000s**	**000s**	**000s**	**000s**
Demand – multiple choice	38	40	39	40
Throughput – multiple choice	36	36	39	37
Demand – Hazard Perception Test	38	38	39	39
Throughput – Hazard Perception Test	35	36	39	36
Practical test – Lorry/bus/car and trailer (B+E)	**000s**	**000s**	**000s**	**000s**
Demand	68	71	71	75
Throughput	69	68	70	72

Theory test multiple choice was 1.6 per cent above planned levels and hazard perception test was 0.2 per cent below planned levels.

Vocational practical demand in the latter half of the year saw unexpected growth in demand for LGV and this resulted in demand being 6.1 per cent above planned levels.

Driver Certificate of Professional Competence (CPC)

	2009-10 Actual	2010-11 Actual	2011-12 Business plan	2011-12 Actual
Theory test	**000s**	**000s**	**000s**	**000s**
Demand – Module 2	12	19	27	25
Throughput – Module 2	10	18	27	23
Practical test				
Demand – Module 4	6	11	12	12
Throughput – Module 4	5	10	12	11

Demand for Professional Driver CPC qualifying test (Module 2) was 7.6 per cent below planned levels, whilst levels for Professional Driver CPC qualifying test (Module 4) were marginally above planned levels by 0.2 per cent.

In 2011-12, 3.8 million hours of periodic training were logged, over 43,000 driver qualification cards issued and over half a million drivers have had some periodic training since 2008.

The DSA is responsible for:

- approving Driver CPC centres and courses
- the quality assurance of periodic training
- the handling of non-compliance.

During 2011-12, 163 centres were approved to deliver Driver CPC periodic training, bringing the current total of:

- approved centres in March 2012 to 1,147
- approved training courses to 2,947.

To encourage take-up by drivers in a timely manner, the DSA has worked closely with industry and other government departments to raise awareness of Driver CPC and the associated rules.

During 2011-12 the DSA completed a review and revision of the compliance and quality assurance process. As a result we increased activity and effectiveness by:

- significantly increasing the number of audits conducted by both the Joint Approvals Unit of Periodic Training (JAUPT) and the DSA, from 278 in 2010-11 to 1,108 in 2011-12
- increasing the JAUPT audit capability and recruited a dedicated team of DSA auditors
- separating centre and course audits, to better focus the process
- using a mix blend of planned, announced and late-notice centre visits, and unannounced course visits, based on requirement, risk assessment and intelligence
- introducing a specific Driver CPC complaints facility.

Reform

Learning to drive

The DSA has a role to play in establishing lifelong learning for all drivers and riders.
In May 2011 the Department for Transport published its Strategic Framework for Road Safety. Strategic Framework for Road Safety This sets out the DfT approach to further reduce killed and seriously injured casualties on Britain's roads. The focus is on increasing the range of educational options for the drivers who make genuine mistakes and can be helped to improve while improving enforcement against the most dangerous and deliberate offenders.

The DSA's Learning to Drive programme aims to:

- contribute to improving road safety, in particular among newly qualified drivers aged 17 to 25 years old
- help raise the standard of professional driving instruction.

During the last year, it has focussed on measures to modernise the driver and rider training industries, supporting initiatives in the Strategic Framework for Road Safety.

Modernising driver and rider training

During 2011–12, the Road Safety Minister confirmed that his priorities for modernising the driver training industry are to:

- make sure the right people, with the right skills and motivations, enter the profession
- make sure there is a modern qualification process, for example through the enhancement of the current process and an alternative accredited qualification route (a vocational qualification such as NVQ)
- end the current trainee licence scheme so that trainees will have to be supervised at all times if giving on-road instruction
- make sure individual instructors are registered and quality-assured
- consider introducing mandatory continuing professional development
- make sure there is a smarter standards check process
- introduce a better 'find nearest' service to include skills, qualifications and performance of instructors.

The Minister also agreed that we should explore options for improving the standards of motorcycle training. These include the possibility of common qualification, registration and quality assurance arrangements between both the driver and rider training industries. To achieve these, we have brought together the learning to ride and modernising driver training initiatives to maximise the links between them.

We have worked with the driver and rider training industries on developing a package of measures that aim to deliver the Minister's priorities, and to raise the standards of training and the value that consumers receive from their investment in that training. We have also tried to minimise or reduce the regulatory burden on instructors. We plan to consult on the proposals in 2012-13.

Learning trial

This major research trial was started by the DSA in March 2010, in partnership with Transport Research Laboratory (TRL) and the Royal Society for the Prevention of Accidents (RoSPA). The team has worked with:

- driving instructors
- learner drivers
- supervising drivers.

It is assessing whether specially trained instructors can make learning possible in a way that empowers learner drivers to take ownership of the learning process.

The performance and experiences of ADIs and learners taking part in the trial are being measured. The final results are expected in summer 2012.

Practical test independent driving

The DSA introduced the independent driving section of the practical test in October 2010. It requires candidates to follow a pre-determined route on test.

We are currently doing research to evaluate its impact. Online surveys and focus groups are being conducted with ADIs and candidates to understand how they found this section of the test.

More research will seek to find out what impact it has had on the post-test experiences of newly qualified drivers, particularly in the first six months after passing their test.

Continued driver learning

The DSA opened discussions with the insurance and driver training industries on how best to incentivise newly qualified drivers to continue to develop their skills after passing the driving test. Decisions will be dependent upon the outcome of the learning to drive trial.

Drink-Drive Rehabilitation (DDR)

The DSA has continued to support the providers of approved DDR courses. The DDR scheme aims to educate appropriate offenders to help them recognise the problems associated with drink-driving and to enable them to change their behaviour – which should help to reduce re-offending.

We published the DDR course syllabus in autumn 2011. This links to the recognised Drug and Alcohol National Occupational Standards and to the DSA National Safe and Responsible Driving Standard (Cat B)™.

We consulted at the end of 2011 on our plans for a new approvals process for DDR courses and associated fees, in line with commitments set out in the Strategic Framework for Road Safety. The report on the response to consultation is being prepared and legislation will introduce a new approvals process in 2013.

The proposals aim to improve the quality and consistency of courses offered to drink-drive offenders and, at the same time, transfer the cost of the scheme from the taxpayer to the offender. This is consistent with the ‘user pays’ principle.

Theory test

In September 2011, we introduced new case studies to further assess the candidate’s understanding as well as their knowledge of driving theory. These have built on the successful introduction of this type of question into the test in 2010.

Since January 2012, we no longer publish live questions – this should encourage better learning by learner drivers and make sure they know and understand their theory. We continue to publish and licence revision questions and have revised our publications so that they carry better explanations of correct driving and riding theory.

We have taken forward work to refresh the hazard perception test; our intention is to replace existing video clips with computer generated image clips. We will issue invitations to tender for this work in 2012-13.

European Union Third Directive

The EU Third Directive on Driving Licences (2006/126/EC) requires Great Britain to introduce new European arrangements for driving tests. These include changes to driver training, testing and licence acquisition arrangements. DSA is working with the DfT and the Driver and Vehicle Licensing Agency (DVLA) to implement the changes by the required date of 19 January 2013.

The Directive seeks to improve road safety, improve licence security and harmonise licence categories to facilitate movement across the European Union.

We are responsible for:

- driving tests and the types of vehicles that can be used for tests
- tests for the new motorcycle categories and the qualification arrangements for staged access for younger riders seeking a full licence to ride larger motorcycles
- the initial qualification, periodic training and quality assurance arrangements for examiners involved in driving tests for licence acquisition.

Work has taken place to amend IT systems to support the new motorcycle arrangements. The existing examiner initial qualification, periodic training and quality assurance arrangements have been amended where required to comply with the Directive. We continue to ensure that those affected know about the changes. Extensive use is being made of social media and **direct.gov** has been updated to provide information on the new arrangements.

Motorcycle Testing Review

The DSA continues to work with colleagues in DfT to take forward the motorcycle test review. Phase one of the test review has been completed, the summary report can be found here: Motorcycle test review update.

Phase two is due to start in the summer 2012 – this will trial proposed manoeuvres on live roads with expert riders.

Depending on the outcome of phase two, phase three is scheduled for the autumn 2012 and this will trial the proposed manoeuvres on live roads with test-ready novice riders.

In May 2011, we introduced interim measures to improve the current test; these have proved successful and have been well received by trainers and examiners.

We are continuing our work with trainers to improve our service we provide and are offering back-to-back single-event testing at some locations. This provides trainers with the opportunity to book the two modules of their pupils' motorcycle test back to back as a single event.

Our search for some more casual testing sites in key areas is ongoing.

Taking testing to the customer

During the year, the Minister asked the DSA to trial using additional car driving test facilities without increasing the size or cost of our fixed estate. So far, we have successfully delivered driving tests from hotels, leisure centres and local authority offices.

Candidates in the selected nine locations have been able to take a driving test locally, avoiding the need to travel to a neighbouring town or area.

The Minister has now asked us to develop this approach more widely. In March he announced 21 locations (based around five geographic areas) where we would look to deliver testing more locally.

Testing is intended to be operational in many of those 21 locations during the first half of 2012-13. We will also seek to identify public and private organisations to work in partnership with us to identify and provide locations from which the test could be delivered.

We will look to engage with a wide section of the business community, including retail and hotel groups, to provide premises from which the agency could operate.

We have greatly increased the volume of vocational practical driving tests taking place at customer premises. The number of 'customer sites' rose during 2011-12 from seven to 21.

This helps us to respond to VOSA's decisions to cease testing from some of its sites so customers will benefit from taking it at their premises.

Quality assurance

The DSA believes it is important that our testing is delivered to consistently high standards. During 2011-2012, we continued to quality manage all testing activities and achieved our published performance measure – by supervising 99 per cent of driving examiners including delegated examiners.

Throughout the year we completed a national programme of 122 quality assurance visits. We have also maintained our ISO 9001: 2008 accreditation for the quality assurance of the car practical driving test.

We have continued to provide quality assurance of advanced driving tests to make sure these meet agreed national minimum standards. The organisations involved included:

- The Institute of Advanced Motorists
- Royal Society for the Prevention of Accidents
- DIAmond Advanced Motorists
- British School of Motoring.

Fraud and integrity

The DSA fraud and integrity team acts upon all instances of reported impersonations and alleged illegal driving instruction, whether it is in a practical driving test centre or theory test centre. This enforces our road safety message and helps to keep dangerous untrained drivers off the road. During the last 12 months we have:

- concluded cases involving 1,013 individuals suspected of being involved in impersonation or ID fraud
- concluded 303 cases involving illegal driving instruction
- submitted evidence to the police which led to the arrest of 295 individuals, of which:
    - 80 have been successfully prosecuted, which has resulted in some individuals receiving prison sentences of up to three years
    - 131 individuals have received police cautions
- investigated two instances of fraud involving training of lorry drivers for Driver CPC.

Our work and the press coverage we received from this work continue to let people know these crimes are unacceptable and that we will always push for the toughest penalties.

Publications

This year, the DSA made its copyright licences fairer and clearer in line with recommendations by the Information Fair Trader Scheme. We also adapted them to account for the developments in theory testing.

Products for theory test candidates changed in September 2011. This was to support the introduction of new case studies and the move to use unpublished questions in tests from January 2012.

In October 2011 we began a new publishing partnership with The Stationery Office (TSO). The contract is designed to deliver modernised learning that focuses on the learner's needs and delivery of competences set by the DSA national driving and riding standards.

The immediate result was a suite of three iPhone apps for Theory Test for Car Drivers, which includes The Highway Code. Along with the new books and software for car drivers and motorcyclists, we are achieving record sales and excellent customer reviews.

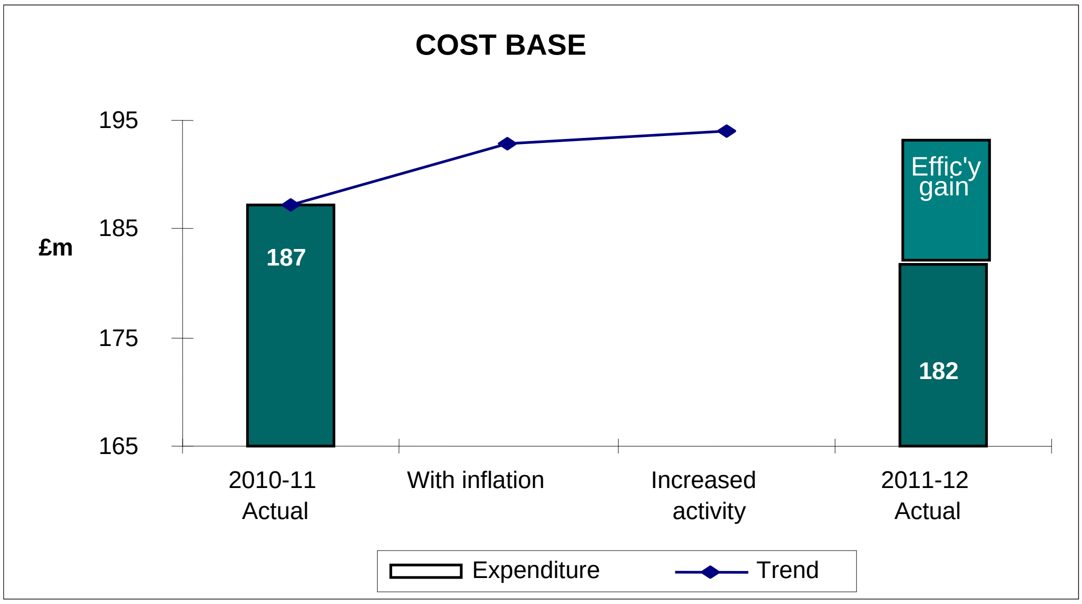
Chapter 3
Greater efficiency, better value for money

Introduction

Throughout 2011-12 we have aimed to deliver our services in an efficient, more responsive and transparent manner in line with the priorities set out in the DfT Business Plan 2011-15.

Efficiency

Our business plan said that the drive for further efficiencies must continue to offset the difficult economic climate, the impact of inflation and the decision to not increase fees. Over the course of the year, we have examined many areas of the business to reduce costs, generating efficiency gains of over £12m.



A number of activities reported within this annual report have contributed the improved efficiency of the agency:

- improving how we use our examiners, up to 82 per cent, has resulted in more tests being delivered by our staff – improved working arrangements of test centre managers have also contributed to the amount of tests delivered
- introducing greater flexibility in our estate together with the Total Facilities Management contract both started to deliver savings from September 2011, with the full annual benefit next year
- further growth in the take-up of electronic test bookings – up 5 percentage points to 83 per cent – has reduced the costs of administration and allowed us to review our contact centre opening hours

- improving our carbon footprint which has resulted in improved energy efficiency and reduced energy costs
- continuing to seek efficiency in all items we procure – we have worked with both existing suppliers and new ones to deliver improved value, with a number of successes such as the new publishing contract
- reviewing our operating structure to make sure it remains cost effective – during the year we have:
    - examined and amended the structure of operational management teams, the quality assurance teams and area office functions
    - carried out a voluntary early retirement scheme for non-examiner staff which contributed to the reduction in staff numbers – for which we will see the benefit next year.
    - continued with the staff recruitment freeze (other than for examiners and customer facing staff) throughout the year.

We exceeded the efficiency performance measure of delivering efficiency savings of £1.3m, by achieving £2.8m.

Examiner utilisation

Driving examiners are critical to the delivery of practical driving and riding tests, which generate the agency's income. We monitor the amount of time examiners spend earning fees by conducting tests – this help our resource planning to continue to meet customer demand. This is known as 'examiner utilisation'.

For 2011-12 we delivered examiner utilisation of 82 per cent against our published performance measure of 79 per cent. Some of this improvement resulted from reduced disruption by bad weather and some from reduced sick absence levels.

Staff absence

Although the DSA has missed the sick absence target of no more than 10.5 days per person, there has still been an improvement in performance, with the average dropping by over 0.5 days in the past financial year from 11.1 to 10.6 days.

We continue to actively manage instances of absence which include:

- absence management being included in every manager's deliverables and being part of how their performance is measured
- all managers having had mandatory training in managing absence and repeat training being provided where needed
- specific advice and guidance being provided by HR to managers and management teams in relation to individual cases and we support and guide line managers in resolving long-term absence cases within 6-9 months
- free therapy schemes and health screening being made available to employees, as well as the counselling service

- opportunities for job redesign and restructure being explored and implemented to return people to work as early as possible
- improvements being made to the health questionnaire which is completed and considered before appointment, and face-to-face health screening sessions being used for people wishing to be employed as examiners
- detailed management information being provided to line managers, to inform the development of initiatives and assist the identification of 'risk areas'
- a 'Managing Emotional Wellbeing' toolkit which has been rolled out for use by all managers.

Staff training and development

To maintain the capability of our driving examiners the DSA has continued to deliver a programme of business-specific, technical training to meet their changing needs.

The emergence of civil service learning has offered a growing range of core skills training in administration, management and leadership. This common curriculum will offer increased development opportunities to our staff at all levels.

We have begun a programme of work experience placements for unemployed 16-24 year olds to support a wider government initiative. We also continue to offer NVQs and apprenticeships to existing staff.

Staff communications

We consider staff communication a priority – our online weekly newsletter provides an effective platform for delivering news and information to all our staff.

A positive staff engagement score was achieved in the 2011-12 staff survey – this increased by three per cent from 2010-11 up to 53 per cent. The Cabinet Office highlighted the DSA as the organisation with the greatest improvement in response rate rising from 35 per cent in 2010 to 78 per cent.

Efforts have been made to encourage line managers to better engage with their staff about the issues that matter most to them.

Equality and diversity

The DSA continues to strive to improve the diversity of our workforce as new recruits are employed.

Improvements have been made throughout the year to the capture and recording of employee diversity – we have achieved an ethnicity declaration rate of 91 per cent, and a disability declaration rate of 92 per cent. We are now focusing our efforts on encouraging declaration of sexual orientation and religion to increase declaration rates.

Our Equality and Diversity objectives are published here: DSA Equality objectives - Publications - Department for Transport and were published on 6 April 2012.

Estates

Throughout the year the DSA's estates transformation team has been working to maintain service delivery while at the same time introducing greater flexibility to the DSA estate. We have looked to move away from long leases and, instead, keep and expand service delivery into new areas – by using flexible licence arrangements.

During the course of the year,13 new licensed premises/casual hire arrangements have been added to our portfolio. In addition, two leases and one freehold have been acquired. Just two properties remain for disposal within the five-year disposals programme (which runs to 2015) and we are on target to exceed the expected receipts of £1.75m.

After a competitive tender exercise, which consolidated over 300 contracts into one, the Total Facilities Management contract was awarded to Interserve Facilities Management in May 2011. The contract went live on 1 September 2011.

We expect savings over the four-year contract period of between £5m and £6m. The new contract is also expected to deliver substantial benefits in terms of planned preventative maintenance with a resulting reduction in unplanned or reactive works (thereby reducing risks to service continuity).

Our pursuit of more flexible estates solutions has reduced the opportunities for investment within the estate; but we have continued to invest in refurbishment, repairs, maintenance and sustainable development works where possible, with a total spend of £0.9 million (revenue) and £0.7 million (capital) to year-end.

Overall, 55 properties have been refurbished or otherwise improved and small works have been carried out on over 77 properties. We have completed work to properties designed to improve their carbon emissions, which continue to be monitored as part of our five-year carbon management plan.

Area office restructure

Having formally consulted with the trade union, the DSA has a plan to relocate our Cardiff office.

We have consolidated key back-office functions into our Newcastle and Nottingham offices – this has delivered an improved customer service and major efficiency savings for the agency. No compulsory redundancies have been made through this process.

Information and communications technology (ICT)

ICT management is recognised as a central requirement to support the DSA operations. We have a secure network that is monitored by a specialist ICT provider (Capita) and our internal ICT team.

We have carried out an annual disaster recovery test of our systems to prove that information and systems can be recovered, and if there would be any issues, should a disaster happen.

New systems have been developed to support the business strategy and the government ICT strategy. We have replaced servers and upgraded systems to the latest versions to ensure we meet our government secure internet (GSI) code of connection requirements.

Information assurance

The DSA information assurance branch has continued to help the agency meet its business obligations and those born out of Her Majesty's Government (HMG) Security Policy Framework. We have maintained level three of the information assurance maturity model, a tool developed for government by the Cabinet Office.

Activities supporting this work in 2011-12 include:

- delivering of training and awareness to all staff on information management including security arrangements
- auditing and conducting compliance assessments of key business processes and delivery partners, including testing the security of the business critical IT systems
- delivering of an in-depth records management programme across the business
- publishing of key practical driving test and instructor statistics
- meeting freedom of information (FoI) requirements.

Chapter 4
Climate change and carbon reduction

Introduction

The DSA is committed to continually improving our environmental performance – we see this as core to the way we operate and interact with our staff, suppliers and customers. This year we have achieved many improvements across almost all environmental indicators.

We started the year by publishing our first carbon management plan. This shows how we plan to drive down CO_2 equivalent emission by 25 per cent from 2009-10 levels over five years. We have made a positive start and 2011-12 figures show we have achieved a reduction over two years of more than 13 per cent.

During the year we also saw waste from our administrative sites fall to the lowest levels we have recorded so far. Water use was contained at previous levels despite a number of leaks at test centres and increased overnight stays at our training centre.

We ended 2011-12 by passing our ISO14001 renewal audit. This takes us into our fourth year of certification for our environmental management system (EMS) and extends our certificate to 2015.

Summary of achievements against indicators against 2009-10 baseline

Indicator	Achievement	
Green house gas emissions (Co_2(e))	13%	⇩
Waste arising (tonnes)	10%	⇩
Water use (m^3)	0%	⇔
Energy consumption (KWhs)	19%	⇩

Sustainable procurement

The new total facilities management contract with Interserve FM went live from September. The contract represents a huge step forward for the DSA in terms of focusing this important relationship on environmental sustainability.

During 2012-13 we are expecting to see the roll-out of six projects delivered through Interserve to improve energy efficiency at over 100 test centres.

We are also working with our theory test provider Pearson VUE, to reduce the environmental impact of the service. Looking forward, we have supported Pearson in developing a new sustainability plan which includes quantification of their environmental impacts along with smart targets.

In December we started offering email confirmation when candidates book a test. Take-up is at around 90 per cent of theory test bookings and we expect to save approximately £200k annually. By doing this, we will avoid these environmental impacts of the appointment letter, paper production, printing, distribution and candidate throwing it away.

Our third major contract is with Capita for IT services. Over the last few years we have encouraged Capita to offer opportunities to increase the efficiency of current IT solutions and to use IT to offer innovative approaches to reducing our environmental footprint.

In 2011-12 we saved approximately 53 tonnes of CO_2 equivalent emissions through our new PC energy management software. We are currently in talks with Capita about the Cabinet Office Green ICT strategy. This includes accessing information about energy consumption from their data centres as the first stage to managing our supply chain emissions.

In response to the Greening Government Commitment to ensure robust compliance with the government buying standards (GBS) for commonly procured goods, we upgraded the link with our EMS. Our supplier control procedure now includes GBS compliance spot checks which allow us to confirm that the standards we specify in our contracts actually translate into reality. Early findings show that most controls are effective and work is underway to strengthen other areas.

Travel

We have only seen travel emissions reduce by a small amount against last year but we have spent 2011-12 preparing the way for future reductions.

Our plans to offer DSA fleet cars to staff who have to travel significant distances on business are at an advanced stage and should deliver a reduction in emissions next year. During the year we also provided motorcycle examiners with new, smaller engine size motorcycles.

As part of our targeted recruitment campaigns, we have included particular centres where we need more resource to deliver motorcycle and vocational tests. These are skills above those needed for car testing, and we are speeding up the process to get examiners with these skills into key centres. Success here will mean a reduced need to deploy examiners into these centres from other sites. The 2012-13 travel budget has been reduced to take account of these expected improvements.

Energy and water efficiency

We installed 80 automatic gas meter readers across our estate and we have been using the half-hourly information they supply to target energy waste. This has led to savings at many sites, by narrowing the heating windows and correcting any heating system deficiencies.

We have also used the automatic readers to assess the effectiveness of different projects. We installed four 'Tadpole'[1] units and, from using the weather corrected half-hourly data, we found the

[1] A device which removes dissolved air from a heating system thereby increasing the efficiency of the boiler.

average gas reduction was 19 per cent. This means a payback of less than three years, and allows us to move to a wider implementation it in 2012-13 with confidence that it will deliver savings.

Along with a number of refurbishments these measures contributed to a 15 per cent reduction in emissions from the estate and meant that we exceeded this year's carbon reduction target.

Working with our water management partner (Advanced Demand Site Management) we have responded quickly to fix a number of leaks and malfunctions across the estate. The temporary high usage these issues caused stopped us recording a reduction this year, but now that they are fixed we are well-placed to record an improvement in 2012-13.

For the first time our headquarters building is now classified as 'good practice' as defined in the Greening Government Commitments due to water use dropping below $6m^3$ per person over 2011-12.

Waste and recycling

Waste is monitored at all our administrative sites and data shows that recycling rates remain high at 86 per cent of the total waste produced. Also, overall waste arising decreased this year with all sites making a reduction.

We have used information from our managed print supplier (Danwood) to target those staff members who print the largest volumes. Representatives from our ICT team met with various staff members over the second half of the year to discuss alternatives to printing. We will extend this to our Newcastle site in 2012 to maximise the benefits and savings.

Sustainable construction

We undertook several refurbishments during the year and took the opportunity to make many improvements to our environmental performance. The largest refurbishment was of Eastgate House, where we have approximately 280 staff.

We upgraded the lighting to provide a better working environment, while reducing the electricity by 40 to 50 per cent. This included LED lighting in the toilet areas and sensors throughout the building. We also made sure that a site waste management plan was in place to minimise the impact of the various wastes produced by the project.

Many test centres were upgraded throughout the year (see Estates Section). Highlights include the Bury and Wednesbury projects – both are expected to reduce the energy demand by up to 40 per cent. Wednesbury is in the top five sites for gas consumption and we will be monitoring the gas half hourly data to check the actual reduction achieved.

Audit and scrutiny

The DSA has an ISO14001 certified EMS in place which was externally audited in February 2012. This provides third-party assurance that we have identified all significant environmental impacts, and have the necessary procedures and improvement plans in place to manage them.

Although certification only covers headquarters and the training centre, many elements of the system extend across the organisation. For instance the policy, governance, energy and water management, communications and carbon management cover all sites.

During the year, controls around the five per cent carbon reduction business plan measure were audited by the DfT internal audit. They found controls to be generally strong and made a number of recommendations to ensure a downward trend is sustained in line with future targets.

The sustainable development board meets quarterly and oversees delivery of the Greening Government Commitments and wider sustainability work. Monthly reporting showing carbon emission performance is supplied to the performance management group. Specific papers have also been taken to the investment appraisal board and executive board throughout the year.

Forward plans

Projects such as the automatic gas meter readers and the Tadpole trial will be extended in 2012-13. We intend to install smart meters on 50 key electricity supply points as well as concluding the existing gas project which covers 107 supply points. The Tadpoles are achieving a payback of less than three years and we want to see these installed at around 100 other sites before winter 2012.

We expect to see reductions in the miles travelled by examiners as a result of our targeted recruitment and the remaining travel should be decarbonised through:

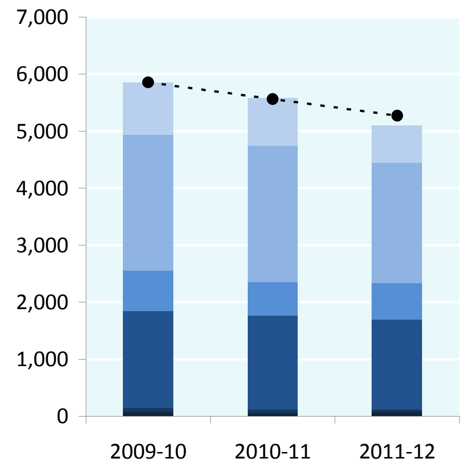
- lower carbon cars (replacing the private and hire vehicles currently used)
- smaller motorcycles for examiners undertaking bike tests
- maximising the benefit of the recent move to ‘Enterprise’ for hire car provision by accessing lower carbon cars across all hire groups.

The biggest development in 2012-13 could be the ‘taking testing to the customer’ programme. We are monitoring the environmental aspects of the pilots and will be working to understand the impacts these may have as they becomes business as usual.

Sustainability reporting

The sustainability report below is produced in line with HM Treasury guidance and includes a range of environmental performance indicators. Information is presented for the last three years. This goes back to 2009-10 which is the baseline year for the Greening Government Commitments.

GREENHOUSE GAS EMISSIONS		2009-10	2010 11	2011 12	Total Co2(e) Emissions (tonnes)
Non-financial indictors (tCo2e)	Natural gas	918	837	652	
	Electricity	2,382	2,388	2,112	
	Administrative (road)	714	588	637	
	Greyfleet	1,703	1,648	1,573	
	Rail	63	53	45	
	Operational (road)	76	64	76	
	Total emissions	5,856	5,578	5,095	
Target (tCo2e)	25% in five years	5,856	5,563	5,271	
Financial indications (£)	CRC credits	0	0	32,000	
	Official business travel	4,235,195	4,131,486	4,069,484	



RELEVANT TARGETS

Greening Government Commitments - 25% reduction in Co2(e) emissions against 2009-10 by 2014-15. The current reduction achieved is 13% which is 3% ahead of target.

COMMENTS ON SCOPE

Due to limitations and complexity of reporting, public transport other than rail is not included. We will be joining a travel management framework in 2012 and anticipate that this will enable flights and some other types of transport to be monitored accurately enough to be included.

Administrative vehicles includes hired cars and owned vehicles used for business journeys. The change in administrative travel emissions from 2009-10 to 2010-11 was partially due to an improvement in management information using the hire car emissions by individual vehicle rather than DEFRA averages.

Operational travel includes mileage from our small training fleet.

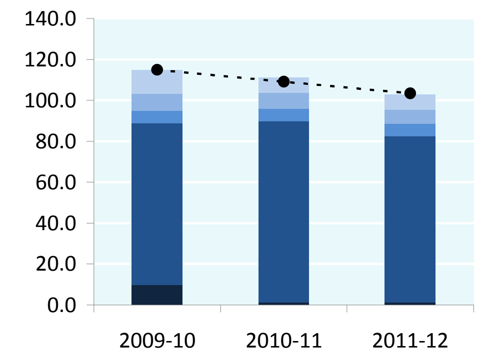
Cost for business travel now includes staff travel time, maintenance and other charges incurred in addition to fuel. However, subsistence costs are not included.

Purchasing Carbon Reduction Commitment (CRC) credits is only required from 2011-12. This will occur in June 2012 and therefore the figure provided is an estimate.

As from 2012-13 we will align the reporting scope of the Annual Report with the new GGC baseline which includes a number of other carbon emitting sources.

ACHIEVEMENTS DURING 2011-12

The majority of travel is driven by the need to match examiner resource to test demand. A number of projects, including targeted recruitment, skills acquisition and low carbon fleet car provision for high mileage staff, have been developed during 2011-12. We expect these to translate into reductions in costs and emissions during 2012-13.

WASTE ARISING		2009-10	2010 11	2011 12	Total Waste (tonnes)
Non - financial indictors (tonnes)	Landfill	11.5	7.4	7.5	
	Energy from waste	8.5	7.8	7.0	
	Composted	5.8	6.2	6.0	
	Recycled	79.3	88.6	81.4	
	Reused	9.8	1.2	1.1	
	Total waste arising	114.9	111.2	102.9	
Target (tonnes)	25% in five years	114.9	109.1	103.4	

RELEVANT TARGETS

Greening Government Commitments - 25% reduction in waste arising against 2009-10 by 2014-15. So far we have achieved a 10% reduction which is on target.

COMMENTS ON SCOPE

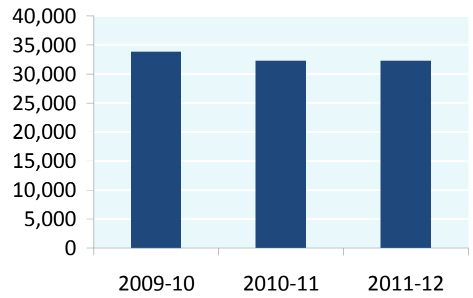
The figures above cover office waste at DSA's large administrative sites and all waste electronic equipment disposals. The vast majority of this is non-hazardous waste. Where we have over 50 staff it becomes possible to accurately monitor and manage waste without disproportionate effort. It is not currently possible to report on the driving test centre estate as estimation would have to be used to an extent that any results would be too unreliable. However, we are working with our facilities management partner to find ways to access waste data at test centres.
The figures include all office waste which is mostly paper with some other elements such as plastics, metals and food. Most waste from the DTCs would be similar.
Figures do not cover waste from our small number of refurbishments. Where a refurbishment is large enough we work with the contractor to define and deliver a site waste management plan.

ACHIEVEMENTS DURING 2011-12

We successfully targeted paper waste at HQ this year by using the information from our multi-functional devices to identify members of staff who print large quantities. We plan to roll out the same devices to our Newcastle office in 2012-13 and anticipate that this will allow us to reduce printing by at least 500,000 sheets per year.

FINITE RESOURCES WATER		2009-10	2010 11	2011 12
Non - financial indictors (m3)	Water use	33,845	32,260	32,264
Financial indications (£)	Water costs	173,034	171,454	182,464

Total Water Use (m3)



RELEVANT TARGETS

Greening Government Commitments - brackets have been set for poor, good and best practice. The water data covers an estimated 3,565 full time equivalents including an estimation of visitors. We assume 1.5 visitors per examiner FTE to account for the trainer/instructor and test candidate. This gives an average of 9m^3 per person per year for 2011-12. This places us in the poor practice category.

COMMENTS ON SCOPE

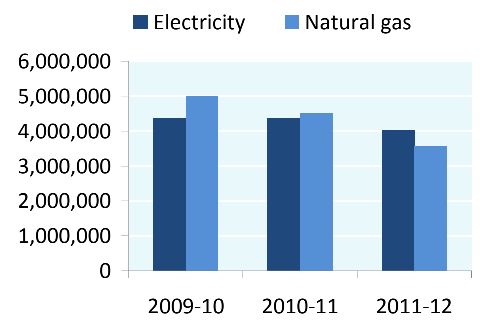
The figures include the 190 water accounts we monitor. The financial and non-financial data is based on the same invoice database.

ACHIEVEMENTS DURING 2011-12

We had a number of leaks and malfunctioning equipment throughout the year. We responded to these incidents promptly but they meant we have not recorded a reduction. In addition, we trained a significant number of driving examiners which meant that the stays in our residential training centre significantly increased. This is our largest water using site due to the catering and showers in the bedrooms. Considering these factors we believe that avoiding an increase in water use was a strong performance.

FINITE RESOURCE - ENERGY		2009-10	2010 11	2011 12
Non financial indictors (KWh)	Electricity	4,376,642	4,380,716	4,026,108
	Natural gas	4,992,191	4,517,125	3,548,552
Financial indicators (£)	Total energy cost	814,921	666,830	642,540

Total Energy (KWhs)



RELEVANT TARGETS

Although there are no direct targets for energy, gas and electricity form approximately half the Agency's carbon footprint and therefore make a significant contribution to the Greening Government Commitments carbon target. The reductions achieved are mostly around heating with gas showing a 29% reduction and electricity achieving 8%.

COMMENTS ON SCOPE

The figures include all gas and electricity consumption where DSA is responsible for the accounts.
Government Procurement Service framework supplies a 15% green, 10% good quality combined heat and power and 75% brown electricity mix.
The financial and non-financial data is based on the same invoice database.
Preparations were undertaken this year which will allow liquid petroleum gas to be reported as from next year.

ACHIEVEMENTS DURING 2011-12

2011-12 was the first full year of monthly carbon reporting through to the performance management group. This required considerable improvements to reporting systems so that the 5,000 invoices we receive each year can be validated and processed. In addition, we installed around 80 automatic meter readers on gas supply points which enhanced data quality. This allowed us to assess the impacts of trials such as the 'Tadpole' project and identify energy waste. The electricity smart metering project has also been approved and will be rolled out in early 2012-13.

Chapter 5
Transformed, customer focused, convenient, e-enabled services

Introduction

We have continued to provide high levels of customer service to meet customers needs as well as showing our commitment to the government's 'digital by default' strategy which aims to encourage customers to use our electronic services at a time that is most convenient to them.

Customer Service Excellence and Customer Promises

During 2011-12 the DSA delivered all of its customer promises which make up the performance measure for retaining the Customer Service Excellence standard. We retained the standard with a 'compliance plus' rating to recognise our work in engaging with our customers through social media sites.

There was also very positive feedback and praise for:

- the agency's clear commitment to the customer service culture at all levels
- the caring attitude of driving examiners
- work taking place on employee engagement.

Customer operations

During 2011-12 the DSA customer operations team answered more than 1.1 million phone calls and responded to around 46,000 email enquiries. The team is committed to providing a high level of customer service and has provided answers to 99 per cent of calls first time.

For the fourth year in a row, we have retained our global standard accreditation from the Customer Contact Association (CCA) achieving the highest level possible. This reflects the professionalism and focus on customer service provided by our operational support staff.

Correspondence

The DSA has continued to meet our external obligations and customer promises to respond to customers enquires and complaints quickly. We have:

- responded to 99 per cent of general enquiries within 10 working days
- responded to 96 per cent of complaints within 10 working days
- responded to 91 per cent of MPs' correspondence within seven working days
- responded to 96 per cent of official correspondence within 20 working days.

Customer satisfaction

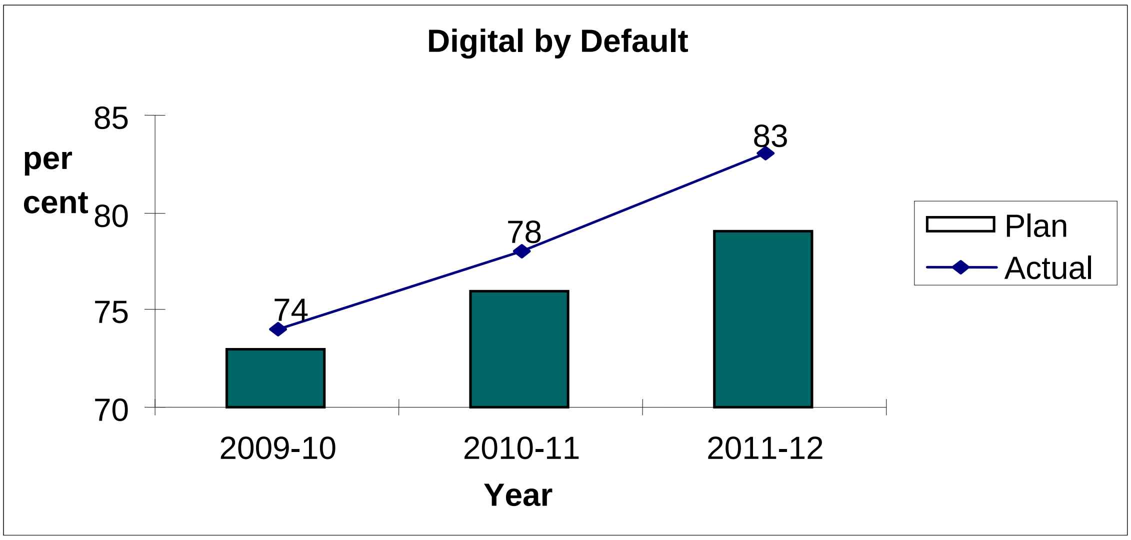
In 2011-12 the DSA undertook quarterly satisfaction surveys of our high-volume customer groups (car test candidates and ADIs) and six-monthly surveys of other customers. We also undertook ad-hoc surveys in support of service delivery improvement, for example seeking views on our plans for providing a more local service for candidates. As in the previous year, these surveys were undertaken by our in-house research team.

Candidate satisfaction levels were improved on the 2010-11 results, at 83 per cent, with customers indicating that they were broadly content with all aspects of the service provided by the DSA. Both online and telephone test booking services were scored over 90 per cent “very satisfied” or “satisfied” by all candidate groups; but the overall satisfaction score fell short of the business plan target of 90 per cent.

We met our business customer satisfaction target, with an overall satisfaction rating of 77 per cent against a measure of 75 per cent. One of the key findings from the business user surveys shows a 10 per cent increase to 87 per cent in the satisfaction rating for booking online to in 2012. Many respondents commented that it is a very good service overall, is easy to use and that it’s streamlined and efficient.

We will use these results to contribute to further service improvements in the coming year and we’ll continue to seek customer feedback on our service.

E-Take-up



In 2011-12 the take-up in online customer transactions for existing services (such as test bookings and changes) increased to 83 per cent against a performance measure of 78 per cent.

To further improve the customer experience, we are redeveloping our existing practical and theory test booking services, and are working on making our services accessible via mobile devices.

We are making more of our services available online and are currently building a new digital service that will let business customers manage their practical driving test bookings. Driving instructors and trainers can now do their transactions with us more easily, by electronically sharing their existing DVLA driving licence photograph – for example for renewing registrations.

Engagement and communication

Stakeholder engagement

In 2011-12 the DSA continued to hold regular meetings with the ADI consultative groups. These allow representatives to meet with and directly address issues to the Chief Executive, Chief Driving Examiner, the Director of Engagement and Communication and ADI Registrar. Feedback shows that this engagement is extremely valuable so these will continue in 2012 -13.

We continue to expand the range of stakeholder representative groups with whom we work through our stakeholder panels, project working groups and other relevant meetings. We engaged across a broad range of areas including modernisation of the driver and rider training industries, vocational training and testing, drink-drive rehabilitation and the carriage of dangerous goods.

External communications

Following the government's strategy of 'digital by default' and reduced public spending, the DSA continued to focus on delivering innovative, effective communications in a largely cost-free environment.

We have regularly been referenced as a leader in government for our work in engaging with customers and stakeholders through social media. Through this, we have established ourselves as a centre of best practice for digital communications in the public sector. We have:

- over 50,000 subscribers to DSADirect, our subscription email service
- four accounts on Facebook with over 30,000 likes
- five Twitter accounts with over 21,000 followers
- 3,418 subscribers to YouTube and over 5 million views
- a web widget for The Official Highway Code, so people can stream topical reminders and advice to their web site or intranet visitors.

The online version of 'Despatch', the magazine for road safety professionals, now has over 37,000 subscribers. Newsletters to motorcycle trainers have also been replaced with e-zines.

Towards the end of 2011-12 work began on the enormous task of making all our online content clearer, simpler and faster to use in readiness for the establishment of GOV.UK, the single domain for government.

Chapter 6
Resources

Workforce planning

Full-time equivalents	March 2011 actual	March 2012 plan	March 2012 actual
Examiners	1,730	1782	1,780
Demand-led staff	207	230	227
Customer-facing staff	254	240	194
Support staff	237	251	204
Total	**2,428**	**2,503**	**2,405**

Through a targeted recruitment campaign we have been able to recruit examiners into high-wait test centres. This enables us to have the right people, with the right skills in the right place at the right time to deliver practical tests. This approach will continue. We have restructured some of our key administration functions, such as reviewing the area offices, improving our efficiency whilst providing an ongoing high level of customer service and, as noted on page 21, we offered a voluntary early retirement scheme.

Occupational health and safety incidents

Statistics are shown for the DSA incidents for the year of 2011-12. The total number of incidents reported to the DSA Health and Safety was 1480, accounting for at least 1333 staff days off work, at least five staff are off long term so their figures have been excluded. The incidents covered all test types and non-test incidents, and have also been divided into incident categories and their likely causation.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORs)

Numbers of work related incidents this year that were reported to the Health and Safety Executive, broken down into the RIDDOR categories are:

Public direct to hospital	32
Staff – major injuries	3
Staff – over 3 days	6
Total:	**41**

The largest number of RIDDOR reportable incidents occurred during testing for Module 1 of the motorcycle test. This accounted for most of the Public RIDDORs. Staff RIDDORs are mainly slips and trips, as road incidents are generally excluded from RIDDOR requirements.

Incidents
Included in the figures there were 991 car test incidents, 181 module 1 and 71 module 2 motorcycle incidents. The overall number of motorcycle module 1 test incidents continues in a slight downward trend compared to the previous year.

Incidents by category
The number of incidents is broken down to include 13 physical assaults, 204 verbal assaults, 51 slips, trips and falls and 11 ‘manual handling’ incidents during the year. There were also 948 vehicle collisions and 157 ‘other’ vehicle related occurrences.

Incidents by cause
The causes of incidents are also broken down and include 292 incidents where incorrect steering or braking caused the incident, 589 where the candidate was responsible for ‘other’ incidents and 393 incidents were caused by third parties.

Business objectives
The business objectives of the DSA are set out on page 6 of the annual report. The annual report meets HM Treasury requirements for disclosure of matters normally dealt with in a 'directors' report' to be included in the management commentary and remuneration report.

The DSA was created in April 1990 as an executive agency of the Department for Transport. The DSA attained trading fund status under the provisions of the Government Trading funds Act 1973, as amended, with effect from 1 April 1997. The DSA core business is conducting theory and practical tests for drivers of cars, lorries, passenger vehicles and riders of motorcycles, together with the control of the register of ADIs. The primary aim of the 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 the DSA conducts driving tests is Part III of the Road Traffic Act 1998 [as amended] together with the Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/No 2864) [as amended].

The DSA responsibilities also include:

- the operation and management of the register of approved driving instructors – Part V of the Road Traffic Act 1988 and the Motor Cars (Driving Instruction) Regulations 2005 (SI 2005/No 1902) (as amended), Driving Instruction (Suspension and Exemption Powers) Act 2009
- the approval and authorisation of Approved training bodies for delivery of compulsory training courses for learner motorcyclists – The Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/No 2864) [as amended]
- the approval and authorisation of non-DSA driving examiners – The Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/No 2864) [as amended]
- the delivery of Initial Qualification tests for lorry and bus drivers to gain their *Driver Certificate of Professional Competence (Driver CPC)*– The Vehicle Drivers (Certificates of Professional Competence) Regulations 2007 (as amended) (SI 2007/No 605)
- the approval and authorisation of training bodies and of periodic training courses provided by them for delivery to drivers of lorry and bus to maintain their Driver CPC – The Vehicle Drivers (Certificates of Professional Competence) Regulations 2007 (as amended) (SI 2007/No 605)
- detection of fraud and protecting the integrity of the above schemes – Parts III, IV and V of the Road Traffic Act 1988 (as amended), Fraud Act 2006.
- dangerous goods – The Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009 (SI 2009/No 1348) (as amended)
- responsibility for oversight of the Drink Driver Rehabilitation Scheme – S34-35 The Road Traffic Offenders Act 1988
- introduction and implementation of parts of the 3rd European Directive on Driving Licences (Directive 2006/126/EC) that affect DSA.

Financial objectives
The Government Trading funds Act 1973 lays upon the Minister responsible for each fund the financial objectives 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 the revenue account
- 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 to be desirable of achievement.

The financial objective of the Driving Standards Agency for the five-year period from 1 April 2009 to 31 March 2014 is achieving a return, averaged over the period as a whole, of at least 3.5 per cent on the average capital employed. The most recent Treasury minute can be found at Annex A to the financial statements.

Development and performance of the business during the financial year
The DSA has successfully met 24 of its 26 Performance Measures in 2011-12 and continues to develop the training and testing of drivers and riders to promote improved road safety.

Demand for both theory and practical tests has remained broadly at the levels for the previous year and we have delivered slightly fewer practical tests than in 2010-11, though levels of theory tests are below those we expected in our plans.

We have continued to ensure that testing and training has been conducted to appropriate quality and with consistency, undertaking supervision and monitoring on a routine basis, and investigating incidents of fraud.

This year we have undertaken several developments to improve the education of driving and riding test candidates by the:

- introduction of new case studies in to the theory tests and
- withdrawal of publishing live questions.

Financial review
The financial results for 2011-12 show a net surplus of £12.0 million (2010-11: £3.5 million) well above the planned surplus of £3.5 million. Whilst activity levels were slightly below the previous year, tight cost control throughout the year more than offset this and the impact of inflation.

Income from statutory services was at similar levels to the previous year at £184.1 million, although still £7 million (3.6%) below plan. The plan anticipated some recovery of the tests lost to bad weather conditions in the previous year, but this has been offset by the adverse economic conditions, despite the more clement conditions over the winter period. The number of both theory and practical tests were below planned levels, constraining income by over £2 million each. The economic climate continues to adversely affect the applications to join and remain registered as Approved Driving Instructors. Income from other operating activities benefited from additional funding from the Department for Transport to fund restructuring costs.

Expenditure continued to be tightly controlled during the year in response to lower than planned throughput. Expenditure increased by £3 million to £175 million, with additional costs to improve delivery of front-line services and reduce customer waiting times. Administration and other costs were vigorously controlled and were over 18% below plan.

Both the net operating surplus and the surplus for the year were at similar levels to the previous year, at £18.5 million and £9.3 million respectively. The annual revaluation of the property estate resulted in a benefit of £2.7 million in 2011-12 compared to a deficit of £5.7 million the previous year.

DSA has been set a financial target of achieving a return on capital employed (ROCE) of 3.5 per cent of average net assets in the five-year period to 2013-14. Since adoption of IFRS in 2009-10 the interest of finance leases has been disclosed as Interest costs rather than other operating charges. This has impacted on the presentation of the Net Operating Surplus and therefore ROCE. After taking into account interest receivable, the level of ROCE achieved cumulatively is 12.6 per cent after three years of the objective period.

A dividend of £387,000 is due to DfT for the year (2010-11: £Nil) as set out in note 5 to the financial statements.

Cash balances are lower than at the start of the year, at around £63.1 million, with cash generated from operations being offset by additional loan repayments and capital expenditure. Cash is required to provide for the daily operational cashflow needs of the agency and to cover for the £26.6 million of customer fees taken in advance of service delivery.

Accounts Direction
The financial statements on pages 65 to 91 have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6)(a) of the government Trading Funds Act 1973, and Dear Accounting Officer letter [DAO (GEN) 02/10].

Auditor
The Comptroller and Auditor General (C&AG) is the appointed auditor for the Driving Standards Agency. The audit work for the 2011-12 accounts cost £69,000 (2010-11: £69,000).

The 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.

Market value of land and buildings
Approximately one fifth of freehold and leasehold land and buildings are revalued by physical inspection each year by an independent professional valuation body, currently the Valuation Office Agency, such that all properties are revalued once during a five-year cycle. In addition, multi-purpose test centres are revalued as they are brought into use and the value of the remaining property estate is desk-top reviewed annually by the independent valuers.

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 of property, plant and equipment are set out in Note 6 to the financial statements.

Payment of creditors policy
The DSA is committed to both the CBI code on creditors and BIS Better Payment Practice. The 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 working days of the receipt of goods or services, or the presentation of a valid invoice, whichever is the later. The DSA achieved payment in accordance with this policy in 100 per cent of transactions for the year ended 31st March 2012. The performance is measured in accordance with HM Treasury guidelines.

The central government measure of paying 80 per cent of all undisputed transactions within five days has been met. The Driving Standards Agency achieved payment in accordance with this policy in 99 per cent of transactions for the year.

Pensions
Information regarding pensions is given in the remuneration report on page 42 and described in note 17. The accounting policy note in the accounts also refers to our treatment of pensions.

Equal opportunities and diversity
We value having a diverse workforce and we are committed to recruiting, retaining, and promoting the best people. Our business success is dependent upon harnessing all the talents that its staff brings and it recognises that the organisation needs to be flexible to allow everyone to make the best contribution they can, by training, development and advancement.

Formal and informal negotiations and consultations are conducted with trade unions, at both local and national Whitley Councils.

Social, community and environmental Issues
We published our carbon management plan, which showed how we plan to drive down CO_2 equivalent emission by 25% from 2009-10 levels over five years. For more detailed information about DSA's work in this area, and quantification of performance during the year, please see pages 25 to 32.

Future developments
Our primary aim for 2012-13 will be to continue to promote road safety by influencing driver and rider behaviour. We will do this through setting the standards for pre-driver education, driver trainers, educating drivers, supervising trainers and carrying out theory and practical driving/riding tests. In addition, we will ensure that we provide greater efficiency and better value for money throughout our business.

We aim to achieve this by:

- continuing our core delivery of driving tests, both statutory and non-statutory, delivering over 1.6 million theory tests and 1.8 million practical tests for car, motorcycle, lorry and bus drivers and instructors
- ensuring tests are of appropriate quality and delivered consistently
- improving the availability of tests and increasing the take-up of our digital services to make booking tests easier
- ensuring we utilise our key examiner resource effectively and efficiently with utilisation of 80 per cent
- making further operational efficiency savings
- delivering our financial plan.

Rosemary Thew
Chief Executive
11 June 2012

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:

- Value for money from the pay bill
- Financial control of the pay bill
- Flexibility in pay systems
- A close and effective link between pay and performance
- Compliance with employment legislation.

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

Group Incentive Scheme
DSA operates a non-consolidated bonus scheme called the Group Incentive Scheme (GIS). It enables all employees below Senior Civil Service grades to receive financial reward where agency performance exceeds plan. The scheme sits outside of the annual pay remit and is subject to a cap of £1.75million.

It is the responsibility of the DSA Executive Board to agree any changes to scheme rules prior to the commencement of the financial year to which those changes apply and to notify in advance. Scheme performance has been evaluated internally and has been approved by the Executive Board. The scheme is subject to further approvals prior to making payment. An estimate has been accrued in these accounts and payment is normally made in August of the subsequent year.

Senior Civil Servants

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
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits, and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: www.ome.uk.com

Service Contracts

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

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration (including salary) and pension entitlements (subject to audit)

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

	2011-12			2010-11		
	Salary £000	Bonus Payments £000	Compensation Payments £000	Salary £000	Bonus Payments £000	Compensation Payments £000
Rosemary Thew Chief Executive (SCS)	105-110	-	-	105-110	-	-
Nick Carter Director (SCS)	85-90[a]	-	-	80-85[b]	-	-
Kathy Gillatt Director (SCS)	75-80	-	-	75-80	-	-
Trevor Wedge Chief Driving Examiner (until 29 February 2011)	65-70 (70-75 full year equivalent)	-	135-140	65-70	-	-
Lesley Young Chief Driving Examiner (from 1 March 2012)	5-10 (60-65 full year equivalent)	-	-	n/a	n/a	n/a
Jane Ide Director (From 1 July 2010)	55-60	-	-	40-45 (55-60 full year equivalent)	-	-
William Price Non-executive Director	15-20	-	-	15-20	-	-
Richard Read Non-executive Director	20-25	-	-	20-25	-	-

Trevor Wedge left the Agency under voluntary redundancy terms on 31 January 2011 and received standard payments under the Civil Service Compensation Scheme as shown above.

a Includes £11,066 in respect of salaried travel and subsistence payments.
b Includes £9,440 in respect of salaried travel and subsistence payments.

	2011-12	2010-11
Band of highest paid director’s total remuneration (£ '000)	105-110	105-110
Median total remuneration	£24,851	£26,169
Ratio	4.33	4.11

The median total remuneration is derived for the annualised payments to all staff made in the March payroll of each year, with part-time employee’s payments adjusted to a full-time basis. The median total remuneration was higher in 2010-11 due to higher levels of overtime paid to driving examiners in March 2011 as compared to March 2012. As a result, although the highest paid director’s salary band remained unchanged, the ratio increased from 4.11 to 4.33.

In 2011-12 Nil (2010-11, Nil) employees received remuneration in excess of the highest paid director.

Salary

Salary includes gross basic salary; overtime; and any other allowances that are subject to UK taxation, included the salaried travel and subsistence payments noted above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind received by any Executive Board member during 2011-12 or 2010-11.

Bonuses

Individual bonuses for Senior Civil Servants (SCS) graded directors are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2010-11 and the comparative bonuses reported for 2010-11 relate to the performance in 2009-10. Directors other than SCS grades are entitled to Group Incentive Scheme payment, however, no bonuses were paid in either the reporting or comparative year.

Pension Benefits

Subject to audit	Accrued pension at pension age as at 31/3/12 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/12	CETV at 31/3/11[2]	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Rosemary Thew Chief Executive (SCS)	55-60 plus lump sum of 175-180	(0-2.5) plus lump sum of (2.5-5.0)	1,268	1,262	-38[3]	-
Nick Carter Director (SCS)	20-25 plus lump sum of 70-75	(0-2.5) plus lump sum of (0-2.5)	447	418	-7[3]	-
Kathy Gillatt Director (SCS)	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	298	274	1	-
Trevor Wedge Chief Driving Examiner (until 29 February 2012)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	480	429	17	-
Lesley Young Chief Driving Examiner (from 1 March 2012))	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	355	353[2]	1	-
Jane Ide Director	10-15 plus lump sum of 0	0-2.5 plus lump sum of 0	156	135	8	-

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2012. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement.

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[2] The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.
[2] CETV at the beginning of March 2012 shown for Lesley Young
[3] Taking account of inflation, the CETV funded by the employer has decreased in real terms.

For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Rosemary Thew
Chief Executive
11 June 2012

1. Accounting Officer's introduction

I am pleased to introduce the Governance Statement for 2011-12, which explains the Driving Standards Agency (DSA) approach to corporate governance. Corporate governance is the way in which organisations are directed and controlled, and good governance is vital to effective financial and risk management.

HM Treasury's Managing Public Money (MPM) summarises the purpose of the Governance Statement as being to record the stewardship of the organisation to supplement the accounts, and to provide a sense of how successfully it has coped with the challenges it faces, and how vulnerable its performance is or might be.

The DSA's Governance Statement describes how the Board and its supporting governance structures work and how they have performed, and provides our assessment of how the agency has been managed, including the effectiveness of the systems of internal control, risk management and accountability.

2. Scope of responsibility

As Chief Executive and Accounting Officer for the DSA, I have responsibility for maintaining a robust system of internal control that supports the achievement of the Driving Standards Agency's policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I am directly appointed by HM Treasury, though ultimately responsible to the Secretary of State for Transport through the DfT Permanent Secretary.

The DSA operates in accordance with the DfT Governance Framework. This defines the Agency's operating and financial accountability and responsibilities. My staff work closely with their counterparts in Motoring Services and DfT to ensure that planning and performance activities are aligned, clear accountability for risk management is agreed, joint action is taken where appropriate to manage, transfer or tolerate risks, and DfT is kept informed of risks as appropriate.

3. The Purpose of the system of internal control

The DSA's 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 DSA's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to assess the risks' potential, and to manage them efficiently, effectively and economically. The system of internal control, which accords with Treasury guidance, has been in place in DSA for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts.

4. The capacity to handle risk

The DSA has established and embedded a risk management system, supported by a risk management policy. The Director of Finance and Corporate Services champions the cause of risk management.

The DSA risk management policy, operating procedures and risk scoring matrix are published on the Agency's intranet site and are reviewed annually (last reviewed January 2012). These documents provide clearly defined ratings tailored to reflect different types of risk and guidance to staff regarding successfully embedding risk management throughout the Agency.

These themes are reinforced in risk reviews with directors and senior managers on a monthly basis. Staff are also appropriately trained and equipped to manage risk in proportion to their authority and duties. Furthermore, staff induction includes guidance on the DSA's risk management processes. The risk appetite for the Agency has been assessed by the board as 'open' which means we are willing to consider all options and choose the one that is most likely to result in successful delivery whilst also providing an acceptable level of reward.

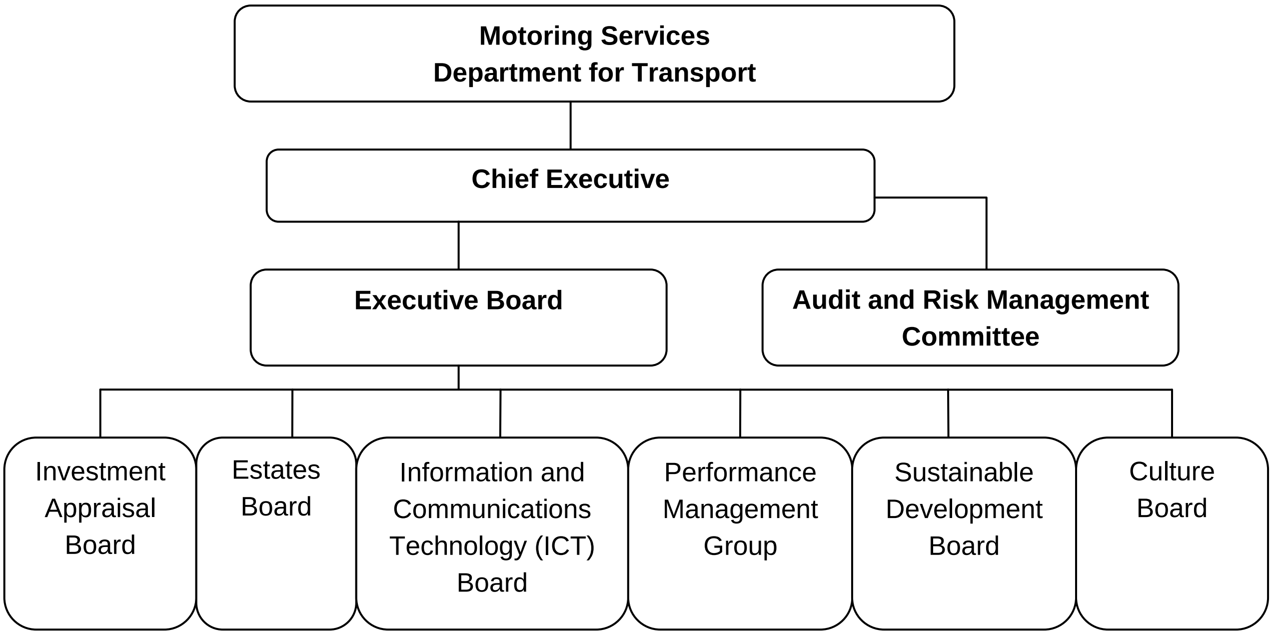
5. Risk management

The key risks that the Agency has faced in 2011-12 were:

- Financial Stability – loss of income through adverse weather, lower demand levels and unforeseen circumstances could have put the financial stability of the DSA at risk. This has been managed throughout the year by regularly reviewing and updating forecasts of demand levels, income and expenditure. Throughout 2011-12 there has also been a continual review and assessment of the risks inherent in the financial forecasts.
- Examiner Availability – aiming to get the right people, in the right place at the right time to deliver tests at levels to maintain appropriate waiting times for customers and ensure income levels. This has been managed with concentrated recruitment into high waiting time areas.
- Test Quality – ensure the importance of the quality of tests is maintained. This has been managed through continual scrutiny of management information and a programme of test checks and quality assurance visits which has ensured that the quality of examiner performance and test delivery is maintained to a high standard.
- Attendance Management – if the DSA did not continue to improve attendance we would not maximise contributing sufficiently to efficiency and financial improvements. A considerable amount of work has been done in this area from providing mandatory training and specific advice and guidance to managers and to management teams in relation to individual cases, seeking to resolve long-term absence cases within 6 months. This has resulted in an end of year outturn of 10.59 days absence per staff member against a measure of 10 days.

At each meeting, the Executive Board routinely reviews the most significant corporate risks in order to ensure all significant risks are being managed and mitigated effectively.

6. Governance and Committees



Throughout 2011-12, the Chief Executive and Executive Board have had support from a number of Boards and Committees. These include the following:

- **Motoring Services** (Department for Transport) is the sponsor of the DSA. They set and agree corporate governance arrangements, oversee the DSA's strategic planning process, review DSA business performance, internal control and risk management.
- **Executive Board** ensures the overall effectiveness of the DSA by collectively directing its affairs and meeting the legitimate interests of stakeholders and partners.
- **Audit and Risk Management Committee (ARMC)** provides advice to me as Accounting Officer on matters of the DSA's governance arrangements, risk management process, internal control and compliance.
- **Investment Appraisal Board (IAB)** gives overall approval of business cases for investment funds and to provide scrutiny of the delivery of project benefits. During 2011-12 all new projects requiring capital investment of more than £250,000 were assessed by the IAB, considering the potential business impact, availability of resources, value for money, risks and benefits.
- **Estates Board** has ultimate responsibility to ensure the delivery of a cost-effective estates solution to support the DSA operating model; where the operating model undergoes evolution; the Estates Board will ensure that the estate is modified to reflect those changes.
- **ICT Board** leads the effective and efficient delivery of ICT services and systems, ensuring coherence and integration between ICT projects and the business.
- **Performance Management Group (PMG)** provides a practical and supportive focus on performance and risk management, ensuring the successful delivery of the DSA's performance measures and business plan objectives. PMG consists of senior managers

who meet regularly throughout the year to monitor and challenge financial and business performance; and risk.

- **Sustainable Development Board** has prime responsibility for the development and monitoring of overall sustainable development strategic direction, including the co-ordination of key administrative and operational stakeholders and their input into the sustainability of the Agency.
- **Culture Board** co-ordinates delivery of the necessary organisational and cultural changes stemming from the Agency's desire to improve performance against the staff survey.

I am assisted with the management of the DSA by an Executive Board comprising four executive and two non-executive directors. These are:

Director of Operations	Nick Carter
Director of Finance and Corporate Services	Kathy Gillatt
Director of Engagement and Communication	Jane Ide
Director for Regulations, Standards and Development (retired February 2012)	Trevor Wedge
Chief Driving Examiner (from February 2012)	Lesley Young
Non-executive Director	William Price
Non-executive Director	Richard Read

The Board meets monthly (except August) and its main purpose is to ensure the overall effectiveness of the DSA by collectively directing its affairs and meeting the legitimate interests of stakeholders and partners. Its main objective is to lead and set the strategic direction of the Agency.

In 2011-12, 11 Executive Boards took place with attendance by members as follows:

Board Member	No of meetings attended
Rosemary Thew	11
Nick Carter	9
Kathy Gillatt	11
Jane Ide	11
Trevor Wedge – since July 2010 Lesley Young has deputised for Trevor at the meeting due to his long term absence.	4
Lesley Young	7
William Price	11
Richard Read	10

Each month the board is provided with papers covering financial management, performance and risk. In the meeting, decisions as requested in the papers are made and recorded in the minutes. Each meeting is reviewed in order to assess its effectiveness, with a view to continually improving processes and performance.

Annually, the Board reviews its effectiveness and ensures compliance with the Corporate Governance Code of Practice. An audit of Governance within the DSA took place in March and the assurance rating given was 'full'.

7. Audit and Risk Management Committee (ARMC)

ARMC meets on a quarterly basis and is chaired by one of the non-executive Directors. ARMC is presented with assurance and evidence that internal processes and procedures are being correctly followed in a number of areas considered to pose the most significant risks; these are:

- performance management
- risk management
- financial performance
- project & programme management
- stewardship
- information technology
- information assurance
- health and safety
- procurement and contract management
- fraud and bribery.

This is in addition to its role to review the financial controls, the reporting of the financial results and the work of both internal and external audit.

ARMC is responsible for ensuring that appropriate evidence is sought to close actions resulting from audit recommendations. In 2011-12 it fulfilled its obligations by reviewing and advising on:

- the robustness of the mechanism for the assessment and management of risk
- the comprehensiveness of assurance on internal controls
- the reliability and integrity of the assurance
- the planned activity for Internal and External Audit for 2012-13
- the results of Internal and External Audit activity
- the adequacy of management responses to issues identified by audit activity
- assurances related to the corporate governance of the Agency
- proposals for tendering of the Internal Audit co-source provider
- proposals for contracting out NAO's External Audit field work
- the accounting policies, Annual Report and Accounts and the Governance Statement
- anti-fraud, anti-bribery and whistle blowing policies and arrangements for special investigations.

The Chair of the ARMC provides feedback to the Executive Board and meets periodically with me as the Accounting Officer, Internal Audit and National Audit Office (NAO) to review issues and provide feedback to the ARMC.

8. The Integrated Assurance Framework

The DSA 'integrated assurance framework' defines a process by which I receive assurance on the management of risks associated with the achievement of the DSA objectives and measures (both financial and non-financial). These are reflected in four tiers of control as shown below:

Tier 1 – Management – own, design and operate controls

Tier 2 – Compliance functions – guide, support and challenge

Tier 3 – Independent reporting lines – eg internal audit
Tier 4 – external review – eg external audits, accreditation schemes

8.1 Tier 1 – Management controls

Directors and line management

The Board and senior managers consider and review the top risks faced by the DSA on a monthly basis through individual meetings with the risk manager, PMG and Executive Board meetings and quarterly through the ARMC.

Performance reviews are undertaken quarterly between individual directors and the Chief Executive where the effectiveness of governance is challenged.

Senior managers, directors and non-executive directors provide quarterly assurance through Stewardship Certificates. These are assessments of compliance with established procedures in a number of areas such as planning and risk, financial management and governance, delivery and contracts, information and compliance. These show evidence of continued improvement. The Board receive a quarterly report on the findings identified in the certificates for them to consider for future actions. ARMC are responsible for ratifying the results, providing challenge and guidance to the Accounting Officer (AO).

On average in 2011-12 managers assessed that 99.87 per cent of control areas were either ‘full’, ‘substantial’ or ‘reasonable’ with only 0.13 per cent either ‘partial’ or ‘none’. Action plans have been developed to address any issues identified.

Finance

The Director of Finance and Corporate Services is accountable for the DSA’s financial health.

The DSA plans over the period of the parliamentary term and generates a formal plan every year allocating expenditure to each area of activity. Performance is monitored against these plans on a monthly basis between finance managers and budget holders and by the Executive Board.

The plan also includes non-financial performance measures which are also monitored monthly by the Performance Management Group and the Executive Board.

Finance undertakes a series of routine checks to ensure the accuracy and validity of the financial records, reconciling all account balances and ensuring that control procedures have been applied.

The DSA operates a system of delegated authority to incur expenditure with defined and approved limits for managers. This system is captured in the DSA’s Standing Orders and Standing Financial Instructions, which are reviewed annually and approved by the Board.

8.2 Tier 2 – Guide, Support and Challenge

Corporate Reporting

The Corporate Reporting team is responsible for the DSA’s central risk function and for ensuring risk assessments are co-ordinated across the DSA as a whole. The team meets monthly with heads of branches and directors to review risk registers, ensuring all mitigating actions are proposed and implemented and all appropriate risks are escalated to the Executive Board and DfT. It supports and facilitates risk management within the DSA and encourages risk management processes to be undertaken by everyone. The system is dynamic; responsive to changing circumstances and ensures all risks have allocated owners.

DfT Assurance Return
Every six months, the DSA submits to DfT an assessment of its internal control procedures based on the work of, and approved by, ARMC. This supports the Permanent Secretary's evaluation process in providing a published statement on the effectiveness of the existing system of internal control across the DfT family.

8.3 Tier 3 – Independent Reporting
Internal Audit
Internal Audit provides quarterly and annual reports of audit activity in the Agency which include an independent opinion on the adequacy and effectiveness of the Agency's systems of internal control, together with recommendations for improvement. Each year the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the DSA and an independent opinion of the adequacy and effectiveness of the DSA's governance, risk management and internal control arrangements.

During 2011-12, 19 audits were received, of which two received 'full' assurance, seven 'substantial', three 'reasonable', three 'partial' and no 'none' opinions. Implementation of all recommendations from audit reports are monitored regularly through a tracker system and reported to ARMC on a quarterly basis. Some weaknesses within the systems have been identified and plans are being developed to address and continuously improve systems in place. Internal Audit will revisit these areas in 2012-13.

The Head of Internal Audit has provided the following assessment – "On the basis of the evidence obtained during 2011-12, I am able to provide an overall reasonable assurance rating on the adequacy and effectiveness of the Driving Standards Agency's arrangements for corporate governance, risk management and internal control. In my opinion there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement."

Gateway Reviews
Significant projects are subject to 'Gateway Reviews', an external peer review to assess the management of the project and the probability of successful implementation. In 2011-12 six independent project assurance reviews were conducted and the delivery confidence ratings were two that were 'green', three 'amber/green' and one 'amber'. All findings identified from the reviews have been managed.

8.4 Tier 4 – External Accreditation and External Review
In September 2011, we retained the Customer Service Excellence Award for delivering high standards to all our customers. Investor in People (IiP) status was retained, which demonstrates the organisation is genuinely committed to its people and to continuous improvement. DSA also retained the Contact Centre Accreditation in 2011-12.

The Comptroller and Auditor General (C&AG), assisted by the National Audit Office, is the DSA's External Auditor. The C&AG has audited the DSA's 2011-12 financial statements included in the Annual Report and Accounts.

9. Control of operational business risks

9.1 Project and Programme Management
All potential projects and programmes are subject to business case approval. Business cases reference potential business impact, availability of resources, value for money and stakeholder benefits. All major projects are subject to project management methodology including the use of project risk registers.

All potential projects requiring investment over £250,000 are assessed by the DSA Investment Appraisal Board (IAB), with escalation to Motoring Services Group IAB and DfT as appropriate.

The DfT Group's Investment Appraisal Process covers all projects requiring a capital investment element (ie pure revenue expenditure projects are excluded), and funding to cover a total lifecycle cost of £10 million or more.

The DSA's projects are currently delivered utilising the Prince2 project management methodology and its associated governance arrangements. The DSA currently has 14 project managers, who are overseeing the delivery of 15 projects.

The use of Prince2 Practitioners as project managers is established practice, and includes the use of project risk registers, the development of preliminary, outline and full business cases, and the reporting of benefits realised.

Public stakeholders are involved in the extensive consultation process that precedes major changes in policy and regulations using Hampton principles such as removing existing regulation that unnecessarily impedes growth, introduce new regulation only as a last resort, reduce the overall volume of new regulation, improve the quality of the design of new regulation and reduce the regulatory cost to business and civil society groups.

9.2 Information Technology (IT)
Information Technology management is recognised as a central requirement to the DSA's operations. The DSA has a secure network that is monitored by a specialist ICT provider (Capita) and the internal IT team.

The DSA carries out an annual disaster recovery test of systems to see what information and systems can be recovered and how effectively data can be recovered if a disaster happened. This was last carried out in November 2011 and the test was successful. Business Continuity tests are held regularly with owners where scenarios are worked through. No significant issues have been identified.

Information Assurance carries out audits of Capita and other organisations holding DSA data (of the policies and processes).

9.3 Information Assurance & Security

The Senior Information Risk Owner (SIRO) continues to lead a programme on information risk management.

A quarterly programme of review of information assets by senior managers continues and assessment of risk is provided to the SIRO of the lifecycle of the information held. This year concentration has been placed upon the records management elements of the assets ensuring that records are accessed, held and disposed of whether in hard or electronic copy in line with related Policy/Standard Operating Procedures. An ongoing programme of Information risk management training has been delivered to all staff and continues to be part of the staff induction programme. This training includes assessment of relevance to staff carrying out different functions within the DSA with the method of training being adapted to support the business roles being addressed.

Activity to deliver compliance with the Cabinet Office's Security Policy Framework has progressed to move to a level of sustaining actions as part of business as usual. All business-critical systems have continued to achieve accreditation and the DSA security culture continues to be assessed and addressed through regular Information Assurance Forum meetings. There have been no incidents referred to the Information Commissioner during 2011-12.

The DSA has again continued to meet Level 3 of the Information Assurance Maturity Model (IAMM) in 2011-12.

As part of its programme to assess and manage information risk throughout the supply chain, the DSA requested an information assurance maturity self-assessment from each of its key third party suppliers and delivery partners. Of the 10 organisations identified, six are on the DSA information assurance audit programme for 2012-13.

9.4 Health and Safety

The health, safety and welfare of our staff, customers and visitors are critical. Qualified H&S teams are in place across the DSA estate and these teams are actively helping to drive safety forward.

All incidents are recorded and reported as necessary, and details entered onto the dedicated incident database. All accidents and incidents are investigated and analysed, including reviews of their associated risk assessments, to ensure that any additional controls are identified and implemented. In 2011-12 there were 1480 incidents recorded and reported, with nine causing staff to be off work for three days or more (RIDDOR) and 33 for non-staff. There has been a significant drop in the number of RIDDORS compared to the previous 12 months.

Evidence from the rolling H&S inspection programme for test centres has continued throughout 2011-12 and indicates that overall H&S improvements continue to be made. Outstanding actions have plans in place to close them.

We have achieved statutory H&S compliance but we have fallen slightly behind on our own policy requirements (which are more onerous than statutory requirements) due to a change in our facilities management provider. A comprehensive action plan is in place to bring the DSA into line with its policy requirements as well as to maintain statutory compliance.

Working in partnership with our total facilities management (TFM) contractor, Interserve Facilities Management, the DSA will undertake all that is reasonably practicable to establish and maintain safe and healthy working conditions for all staff, customers and members of the public. To fulfil this obligation we will ensure compliance with all relevant statutory obligations and legislation.

There have been no ‘none’ or ‘partial’ ratings for H&S recorded on the stewardship certificates this year which, together with internal audits and inspections, validates the improvements continuing to be made in H&S.

9.5 Procurement and Contract Management

The significant procurement risks relate to the tendering, award and management of contracts as well as legal compliance with Public Contracts Regulations.

Internal controls centre on internal policies and procedures used to control procurement such as DSA Standing Orders, DSA Standing Financial Instructions, DSA Contractual and Financial Delegations, DfT Procurement Manual, DSA Contract Management Action Plan, Contract Database and Gateway assurance of major projects.

The control measures are designed to ensure separation on contractual and financial approval supported by appropriate documentation and processes. The DSA is also subject to government approval for expenditure over £20,000.

The Contract Management Action Plan (CMAP) introduced in 2010-11 forms a control measure to mitigate the risk of underperformance in managing contracts. The CMAP identifies high-risk contracts and ensures that a director, head of branch and contract manager are identified for each.

The Contract database contains expiry and review dates that are used to generate a monthly contract activity report to the Performance Management Group and Executive Board and instigates the contract renewal process.

There are currently 120 individuals within the DSA with a government procurement card and the usage is controlled by means of cardholder transaction and monthly expenditure limits. A line management approvals process is in place and activity is monitored each month.

9.6 Quality Assurance

The DSA’s Quality Assurance (QA) is externally certified to the international ISO 9001:2008 Quality Management Standard. This standard covers all business processes and activities and provides a robust framework of controlled documentation, training and development arrangements to ensure the competence of staff, leading to effective and consistent service delivery standards across DSA and the achievement of targets and objectives. ISO9001:2008 was retained in 2011-12 for our quality assurance of practical car tests. Looking forward, we aspire to achieve external accreditation for most testing categories.

At the start of this financial year (2011-12) the technical support team took over the responsibility of monitoring check tests conducted with delegated examiners. The number of visits has increased to 392 of module 3 and 90 of module 4 and is regularly being reported to senior operations managers to ensure appropriate levels of quality control are maintained.

To provide further assurance and in response to recommendations by DfT audit of CBT activity, the performance of those carrying out the standards checks is audited by senior examiners. Eight visits were carried out this year against a measure of seven and the confidence levels in the standards of the CBT manager team are strong.

A recently introduced action point tracker (a spreadsheet which details all action points from Quality Assurance Team reports) has allowed operational managers to monitor and record actions taken to improve performance. There is also a new agreed protocol for area management teams working together to manage technical performance. This formalises procedures and ensures Standards and Regulations team and operations managers work together effectively.

There have been six motorcycle QA visits in 2011-12. The results have been positive with no significant action points resulting from the visit.

9.7 Outsourced Partners

A number of key activities are provided to the DSA by its outsourced partners. This includes Pearson VUE who deliver our theory tests, Capita who delivers our IT contract and DfT Shared Services who operate financial and human resources systems according to a DfT blueprint. The DSA assess the internal controls of our outsourced partners, through receipt of quarterly assurance statements.

9.7.1 Pearson VUE

Pearson conducts theory testing for the DSA. Each year, Pearson VUE commission PricewaterhouseCoopers to undertake an independent audit of their performance reporting, financial reconciliation and system security against a set of control objectives.

The Pearson ITF 01/07 audit took place during March and April 2012. Minor control exceptions have been noted, relating to administration controls and disaster recovery plan. These are being addressed and the disaster recovery plan will be tested shortly.

9.7.2 Capita

The Capita account responsible for delivery of services to the DSA has ISO9001 certification. For this certification the account is independently audited every six months. Both audits undertaken during 2011-12 have found no non-conformities and have provided favorable feedback regarding the processes in place and the adherence to those processes. The Capita account has also completed a self-audit in relation to IAMM, the results of which have been passed to the DSA and no further actions have been required. Capita hosts the DSA servers at its data centre in West Malling. The data centre holds current certificates for ISO9001, ISO27001 and BS25999, each of which require independent audits to be carried out in order to maintain the certification. Recertification is required every three years and the successful triennial recertification for ISO9001 and ISO27001 was completed in January 2012. Trennial recertification for BS25999 will be undertaken in June 2012. The West Malling Data Centre also holds accreditation for PCI, and is listed as such on the VISA website.

9.7.3 Shared Services

The DSA is party to a group arrangement with the DfT Shared Service Centre for the provision of finance, HR and associated services, which is led through the single client function within the central Department. The DSA monitors the performance of shared services through the single client function and the single client board of which the agency Chief Executive is a member. A service level agreement is in place and is subject to periodic review to help improve the governance arrangements between the DSA and Shared Services.

The DSA receives a quarterly management assurance report that is based primarily on Shared Services management's risk and control monitoring activities and reporting processes. This assurance also draws upon Internal Audit reports and other relevant risk/control reports and sources of assurance. Through this, Shared Services has reported to the agency that its system of internal control met the criteria for effective internal control with a number of exceptions related to controls that did not directly impact the financial statements, the most critical of these related to succession planning, the completion of its disaster recovery policy, and a system for archiving/disposing of records. Shared Services also maintains a tracker of outstanding Internal Audit recommendations and the DSA receives independent assurance from the DfT Head of Internal Audit verbally at the Audit and Risk Management Committee regarding any significant control weaknesses.

The Department has commenced a process to divest the Shared Service Centre during 2012-13. The DSA is working with the DfT Shared Service Futures team to ensure appropriate governance, control and assurance processes are built into the service specification and the contractual arrangements, and that the agency's processes are aligned to the post-divestment model.

Throughout the year, the DSA has continued to take responsibility for ensuring that controls and processes are operating effectively. These factors, combined with the quarterly reports from Shared Services, ensure that the combination of controls is appropriate and adequate in terms of our overall internal and assurance requirements.

9.8 Fraud and Bribery

The DSA faces risk of fraud and bribery, both externally and internally, which may undermine the driving assessment process.

The DSA's Fraud and Integrity Team (FIT) reviews risks and measures in place to combat fraud and bribery and conducts investigations with respect to impersonations at driving test, illegal driving instructors, malpractice, bribery and losses. The DSA aims to gather sufficient, appropriate evidence to enable the Crown Prosecution Service (and the Crown Office in Scotland) to prosecute successfully all instances of fraud and bribery.

During 2011-12, 1303 cases were conducted in relation to impersonation/ID fraud against a target of 900; 303 investigations undertaken in relation to illegal driving instruction against a target of 270.

As part of the DfT Group Assurance return a Fraud and Bribery Risk Assessment for the Agency was undertaken and no significant issues were identified. Work was also carried out on managing the risk of financial loss using the HM Treasury toolkit.

The DSA has an established whistleblowing policy and any incidents are reported to the ARMC as appropriate. During 2011-12 two whistleblowing incidents were reported.

10. Review of effectiveness of internal control

As Accounting Officer, I have responsibility for reviewing the governance and effectiveness of the system of internal control within the DSA. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, managers and the executive team within the Agency and maintenance of the internal framework, and comments made by 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 Executive Board and the ARMC and plan to address weaknesses and ensure a programme of continuous improvement of the system is in place.

The processes above have been applied in maintaining and reviewing the effectiveness of the system of internal control. As part of the process, I have identified a number of arrangements and activities which pose specific risks. These are monitored by the ARMC and our assessments of the effectiveness of controls over these risk areas are considered.

11. Conclusion

The above procedures provide me with appropriate assurance that the DSA procedures and internal controls have been effective throughout the year.

Rosemary Thew
Chief Executive
11 June 2012

Statement of agency's and Chief Executive's responsibilities

Under Section 4(6) of the Government Trading funds Act 1973, as amended, the HM 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 as at 31 March 2012 and of its income and expenditure, changes in taxpayers' equity and cash flows of the trading fund for the year then ended.

In preparing the accounts, the agency is required to:

- observe the accounts direction issued by the HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis in accordance with International Financial Reporting Standards
- 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 accounts and
- make an assessment that the Driving Standards Agency is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

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 MFS governance handbook, and HM Treasury's 'Managing Public Money'.

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 2012 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Driving Standards Agency and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Driving Standards Agency as at 31 March 2012 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Annual Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP
21 June 2012

Statement of Comprehensive Income
For the period ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Income from operations			
Income from statutory services	2	184,086	182,854
Income from other operating activities	2	9,397	7,637
Total income from operations	2	**193,483**	**190,491**
Expenditure from operations			
Staff costs	3	(85,894)	(85,406)
Other operating charges	4	(79,388)	(76,971)
Depreciation and amortisation	6&7	(9,335)	(9,849)
(Loss)/surplus on sale of assets		(350)	149
Total expenditure from operations		**(174,967)**	(172,077)
Net operating surplus		**18,516**	**18,414**
Finance income		254	245
Finance costs	5	(9,519)	(9,416)
Net finance costs		**(9,265)**	(9,171)
Surplus for the year		**9,251**	9,243
Other comprehensive income			
Revaluation of assets released to the SoCI		3,210	635
Impairment of property, plant and equipment	6	(471)	(6,340)
Total other comprehensive income		**2,739**	(5,705)
Total comprehensive surplus for the year		**11,992**	**3,538**

All income and expenditure is derived from continuing activities.

Accounting policies and notes forming part of the Financial Statements are on pages 69 to 91.

Statement of Financial Position
As at 31 March 2012

	Note	31 March 2012 £000	31 March 2011 £000
Non-current assets			
Property, plant and equipment	6	108,491	104,661
Intangible assets	7	15,432	17,154
Other non-current assets	8b	-	149
Total non-current assets		**123,923**	**121,964**
Current assets			
Trade and other receivables	8a	7,880	7,001
Assets held for sale	9	263	830
Cash and cash equivalents	15	63,129	64,465
Total current assets		**71,272**	**72,296**
Total assets		**195,195**	**194,260**
Current liabilities			
Trade and other payables	10a	(55,269)	(51,179)
Provisions	11	(1,950)	(2,448)
Total current liabilities		**(57,219)**	**(53,627)**
Total assets less current liabilities		**137,976**	**140,633**
Non-current liabilities			
Provisions	11	(985)	(1,381)
Other payables	10b	(48,413)	(47,056)
Total non-current liabilities		**(49,398)**	**(48,437)**
Assets less liabilities		**88,578**	**92,196**
Taxpayers' equity			
Public dividend capital		3,475	3,475
Loans from the Secretary of State	12	44,416	63,435
Government grants reserve		-	368
General fund		27,747	14,799
Revaluation reserve		12,940	10,119
Total taxpayers' equity		**88,578**	**92,196**

Accounting policies and notes forming part of the Accounts are on pages 69 to 91.

Rosemary Thew
Chief Executive
11 June 2012

Statement of Cashflows

For the period ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Cashflow from operating activities			
Net operating surplus	SoCI	18,516	18,414
Interest payments made under finance leases		(5,126)	(4,988)
Adjustments for non-cash transactions	16	9,646	9,408
(Increase)/decrease in trade and other receivables		(701)	(737)
Increase/(decrease) in trade payables	16	5,060	5,962
Less movement in payables relating to items not passing through the SoCI	16	(3,882)	(3,613)
Use of provisions	11	(894)	(1,428)
Net cashflow from operating activities		**22,619**	**23,018**
Net cashflow from investing activities			
Purchase of property, plant and equipment		(3,473)	(9,021)
Purchase of intangible assets		(2,312)	(359)
Change in other non-current assets		(26)	-
Proceeds from disposal of property, plant and equipment		709	1,652
Interest receivable from cash balances		250	251
Net cash outflow from investing activities		**(4,852)**	**(7,477)**
Net cashflow from financing activities			
Repayment of loans from the Secretary of State	15	(16,324)	(12,255)
Interest payable on loan financing	5	(2,779)	(3,292)
Net cash (outflow)/inflow from financing activities		**(19,103)**	**(15,547)**
Net increase/(decrease) in cash and cash equivalents		(1,336)	(6)
Cash and cash equivalents at the beginning of period		64,465	64,471
Cash and cash equivalents at the end of the period		**63,129**	**64,465**

Accounting policies and notes forming part of the Accounts are on pages 69 to 91.

Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2012

	General Fund	Loans from the Secretary of State	Reval'n Reserve	Gov't Grants Reserve	Public Dividend Capital	Total Taxpayers' Equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 March 2011	**14,799**	**63,435**	**10,119**	**368**	**3,475**	**92,196**
Changes in 2011-12						
Net movement on revaluation of property, plant and equipment	-	-	3,409	-	-	3,409
Movement on loans in the year	-	(19,019)	-	-	-	(19,019)
Utilisation of capital grants	-	-	-	-	-	-
Release of reserves to the SoCI	-	-	-	-	-	-
Transfers between reserves	956	-	(588)	(368)	-	-
Total comprehensive surplus for the year	11,992	-	-	-	-	11,992
Total recognised income and expenditure for 2011-12	12,948	(19,019)	2,821	(368)	-	(3,618)
Balance as at 31 March 2012	**27,747**	**44,416**	**12,940**	**-**	**3,475**	**88,578**

Accounting policies and notes forming part of the Financial Statements are on pages 69 to 91.

The revaluation reserve and public dividend capital are non-distributable.

NOTE 1 – Accounting policies

a) Accounting conventions and basis of preparation

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) for companies to the extent that it is meaningful and appropriate to the public sector and is updated routinely to reflect new or amended IFRS. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the DSA for the purpose of giving a true and fair view has been selected. These accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The DSA provides disclosure for the impending application of newly issued accounting statements that are not yet effective. The DSA makes an assessment of the possible impact that the initial application of the new standard will have on its financial statements. There were no new standards issued for 2011-12 and not applied, which would materially affect its financial statements. The DSA has also not adopted any standards early.

Basis of preparation

The accounts have been prepared under the going concern assumption and the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets, in a form directed by the Treasury in accordance with Section 4(6)(a) of the Government Trading Funds Act 1973. They comply with the accounting and disclosure requirements of the Companies Act 2006, and the accounting standards issued or adopted by the Accounting Standards Board, in so far as those requirements are appropriate.

b) Non-current assets: Property, plant and equipment

Approximately a fifth of the DSA's land and buildings are revalued via physical inspection each year by an external independent professional body in accordance with the RICS Appraisal and Valuation Manual such that over a five-year cycle all properties have been revalued. Properties are first revalued when brought in to use. Specialised properties, such as the multi-purpose test centres, are valued using the Depreciated Replacement Cost method. However, the DSA carries abnormal and legal costs at historic cost as these are considered one-off in nature and not subject to market fluctuations. Non-specialist properties values are based upon their market value for their existing use. These are considered to be their fair value.

The remaining property estate is desk-top reviewed annually by an external independent professional body.

Other non-current 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.

The valuations are shown in note 6.

Surpluses and temporary diminutions on valuations are taken to the revaluation reserve; permanent diminutions that arise from a clear consumption of economic benefit are taken to the Statement of Comprehensive Income. All other permanent diminutions are initially charged against any previous revaluation surpluses for those assets and any further diminution is charged directly to the Statement of Comprehensive Income.

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 (see Note 1 c below). Non-current assets are stated at valuation less accumulated depreciation.

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

c) Depreciation

The asset categories and estimated useful lives are as follows:

Property:

Freehold land – no depreciation
Leasehold land – life of the lease
Freehold and leasehold buildings – lower of estimated useful life or 40 years
Enhancements to leasehold properties – life of the lease

Plant and equipment:

IT hardware – 5 to 7 years
Furniture and fittings – 5 years
Motor Vehicles – 5 years
Other Equipment – 5 years

Depreciation is charged from the month of implementation and is calculated to write down the asset on a straight-line basis over the estimated useful life. Assets in the course of construction are not depreciated until brought into use.

d) Non-current assets: Intangible assets

Intangible 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. This is considered to be their fair value. Depreciation on such revalued assets is provided on a straight-line basis, starting on the date the asset is brought into use. Intangible assets are stated at valuation less accumulated depreciation. The assets consist of software licences and IT system developments and have estimated useful lives of between five and seven years.

New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised.

e) Assets held for sale

Assets held for resale comprise of properties and motor vehicles that are no longer in operational use or earmarked for disposal. These assets are available for immediate sale in their present condition and are actively marketed. The assets are transferred from non-current assets to current assets at the lower of carrying amount and fair value less cost to sell. Assets held for resale are not depreciated.

f) Lease arrangements

Lease arrangements are assessed to determine whether they meet the requirements of International Accounting Standard (IAS) 17 regarding their inclusion as either operating or finance leases.

Payments in relation to operating leases are charged to the Statement of Comprehensive Income on the basis of rentals payable in the year.

Lease arrangements under which the Agency assumes substantially all the risks and rewards of ownership are categorised as finance leases. These leases, which include the Multi-Purpose Test Centre buildings, are capitalised as non-current assets at fair value and depreciated over the life of the lease, normally 40 years. The obligation under the finance lease is shown as a non-current liability, with the amount due less than one year shown as a current liability. Finance charges relating to the lease are charged to the Statement of Comprehensive Income in the year.

g) Income recognition

Income from activities represents the value of driving test fees, fees for testing approved driving instructors, fees for certificates issued to approved training bodies for basic motorcycle training and fees for professional competence training. Although test fees are received in advance, income is only recognised when a test (or its equivalent) is completed.

Grants received are recognised as income to match the expenditure it is funding.

h) Pensions and payroll accruals

The FReM adopts IAS 26 on retirement benefit plans for the public sector context. Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme. The DSA is unable to identify its share of assets and liabilities. Due to the multi-employer nature of the scheme, the Agency accounts for the scheme as a defined contribution plan.

The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The DSA 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.

A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation **(www.civilservice-pensions.gov.uk).**

IAS 19 requires the DSA to recognise the cost of providing employee benefits in the period in which the benefit is earned by the employee so appropriate adjustments are made for accruals of employee benefits such as holiday pay.

i) Critical accounting judgements and estimates

The preparation of these statements requires management to make judgements and estimates that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported as income and expenditure during the year. Owing to the nature of these estimates, the actual outcome may differ from these estimates. Areas which the DSA believes require the most critical accounting judgments and estimates are:

1) Provisions

Provisions have been established under the criteria of IAS 37 and are based on realistic and prudent estimates of the expenditure required to settle present legal or constructive obligations that exist at the year end. The Treasury discount rate (2.2 per cent) is applied to take account of the time value of money where significant cash flows are expected to arise beyond the next financial period.

– In case of voluntary early retirements, the total pension liability up to normal retirement age in respect of each employee is charged to the Statement of Comprehensive Income in the year in which the employee took voluntary early retirement, and a provision for future payments is created. Funds are released from this provision annually until normal retirement age.

– In the case of dilapidation provisions, the liability has been derived on the basis of the most recent assessment of likely cost. Many of these obligations will not arise for a number of years. In making these assessments, the DSA has applied a risk based approach on a property-by-property basis looking forward for the next three years. Any dilapidations likely to be payable over after three years are difficult to reliably predict and are therefore excluded from the provision in line with IAS 37.

– In the case of legal claims, the liability has been derived on the basis of all legal claims against the agency which are expected to materialise following due legal process, and include unfair dismissal, discrimination and personal injury.

2) Impairment

The FReM applies IAS 36 to ensure that assets are carried at no more than their recoverable amount – the amount to be recovered through use or sale of the asset.

A review of assets is undertaken annually to determine if an asset meets the impairment criteria. An asset is described as impaired where the carrying value is more than its recoverable amount and this reflects a permanent diminution in the value of the asset. The asset is restated to the underlying recoverable amount.

Where there is no market-based evidence of fair value due to the specialised nature of the asset, the DSA uses the Depreciated Replacement Cost approach that is appropriate to the asset with due consideration to the future benefits to the Agency of using the asset.

3) Property, plant and equipment
Property, plant and equipment represent a significant proportion of the assets of the Agency being 55 per cent (2011: 53 per cent) of its total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the DSA's financial position and performance.

a) Valuations
Approximately a fifth of the Agency's land and buildings are revalued via physical inspection each year by an external independent professional body in accordance with the RICS Appraisal and Valuation Manual such that over a five-year cycle all properties have been revalued. Properties are first revalued when brought in to use. Specialised properties, such as the multi-purpose test centres, are valued using the Depreciated Replacement Cost method. However, the DSA carries abnormal and legal costs at historic cost as these are considered one-off in nature and not subject to market fluctuations. Non-specialist properties values are based upon their market value for their existing use. These are considered to be their fair value.

After receiving the valuations, the DSA then includes non-recoverable VAT abnormal costs and an element of legal costs which are excluded from the external valuations. Abnormal costs relate to items of expenditure necessary for the test centre to become operational. Such costs include drainage and foundation works.

Other non-current 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 and in subsequent years.

b) Estimation of useful life
The charge in respect of depreciation is dependent on estimates of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Comprehensive Income.

The useful lives and residual values of Agency assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life.

4) Assets held for sale
Assets held for resale comprise of properties and motor vehicles that are no longer in operational use or earmarked for disposal. These assets are available for immediate sale in their present condition and are actively marketed. The assets are transferred from non-current assets to current assets at the lower of carrying amount and fair value less cost to sell. Assets held for resale are not depreciated

5) Apportionment of costs to statutory activities
Note 2 to the financial statements show the income and expenditure relating to statutory activities. The Agency's management review each statutory activity to ensure that the financial objective to recover full costs inclusive of a rate of return on capital employed of 3.5 per cent, taking one year with another, is met.

A number of assumptions are used in applying costs to income generating activities. Direct costs can be more accurately attributed to activities. However, with overheads, several different apportionments are applied to overhead cost based on management's best estimate of the driver of costs. Examples of cost drivers used by the DSA include throughput of tests, examiner utilisation and length of tests.

Expenditure allocated to activities includes both direct costs and apportioned overheads.

j) Financial instruments
Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are typically cash or rights to receive cash or equity instruments in another entity. Financial liabilities are typically obligations to transfer cash. A contractual right to exchange financial assets or financial liabilities with other entities will also be a financial asset or liability, depending on whether the conditions are potentially favourable or adverse to the reporting entity. Public Dividend Capital is not an equity instrument as defined in IAS 32. It is presented as a form of financing in the Statement of Financial Position.

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents. These are classified as held-to-maturity. The DSA initially recognises these assets on the date that they are originated, and derecognises when the contractual rights to the cashflows from the asset expire.

Trade and other receivables are recognised initially at fair value on the date that they originated. Fair value is usually the original invoiced amount. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities comprise trade and other payables, and obligations under finance leases. These are classified as held-to-maturity. The DSA recognises these liabilities initially on the date at which it becomes a party to the contractual provisions of the instrument, and derecognises when its contractual obligations are discharged, cancelled or expired. Trade and other payables are recognised initially at fair value. Fair value is usually the original invoiced amount.

k) Cash and cash equivalents
Operational cash is held with a current account with the Government Banking Service and temporarily within commercial bank accounts until funds are cleared. 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 cash and cash equivalents on the Statement of Financial Position.

l) Value Added Tax (VAT)

The 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, the 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 charged to the relevant expenditure category or capitalised within non-current assets where appropriate.

m) Borrowing costs

Although IAS 23 Borrowing Costs allows borrowing costs to be expensed or capitalised, the FReM requires borrowing costs to be expensed and, therefore, is the treatment adopted by the DSA. This is consistent with the benchmark treatment prescribed by IAS 23.

n) Research and development

Expenditure incurred on applied research is treated as an operating charge in the year incurred. Development costs in respect of capitalised projects are capitalised within non-current assets, initially as assets under construction to the extent that future economic benefit is expected to flow from them.

o) Government grants and funding

The Government Financial Reporting manual (FReM) has adopted the requirements of International Accounting Standards (IAS) 20 which requires government grants to be treated as income in the Statement of Comprehensive Income (SoCI). Monies received to fund capital expenditure was previously taken to the Government Grant Reserve and released to the SoCI in line with the depreciation of the assets acquired. The balance on the Government Grant Reserve at the start of the year has been taken to the general fund to reflect the requirement.

p) Segmental reporting

The DSA is not required to provide segmental reporting under IFRS8 but provides an analysis of income and expenditure for key activities for the purposes of Fees and Charges regulations.

Note 2 – Income and surplus/(deficit) on activities

The following information is produced for Fees and Charges purposes and does not constitute segmental reporting under IFRS 8 – Operating segments

Activity	2011-12 Income £000	2011-12 Expenditure £000	2011-12 Surplus/ (deficit) £000	2010-11 Income £000	2010-11 Expenditure (Restated) £000	2010-11 Surplus/ (deficit) £000
Cars	149,374	139,155	**10,219**	148,999	148,394	**605**
Large goods/passenger carrying vehicles	10,988	8,552	**2,436**	11,348	9,082	**2,266**
Motorcycles	8,003	10,631	**(2,628)**	6,966	8,887	**(1,921)**
Approved driving instructor	7,243	7,232	**11**	7,664	6,748	**916**
Certificate of Professional Competence	6,918	5,227	**1,691**	6,506	5,949	**557**
Compulsory basic training	1,560	1,440	**120**	1,371	1,935	**(564)**
Total from statutory services	**184,086**	**172,237**	**11,849**	**182,854**	**180,995**	**1,859**
Total from other operating activities	9,397	9,254	**143**	7,637	5,958	**1,679**
Total	**193,483**	**181,491**	**11,992**	**190,491**	**186,953**	**3,538**

Each Statutory Service has a financial objective to recover full costs inclusive of a rate of return on capital employed of 3.5 per cent, taking one year with another over a five-year period. 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. Expenditure shown in these accounts excludes any charge for return on capital employed.

Other operating activities comprise any activities that are non-statutory including commercial activities.

The analysis of income from other operating activities is as follows:

	2011-12 £000	2010-11 £000
Royalties from sales of publications	1,998	1,698
Taxi testing	978	947
Driver quality monitoring	94	415
Enforcement services (DfT funded)	3,206	3,476
DfT funding of early retirement and policy development costs	1,540	158
Publication licenses	191	120
Other sundry income	1,390	823
Total income from other operating activities	**9,397**	**7,637**

Note 3 – Staff costs and employee numbers

a) Staff costs

	2011-12			2010-11		
	£000	£000	£000	£000	£000	£000
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Wages and salaries	67,798	-	67,798	67,739	335	68,074
Social security costs	4,925	-	4,925	5,034	-	5,034
Other pension costs	11,443	-	11,443	12,030	-	12,030
Early retirement costs	1,728	-	1,728	268	-	268
Total staff costs	**85,894**	**-**	**85,894**	**85,071**	**335**	**85,406**

b) Average numbers of persons* employed

	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Directly employed						
Management	113	-	113	119	-	119
Administrative and support	566	-	566	592	-	592
Professional and technical	1,719	-	1,719	1,749	-	1,749
Other	-	-	-	-	15	15
Total persons	**2,398**	**-**	**2,398**	**2,460**	**15**	**2,475**

* Persons are defined as full-time equivalents employed during the year.

c) Reporting of Civil Service and other compensation schemes – exit packages

Exit Package Cost Band	Compulsory Redundancies		Other Agreed Departures		Total by Cost Band	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<£10,000	-	-	15	14	15	14
£10,000-£25,000	-	-	23	11	23	11
£25,000-£50,000	-	-	21	2	21	2
£50,000-£100,000	-	-	7	2	7	2
£100,000-£150,000	-	-	1	-	1	-
£150,000-£200,000	-	-	-	-	-	-
Total Packages	**-**	-	**67**	**29**	**67**	**29**
Total Cost (£000)	**-**	-	**1,813**	**341**	**1,813**	**341**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the departure is agreed. Where the DSA has agreed early retirements, the additional costs are met by the DSA and not by the Principal Civil Service Pension Scheme (PCSPS). Ill-health retirement costs are met by the PCSPS. During the financial year 2011-12 there were no payments made which were not covered by the Civil Service Compensations Scheme.

Note 4 – Other operating charges

	2011-12 £000	2010-11 £000
Theory test contractor charges	33,178	31,799
Accommodation costs	10,364	9,198
Rentals under operating leases: buildings	7,956	7,452
Computer agency charges	6,775	6,616
Staff travel and subsistence	5,694	5,397
Administration costs	3,072	3,998
Fraud and integrity	2,192	2,648
Shared service centre charges	3,040	2,295
Other contracted services	1,862	2,165
Credit card and bank charges	1,277	1,358
Criminal Records Bureau checks	946	1,119
Cost of periodic training approval	1,226	807
Amortisation of capital grants	-	(120)
Net increase/(decrease) in provisions required in the year	107	(218)
Auditors' remuneration and expenses	69	69
Other charges	1,630	2,388
Total other operating charges	**79,388**	**76,971**

Note 5 – Finance costs

	2011-12 £000	2010-11 £000
Interest costs		
On long-term loans	2,779	3,292
On finance leases	6,314	5,952
Unwinding of discount on provisions	39	172
Total interest costs	**9,132**	**9,416**
Dividends payable		
The dividend payment to DfT is calculated as follows:		
3.5% return on capital employed	3,166	3,271
Less: Interest payable on loans from DfT	(2,779)	(3,292)
Dividends payable	**387**	**0***
Total finance costs	**9,519**	**9,416**

The DSA pays each year to DfT a return on capital employed in the form of interest payments on loans or as a dividend.

The calculated level of return for 2011-12 based upon a target level of 3.5 per cent return on average capital employed, is £3,166,000.

*In 2010-11 the interest payable on long term loans of £2,271,000 is less than the calculated level of return, therefore no dividend was payable.

The calculation of return on capital employed runs for the five-year period from 1 April 2009 to 31 March 2014.

Note 6 – Property, plant and equipment

2011-2012	Land	Buildings	IT Equipment	Plant and Machinery	Furniture and Fittings	Assets Under Const'n	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2011	14,570	93,787	5,279	4,979	3,023	835	122,473
Additions	1,560	617	434	331	210	321	3,473
Revaluation	1,571	4,789	5	95	30	-	6,490
Impairment	(8)	(463)	-	-	-	-	(471)
Transfers	-	486	-	(5)	13	(494)	-
Disposals	(8)	(2,597)	(1,045)	(248)	(1,040)	-	(4,938)
At 31 March 2012	**17,685**	**96,619**	**4,673**	**5,152**	**2,236**	**662**	**127,027**
Depreciation							
At 1 April 2011	20	8,405	3,872	3,592	1,923	-	17,812
Charge for the year	4	3,506	710	602	460	-	5,282
Revaluation	-	(206)	3	73	18	-	(112)
Impairment	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	(3)	(2,249)	(990)	(244)	(960)	-	(4,446)
At 31 March 2012	**21**	**9,456**	**3,595**	**4,023**	**1,441**	**-**	**18,536**
Carrying value							
At 1 April 2011	14,550	85,382	1,407	1,387	1,100	835	104,661
At 31 March 2012	**17,664**	**87,163**	**1,078**	**1,129**	**795**	**662**	**108,491**
Asset financing							
Owned assets	17,491	19,830	1,078	1,129	795	662	40,985
Finance leased assets	173	67,333	-	-	-	-	67,506
Total carrying value at 31 March 2012	**17,664**	**87,163**	**1,078**	**1,129**	**795**	**662**	**108,491**

Included within the land categorisation are long leasehold assets. At 31 March 2012, the carrying value and depreciation of these long leasehold assets were £190,000 and £2,000 respectively.

Included within the disposals categorisation are assets that have been transferred to assets held for sale (see note 9).

Of the carrying value, assets were revalued by £5,560,000. Of this £2,739,000 was credited to the Statement of comprehensive income and £2,821,000 taken to the revaluation reserve.
Leasehold property assets comprise multi-purpose test centres procured under finance leases, capitalised expenditure for works undertaken on properties held under operating leases and the capital values of properties held under leases at less than market rents for example peppercorn rents.

2010-2011	**Land**	**Buildings**	**IT Equipment**	**Plant and Machinery**	**Furniture and Fittings**	**Assets Under Const'n**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation							
At 1 April 2010	15,646	84,859	4,724	5,363	2,851	5,028	118,471
Additions	164	7,188	220	43	119	4,330	12,064
Revaluation	(28)	1,792	(142)	109	34	-	1,765
Impairment	(1,341)	(5,777)	-	-	-	(606)	(7,724)
Transfers	600	6,663	477	4	173	(7,917)	-
Disposals	(471)	(938)	-	(540)	(154)	-	(2,103)
At 31 March 2011	**14,570**	**93,787**	**5,279**	**4,979**	**3,023**	**835**	**122,473**
Depreciation							
At 1 April 2010	19	6,470	2,765	3,347	1,606	-	14,207
Charge for the year	4	3,565	1,189	686	430	-	5,874
Revaluation	(3)	260	(82)	64	37	-	276
Impairment	-	(1,384)	-	-	-	-	(1,384)
Transfers	-	-	-	-	-	-	-
Disposals	-	(506)	-	(505)	(150)	-	(1,161)
At 31 March 2011	**20**	**8,405**	**3,872**	**3,592**	**1,923**	**-**	**17,812**
Carrying value							
At 1 April 2010	15,627	78,389	1,959	2,016	1,245	5,028	104,264
At 31 March 2011	**14,550**	**85,382**	**1,407**	**1,387**	**1,100**	**835**	**104,661**
Asset financing							
Owned assets	14,343	20,882	1,407	1,387	1,100	835	39,954
Finance leased assets	207	64,500	-	-	-	-	64,707
Total carrying value at 31 March 2011	**14,550**	**85,382**	**1,407**	**1,387**	**1,100**	**835**	**104,661**

Note 7 – Intangible assets

2011-2012	IT Software	Assets Under Construction	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2011	28,788	99	28,887
Additions	735	1,577	2,312
Revaluation	31	-	31
Transfers	131	(131)	-
Disposals	(469)	-	(469)
At 31 March 2012	**29,216**	**1,545**	**30,761**
Amortisation			
At 1 April 2011	11,733	-	11,733
Charge for the year	4,053	-	4,053
Revaluation	12	-	12
Transfers	-	-	-
Disposals	(469)	-	(469)
At 31 March 2012	**15,329**	**-**	**15,329**
Carrying value			
At 1 April 2011	17,055	99	17,154
At 31 March 2012	**13,887**	**1,545**	**15,432**

Analysis of IT software:	Remaining Life At 31 March 2012	Net book value At 31 March 2012
Certificate of Professional Competence	4 years	8,510
Testing and registration system	4 years	2,720
Others	0 to 4 years	4,202
Total		**15,432**

Intangible assets comprise software licences and IT system developments. These assets are re-valued using appropriate published indices.

2010-11	IT Software	AUC	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2010	27,240	634	27,874
Additions	349	10	359
Revaluation	654	-	654
Transfers	545	(545)	-
Disposals	-	-	-
At 31 March 2011	**28,788**	**99**	**28,887**
Amortisation			
At 1 April 2010	7,577	-	7,577
Charge for the year	3,975	-	3,975
Revaluation	181	-	181
Transfers	-	-	-
Disposals	-	-	-
At 31 March 2011	**11,733**	-	**11,733**
Carrying value			
At 1 April 2011	19,663	634	20,297
At 31 March 2011	**17,055**	**99**	**17,154**

Analysis of IT software:	Remaining Life At 31 March 2011	Net book value At 31 March 2011
Integrated Register of Driver Trainers	1 year	526
Certificate of Professional Competence	5 years	10,426
Testing and registration system	5 years	3,165
Others	0 to 5 years	3,037
Total		**17,154**

Note 8 – Trade and other receivables

a) Amounts due within one year	31 March 2012	31 March 2011
	£000	£000
Trade receivables	430	1,076
Interest receivable	10	6
Recoverable VAT	1,638	2,250
Other receivables	3,654	1,838
Prepayments	2,148	1,831
Total	**7,880**	**7,001**

Included within the above are amounts due from other Government bodies of:

Department for Transport (DfT)	2,090	1,720
HM Revenue and Customs (HMRC)	1,638	2,250
Ministry Of Defence (MOD)	11	110
	3,739	**4,080**

b) Amounts due after more than one year

	31 March 2012 £000	31 March 2011 £000
Other receivables	-	149
Total	**-**	**149**

There are no amounts due from other Government bodies due after more than one year.

Note 9 – Assets held for sale

	31 March 2012 £000	31 March 2011 £000
At 1 April 2011	830	1,384
Disposals of assets	(596)	(1,395)
Assets identified in year as non-operational	29	841
At 31 March 2012	**263**	**830**

Assets identified as being surplus to operational need are held at their net estimated market value awaiting disposal.

Note 10 – Trade and other payables

a) Amounts payable within one year	31 March 2012 £000	31 March 2011 £000
Current instalment on long-term loans	8,738	6,043
Accruals	12,980	11,308
Deferred income	22,023	25,199
Other payables	5,893	3,429
Trade payables	413	20
Current obligation under finance leases	5,222	5,180
Total	**55,269**	**51,179**

Included within the above are amounts due to other Government bodies of:

Department for Transport (DfT)	9,509	6,208
HM Revenue and Customs (HMRC)	-	25
Driver Vehicle Licensing Agency (DVLA)	5	-
Vehicle Operator Services Agency (VOSA)	-	184
	9,514	**6,417**

b) **Amounts payable after more than one year**

	31 March 2012	31 March 2011
	£000	£000
Obligation under finance leases	43,095	41,950
Deferred income	4,614	4,357
Other payables	704	749
Total	**48,413**	**47,056**

There are loans payable in more than one year owing to the Department for Transport. These are disclosed in Taxpayers' Equity in the Statement of financial position and detailed in Note 12 on page 86.

Note 11 – Provisions

2011-12	Dilapidations	Restructuring	Legal claims	Total
	£000	£000	£000	£000
At 1 April 2011	417	2,403	1,009	3,829
Provided in the year	65	27	386	478
Provisions not required written back	(166)	-	(205)	(371)
Utilised in year	(18)	(663)	(359)	(1,040)
Borrowing costs (unwinding of discount)	-	39	-	39
At 31 March 2012	**298**	**1,806**	**831**	**2,935**
Analysis of expected timing of discounted flows				
– Not later than one year	268	851	831	1,950
– Later than one year and not later than five years	30	955	-	985
– Later than five years	-	-	-	-
At 31 March 2012	**298**	**1,806**	**831**	**2,935**

2010-11	Dilapidations	Restructuring	Legal claims	Total
	£000	£000	£000	£000
At 1 April 2010	1,628	3,045	584	5,257
Provided in the year	-	72	643	715
Provisions not required written back	(933)	-	-	(933)
Utilised in year	(278)	(714)	(218)	(1,210)
Borrowing costs (unwinding of discount)	-	-	-	-
At 31 March 2011	**417**	**2,403**	**1,009**	**3,829**
Analysis of expected timing of discounted flows				
– Not later than one year	341	1,098	1,009	2,448
– Later than one year and not later than five years	76	1,305	-	1,381
– Later than five years	46	-	-	46
At 31 March 2011	**417**	**2,403**	**1,009**	**3,829**

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 three years.

ii) The provision for restructuring is in relation to future rent and rates on closed administrative offices until the expiry of the current lease and the future pension liabilities from voluntary early retirements and severances of employment. The provision has substantial cashflows over the period to 2016-17 which have been discounted at the Treasury rate of 1.8 per cent from pensions and 2.2 per cent for all other provisions in this category.

iii) The provision for legal claims relates to all claims against the DSA which are expected to materialise (see note 18) following due legal process, and include unfair dismissal, 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 DSA in these claims.

Note 12 – Loans from the Secretary of State

The DSA has received government loans which are repayable by instalments and bear interest. They are comprised of the following fixed interest loans:

	31 March 2012 £000	**31 March 2011 £000**
£3.6m loan issued in 1997-98, repayable over 25 years with interest at 7.75% (vesting loan)*	-	1,457
£10.0m loan issued in 2003-04, repayable over 15 years with interest at 4.9%	3,723	4,400
£5.0m loan issued in 2005-06, repayable over 25 years with interest at 4.5%	3,400	3,600
£5.0m loan issued in 2005-06, repayable over 25 years with interest at 4.45%	3,600	3,800
£0.8m loan issued in 2005-06, repayable over 7 years with interest at 4.55%	-	114
£15.0m loan issued in 2006-07, repayable over 25 years with interest at 4.90%	11,400	12,000
£10.5m loan issued in 2007-08, repayable over 7 years with interest at 4.26% *	-	3,567
£5.0m loan issued in 2007-08, repayable over 15 years with interest at 4.54%	3,333	3,667
£15.3m loan issued in 2007-08, repayable over 25 years with interest at 4.71%	12,240	12,851
£8.0m loan issued in 2008-09, repayable over 25 years with interest at 3.69%	6,720	7,040
£9.0m loan issued in 2008-09, repayable over 7 years with interest at 2.19%*	-	5,143
£6.3m loan issued in 2009-10, repayable over 25 years with interest at 4.5%**	-	5,796
Total Loans	**44,416**	**63,435**

* An additional payment of £10.2million was made in the year.

** Loan repaid in full after the end of the year, on 11 May 2012. The amount due is shown in Current liabilities – trade and other payables.

	31 March 2012 £000	**31 March 2011 £000**
Amounts repayable:		
– In one to two years	2,942	5,929
– In two to five years	8,827	16,255
– After five years	32,647	41,251
Total	**44,416**	**63,435**

Note 13 – Commitments under leases

Operating leases	**31 March 2012**			**31 March 2011**		
	Land and Buildings £000	**Other £000**	**Total £000**	**Land and Buildings £000**	**Other £000**	**Total £000**
Minimum lease payments						
Not later than one year	7,265	76	**7,341**	7,245	76	**7,321**
Later than one year and not later than five years	22,021	94	**22,115**	22,081	169	**22,250**
Later than five years	95,468	-	**95,468**	92,848	-	**92,848**
Total	**124,754**	**170**	**124,924**	**122,174**	**245**	**122,419**

Operating leases relate to all payments due under commercial leases, intra-government agreements (MOTO) and an informal arrangement with VOSA (Vehicle and Operator Services Agency).

Commercial lease arrangements are normally on standard terms and conditions typically over 10 to 15 years with rent reviews and break clauses every five years. These leases are mainly for standard driving test centres. In addition, the main administrative centres in Nottingham and Newcastle are occupied on commercial leases with a total commitment of £969,000 per annum. Operating leases also include the land element of leases for multi-purpose test centres (see finance lease comments below).

There are no current sub-lease arrangements in place regarding properties occupied by the DSA under operating leases.

	Land and Buildings	
Payments under finance leases	**31 March 2012**	**31 March 2011**
	£000	**£000**
Minimum lease payments		
– Not later than one year	5,290	5,180
– Later than one year and not later than five years	22,760	22,123
– Later than five years	283,604	290,239
Total payment obligations under finance leases	311,654	317,542
– Less interest element	(262,056)	(268,674)
Total present value of obligations under finance leases	**49,598**	**48,868**

Present value of lease payments		
– Not later than one year	5,290	5,180
– Later than one year and not later than five years	15,438	15,099
– Later than five years	28,870	28,589
Total present value of obligations under finance leases	**49,598**	**48,868**
Carrying value of finance leases included within property, plant and equipment	**42,055**	**42,834**
Receipts expected from sub-leases	**5,366**	**5,656**

The finance leases relate to the buildings element of longer term lease arrangements for Multi-Purpose Test Centres which are specialised operational sites with off-road manoeuvre areas for motorcycle testing. The leases are typically over a 40-year period with lease breaks at around 15 and 25 years; rents payable are subject to review periods of five years based on market rates or retail price index calculations. There is no transfer of ownership at the end of the lease but it’s considered that there would be minimal residual value of the sites.

Note 14 – Capital commitments

	31 March 2012 £000	31 March 2011 £000
Contracted:		
Within one year	2,547	196
Between two and five years	-	-
Over five years	-	-
Total capital commitments	**2,547**	**196**

Capital commitments relate mainly to ongoing development of IT software.

Note 15 – Analysis of changes in net funds

	At 31 March 2011 £000	Cashflows £000	Other Movements £000	At 31 March 2012 £000
Cash balances at Government Banking Service	14,465	(1,336)	-	**13,129**
Deposits with National Loans Fund	50,000	-	-	**50,000**
Cash and cash equivalents	**64,465**	**(1,336)**	**-**	**63,129**
Loans due within 1 year	(6,043)	6,043	(8,738)	**(8,738)**
Loans due after 1 year	(63,435)	10,281	8,738	**(44,416)**
Net funds	**(5,013)**	**14,988**	**-**	**9,975**

Note 16 – Analysis of cashflows

	Note	2011-12 £000	2010-11 £000
Adjustments for non-cash transactions			
Depreciation of non-current assets	6	5,282	5,874
Amortisation of intangible non-current assets	7	4,053	3,975
Amortisation of capital grants	4	-	(120)
(Loss)/surplus on sale of assets		350	(149)
Unwinding of discounts	5	(39)	(172)
Adjustments for non-cash transactions		**9,646**	**9,408**
Increase/(decrease) in trade payables			
Movement on payables less than one year		4,090	(4,749)
Movement on payables more than one year		1,357	6,107
Accrual relating to year-end dividend		(387)	-
Capital grants utilised		-	37
Accruals relating to loan interest		-	1,606
Movement of accruals relating to the purchase of non-current assets		-	2,961
Increase in trade payables		**5,060**	**5,962**

Movements in payables relating to items not passing through the SoCI Account		
Movement in finance lease creditor	(1,187)	(6,975)
Movement in current instalment of loan	(2,695)	3,362
Payables not passing through the SoCI Account	**(3,882)**	**(3,613)**

Note 17 – 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 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011-12, employers' contributions of £11,443,000 were payable to the PCSPS (2010-11: £11,953,000) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers contributions of £108,000 were paid to one or more of a panel of three appointed stakeholder pension providers (2010-11: £77,000). Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 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 18 – Contingent liabilities

There are a number of legal and contractual claims or potential claims against the DSA, 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 11).

Note 19 – Related party transactions

The DSA is an Executive Agency of the Department for Transport (DfT). During the year the DSA has had a significant number of material transactions with the DfT, and with other entities for which the DfT 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 DSA 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 HMRC, Department for Work and Pensions and the Valuation Office Agency.

Balances with related parties are disclosed in notes 8 and 10.

During the year, none of the executive board or members of the key management staff or other related parties has undertaken any material transactions with the DSA (2010-11: Nil).

Since 1st April 2007 the DSA has used the Department for Transport shared service centre for transactional processing in the Human Resources and finance functions for which it pays a monthly service charge. These charges are recognised in the accounts as they are incurred. The DSA bears no liability and has no responsibility for the assets and liabilities of the shared service centre.

Note 20 – Financial instruments
The fair values of the Agency's financial assets and liabilities as at 31 March 2012 are as follows:

	Book Value £000	Fair Value £000
Financial assets:		
– Cash at bank and in hand	13,129	13,129
– Deposits with National Loans Fund	50,000	50,000
Financial liabilities:		
– long term loans from the Secretary of State due in more than one year	44,416	44,416
– long term loans from the Secretary of State due in less than one year	8,738	8,738

Other short-term receivables and payables have been excluded, as they are disclosed under notes 8 and 10 respectively. The long-term loans, however, include the current instalments shown as trade and other payables.

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 £8,738,000. 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 75% of total Taxpayers' equity. The interest rates are fixed at the time of the loan issue and are identified in note 12. 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 21 – Losses and special payments
During the year, costs falling into the category of losses were below the level, currently £250,000, at which they need to be reported separately.

Special payments of £622,000 (2010-11: £706,000) were made during the year, in respect of 4421 cases (2010-11: 11,530). No individual case exceeded £250,000 in the year.

Special payments arise mainly from compensations paid to test candidates to cover out-of-pocket expenses following the cancellation at short notice of tests by the Agency.

Note 22 – Financial performance
The Secretary of State for Transport has determined financial objectives for the Driving Standards Agency. These were confirmed by Treasury Minute dated 3 March 2010, the text of which is reproduced at Annex A.

The financial objectives for the DSA 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 Statement of Comprehensive Income; and

ii) to achieve an average annual return on capital employed (ROCE) on its activities of at least 3.5 per cent of net assets employed over the period 1 April 2009 to 31 March 2014.

Since adoption of IFRS in 2009-10 the interest of finance leases has been disclosed as Interest costs rather than other operating charges. This has impacted on the presentation of the Net Operating Surplus and therefore ROCE. The net surplus in 2011-12 was £11,992,000 which, after adding back interest charges and dividends for the year of £9,519,000, represents a return on capital employed of 23.8 per cent of the average 'assets less liabilities' of £90,387,000.

The cumulative ROCE position to the end of the period to 31 March 2012 was 12.6 per cent.

Note 23 – Post-balance sheet events
The Chief Executive, as Accounting Officer, authorised these accounts for issue on 11 June 2012. There have been no events since the balance sheet date up to the date the accounts were authorised for issue which would affect the understanding of these accounts. However, there are some events which may affect the financial position of the DSA in the future as follows:

There is a current review of both the motorcycle test and the option of more local services in localities where there are access issues. Trials are being carried out by the DSA in assessing whether the options are viable and some eight new testing locations are in place. At the time of signing these financial statements, the full implications of the motorcycle review and the alternative test arrangements are unknown.

Four-year financial summary

£000	2008-09 Restated*	2009-10 Restated*	2010-11 Restated**	2011-12
CAR				
Car test income	145,972	142,461	148,999	149,374
Car test cost	(153,102)	(150,482)	(148,394)	(139,155)
Surplus/(Deficit)	**(7,130)**	**(8,021)**	**605**	**10,219**
LGV/PCV				
LGV/PCV test income	12,798	11,571	11,348	10,988
LGV/PCV test cost	(13,006)	(10,126)	(9,082)	(8,552)
Surplus/(Deficit)	**(208)**	**1,445**	**2,266**	**2,436**
MOTORCYCLE				
Motorcycle test income	9,526	6,347	6,966	8,003
Motorcycle test cost	(10,498)	(9,413)	(8,887)	(10,631)
Surplus/(Deficit)	**(972)**	**(3,066)**	**(1,921)**	**(2,628)**
APPROVED DRIVING INSTRUCTOR				
ADI income	7,836	8,894	7,664	7,243
Related expenditure in obtaining ADI status	(11,246)	(7,938)	(6,748)	(7,232)
Surplus/(Deficit)	**(3,410)**	**956**	**916**	**11**
DRIVER CPC				
CPC income	-	4,597	6,506	6,918
CPC expenditure	-	(4,560)	(5,949)	(5,227)
Surplus/(Deficit)	**-**	**37**	**557**	**1,691**
COMPULSORY BASIC TRAINING				
CBT income	1,579	1,265	1,371	1,560
CBT expenditure	(1,284)	(1,208)	(1,935)	(1,440)
Surplus/(Deficit)	**295**	**57**	**(564)**	**120**
OTHER				
Total other income	13,654	9,792	7,637	9,397
Total other expenditure	(11,237)	(9,299)	(5,958)	(9,254)
Surplus/(Deficit)	**2,417**	**493**	**1,679**	**143**
TOTAL				
Income	191,365	184,926	190,491	193,483
Expenditure	(200,373)	(193,025)	(186,953)	(181,491)
Surplus/(Deficit)	**(9,008)**	**(8,099)**	**3,538**	**11,992**

* Information restated to include interest costs

** Information restated to net finance income off expenditure

ANNEX A

DRIVING STANDARDS AGENCY TRADING FUND
TREASURY MINUTE DATED 3 MARCH 2010

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 operations, 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 2009 to 31 March 2014 shall be to achieve a return, averaged over the period as a whole, of at least 3.5 per cent in the form of a 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, ie the Public Dividend Capital, long-term element of Exchequer loans, and reserves.

4. This Minute supersedes that dated 19 November 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.

How to contact us

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Customer Service
Theory tests
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