GOVERNMENT CAR
AND DESPATCH AGENCY

Annual report and accounts 2005/06

Contents

Government Car and Despatch Agency
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The work undertaken by us in support of the UK Presidency of the EU and G8 has raised our profile once again and this has been a particularly pleasing project.

Foreword

I am delighted to present the Annual report and accounts for the Government Car and Despatch Agency for the year 2005/06.

This has been a particularly busy year for the Agency. My arrival as Chief Executive in May 2005 prompted a considerable amount of work to ensure the Agency was in good shape to take on the challenges of the future. We spent a good deal of our time getting to grips with the changing nature of the work we do and the way in which we wanted to do it going forward. The result is an ambitious five-year corporate plan and a strengthened marketing capability, which we all agreed was desperately needed.

Towards the end of the year the Agency transferred to the Department for Transport, a move that was welcomed by us all.

Much of the Agency's work goes un-noticed, yet it is crucial to the effectiveness of Government. While our Car Service has the highest profile in the Agency, there are a large number of unsung aspects of our work that are equally crucial:

- the InterDespatch Service recovered from a low point at the beginning of the year to a position where the future looks increasingly bright. Although we are still under-recovering, the trend is very much on the up and we expect to return to break-even status in the Summer of 2006;
- our workshops and fleet management team have risen to the challenges posed to them and their contribution to the Agency's viability is now significant;
- we continue to protect government departments from mail-carried threats in our screening units; and
- our contract with the Cabinet Office mailroom continued to deliver excellent value for money.

The work undertaken by the GCS in support of the UK presidency of the EU and G8 has raised our profile once again and this has been a particularly pleasing project. Green Cars, our environmentally-friendly taxi service for London, has begun to show signs of renewed life and our marketing strategy has begun to pay dividends. Next year will see a sustained period of growth in all our GCS areas of operation.

And, of course, we continue to offer a secure choice to all our customers.

The Agency can contribute more to the business of Government and offer even greater savings to our customers. The work reported on in this report shows how far we have come already this year. My very clear impression is that everyone in the organisation is ready for the challenges that lie ahead, which we all recognise.

Roy Burke
Chief Executive

Who’s who

Roy Burke has spent his first full year as Chief Executive of the Agency. Roy joined the Agency in May 2005 on a three-year secondment from the Home Office.

David Turner came to us as a Non-Executive Director in November 1998. He shares his considerable facilities management experience with us, coming as he does, from the private sector with directorships in the following organisations: WSP Group PLC; Royal Mail Property Board; Falcon Property Trust; Pavilion Housing Trust; and the Sir John Cass Foundation.

Debbie Wilkinson is the Director of Finance, IT & Corporate Governance. She directs the Agency’s financial management and the strategic use of information technology.

Alan Westover is our Director of People and Organisational Development. He spearheads strategies on human resources, accommodation, pay and grading, quality management and health and safety.

David Smith joined as our second Non-Executive Director in October 2001. With a long career in the Civil Service, including many years at the Cabinet Office, he brings invaluable experience to our Board.

Jerry Doyle is the Director of Government Cars. He has overall responsibility for the Government Car Service, including Fleet Management.

Nigel Bennett is Director of Government Mail. He has responsibility for the InterDespatch Service and oversees the Government Mail Service.

Employee Non-Executive Directors

Pat Currie and **John Garrett** served for six months during the year. Following a review of our management structure we decided to discontinue with employee non-executive directors on the GCDA Board.

Management commentary

Our background

The Government Car and Despatch Agency was established as an Executive Agency on 1 April 1997. It is fully accountable to Parliament through Ministers. We operate predominantly from our main site in London, although we also have three smaller sites at Birmingham, Bradford and Cardiff. Our turnover is primarily derived from Government and the wider public sector within the UK.

What we do

We operate two core, separately branded businesses, to meet our principal aim of being the first choice supplier of secure transport, distribution and mail-related services to central government departments, the wider public sector and other approved customers. The two businesses are:

- the Government Car Service (GCS) – which provides long and short term chauffeur and car hire, a taxi booking service, protected security cars and specially-trained drivers; and
- the InterDespatch Service (IDS) - which provides secure mail services within Government and the wider public sector.

In addition we provide Government Mail Services (GMS) which include distribution, messenger, reprographic and mail screening services for Cabinet Office and other government departments. The Agency also provides vehicle fleet management and maintenance services on request.

Analysis of the income and expenditure of each of these segments of our business is set out in Note 2 to the Accounts on page 42.

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Aim and obje

Our aim is to be Government's fi
provider for moving people, mai

Our objectives in delivering this

- to meet government requirem needs for the provision of secu mail services;
- to recover only our costs;
- to provide a value for money s
- to champion our organisationa develop an inclusive culture, a good employee relations;
- to maintain a commitment to performance through ISO 900
- to promote environmentally-fr through ISO 14001 registration

Financial Performance To achieve breakeven on an accruals basis
Quality To maintain customer satisfacti at the outturn level of 86.7 with reported statistical confidence
Environmental To convert to alternative enviro friendly fuels 75% of the cars pu and capable of such conversion
Reduce the average carbon dio exhaust emission from the Gov Car Service fleet by 2% against previous year's outturn

Target	Measurement
Financial Performance	Final audited accounts of the Agency
Quality	Independently-conducted customer satisfaction survey
Environmental	Reference to fleet details and to data published by the Vehicle Certification Agency

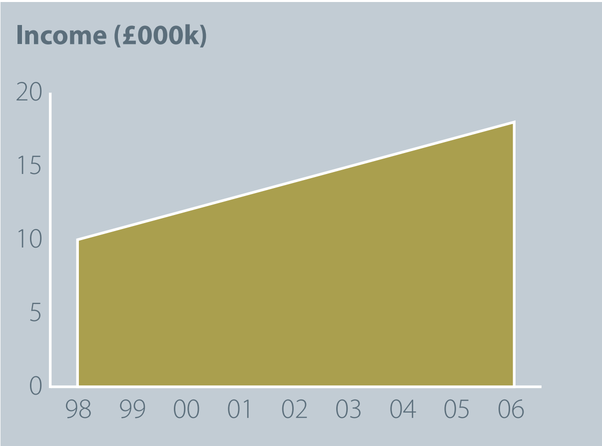
Key Performance Targets for 2006/07

The Minister for the Department for Transport has set the following targets for the Agency for 2006/07:

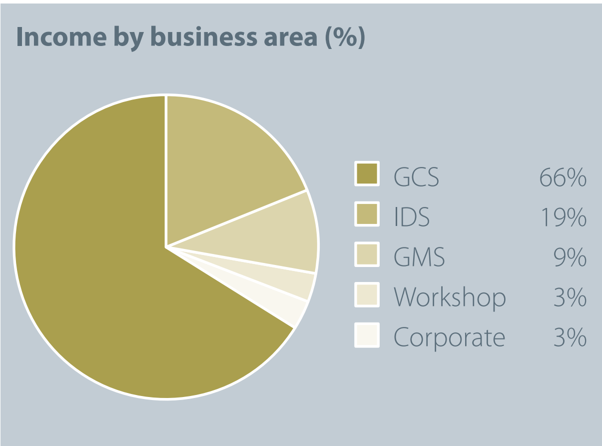
Target	Measurement
Financial Performance To achieve breakeven on an accruals basis	Final audited accounts of the Agency
Quality To maintain customer satisfaction at the level of 86.7 within reported statistical confidence limits	Independently conducted customer satisfaction survey
To maintain accreditation for ISO 9001	Accreditation is maintained
Environmental To reduce the average tailpipe emissions of the Government fleet by 5% compared with 2005/06	Reference to fleet details and to data published by Vehicle Certification Agency
To increase the use of alternative engine fuel technology in GCDA vehicles by 10% compared with 2005/06	Reference to fleet details and to data published by Vehicle Certification Agency
Efficiency To reduce the administration charges to customers by 2% compared with 2005/06	Final audited accounts of the Agency

Financial framework and performance

Our primary financial objective set by the Minister for the Department for Transport is to breakeven, in accruals terms. The surplus for the year was £10k being 0.06% of income from operating activities, and brings us considerably closer to our breakeven target than ever before.



2005/06 has seen a continuation of the increased trend in our overall income figure, with each area of the business contributing to this result.



Income for the year in the Government Car Service amounted to £11.7m (2004/05 £11.3m); InterDespatch Service generated income of £3.3m (2004/05 £3.1m) and Government Mail Services brought in income of £1.7m (2004/05 £1.7m).

Our fixed asset investment has increased with capital expenditure largely focused on new vehicles; with the PM's car list being finalised in 2005/06. Motor vehicles purchased accounted for £1.2m of the capital spend for the year, being 97.6% of the total (2004/05 £0.8m, 95.0%).

HM Treasury Direction

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

Our accounting policies are set out in Note 1 to the Accounts on pages 41-42.

Supplier Payment Policy

We believe in paying suppliers within 30 days. For the financial year ended 31 March 2006, 93% of all payments were made within that time. And, on average, payment was made 19 days after the issue of our supplier's invoice.

Fixed Assets

Movements in fixed assets in the period are set out in Note 5 to the Accounts on page 46.

Auditors

These accounts have been audited by the Comptroller and Auditor General (C & AG). The notional cost of the audit work for 2005/06 was £28k. The cost is in respect of the audit services relating to the statutory audit. There were no other services provided or assurance work undertaken by the C & AG during the year.

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

Being equal

The Agency is an equal opportunity employer. We are committed to a policy of non-discrimination. The Director of People & Organisational Development acts as Equal Opportunities Officer for the Agency. We also recognise the particular difficulties and challenges faced by people with disabilities. Disablement in itself is no bar to recruitment to, or advancement in, the Agency. All our recruitment is carried out in line with the principles set out in the Civil Service Commissioners' Recruitment Code.

Talking together

We recognise the importance of good employee relations to the achievement of our objectives. We hold regular consultation and feedback with employees through team meetings. We have also ensured that there are regular meetings with recognised trade unions. There is also employee representation on the Agency Audit and Risk Management Committee.

Our Directors

The GCDA Directors that form the Agency's Management Board are listed on pages 4 and 5 of the Annual report. Remuneration and appointment details can be seen in the remuneration report on pages 26-31.

A new Chief Executive, Roy Burke, was appointed in May 2005, following the retirement in April of Nick Matheson CBE who had been Chief Executive since 1997.

Pensions

The accounting policy adopted for pension costs and details of staff pension entitlements are included in the remuneration report on pages 26-31, and in Note 1 to the Accounts on page 41.

Review of the business

Government Cars

Jerry Doyle – Director of Government Cars

The Prime Minister agreed the new ministerial car list in 2005/06. Cabinet Ministers and senior officials can now choose from two cars: the Jaguar XJ 2.7 litre diesel or the Toyota Prius.

While the Prius boasts low CO_2 output from its electric-petrol hybrid engine, none of our new cars are solely petrol. The new Jaguars take the cleaner biodiesel, a 5% blend of biodiesel and ultra low sulphur diesel.

Our quest to encourage government people to choose the greenest cars continues, with requests for our Green Car service for short trips by civil servants rising rapidly. Demand for these environmentally-friendly cars for short trips, at less than the price of a pre-booked black taxi, might soon outstrip supply!

The year, however, has seen a decline in the number of requests for high security allocated cars and drivers, as the peace process in Northern Ireland moves slowly forward. While general security levels remain high, we are moving from being an active supplier of secure cars and drivers to offering an advisory role on government resilience. We now chair the Home Office Vehicle Security Advisory Group, sharing our decades of expertise in what works when it comes to keeping passengers safe and secure.

Meeting customers' needs

Our workshop team has extended its operating hours to 6pm each day to ensure we work when our customers need us. The team is also expanding into external public sector work – spreading fleet management and mechanical skills across government.

Two political giants

Sadly in 2005, two of our high security passengers died within months of each other. Sir Edward Heath and Lord James Callaghan notched up many thousands of miles with the Government Car Service. They were driven by our drivers and were a pleasure to work with, and the team here ensured that their needs were met. See page 15 for accounts of what it was like to have two legends of British politics on the back seat.

The Prius boasts low CO_2 output from its electric-petrol hybrid engine

New Jaguars use a 5% blend of biodiesel and ultra low sulphur diesel

Our quest to encourage government people to choose the greenest cars continues, with requests for our Green Car service for short trips by civil servants rising rapidly.

July seven

Another low point of 2005 was J
London came under attack from
drivers found himself involved a
returned to work.

The Government Car and Despa
like to thank him and all the Age
supported him throughout.

So many of our colleagues stretc
to the maximum on 7 July to hel
hours that followed the attacks c
The incidents highlighted the ne
communication between drivers
Road HQ. We are currently trying
devices in our cars and vans with
of efficiency and productivity. Th
locate the whereabouts of our d
in an emergency, in line with ou
employees and customers.

We are discussing the implicatio
those who may be affected, and
challenges posed by the Freedo
if we elect to use telematic techn

What the Governme

Manufacturer	M
Rover	R
Jaguar	Ja L
Ford	M G S
Peugeot	6
Toyota	P
Vauxhall	C V C
	T


NATIONAL SCHOOL
OF GOVERNMENT

Case studies

Two of our passengers – the former Prime Ministers Sir Edward Heath and Lord James Callaghan – died in 2005. Here are some memories from their Government Car Service Drivers.

Steve Kerrigan drove **Sir Edward Heath** for more than 16 years. "After driving Sir Ted for about three months, I knew that I'd been accepted because he started calling me 'Steve' instead of 'Driver'.

"We had a very good relationship. He only sacked me three times, but I refused to go, telling him that no-one would want to drive him.

"Sir Edward had a mischievous sense of humour and was very witty. He was also a kind man who, over the years, helped many people and devoted a lot of time to various charities. The thing I miss most about him is the man himself. I'd sum him up as a passenger in three words: back seat driver!"

Trevor Thomas drove **Lord James Callaghan** from June 2001 after a long career with passengers ranging from the late Lord Harold Wilson to the late Mo Mowlam.

"The first day of driving Lord Callaghan was petrifying. Everything had to be done on time, by the book. He'd always thank you, however, and ask for everything nicely. He praised and never took staff for granted," says Trevor.

"Whatever his public persona, public or private, Jim Callaghan had a gift for making you feel comfortable.

"When Lord Jim's wife, Lady Callaghan, moved into a home, I became his right-hand man. Dennis Healey said to me: 'Do you realise how much he relies on you? You're his life at the moment'.

"To sum up, James Callaghan was a passenger who liked to know exactly where he was going in the car. He was jolly, courteous, old school and always fun to drive."

Government Mail

Nigel Bennett – Director of Government Mail

The InterDespatch Service

The InterDespatch Service delivers mail between public buildings, securely and cost effectively.

In recent years the IDS customer base had begun to drift away and this was affecting the financial performance of the service. This year we developed and implemented a Business Improvement Plan that sought to stop the rot and re-examine the purpose of IDS. In the following months we looked at how best we could continue to provide services to customers as they began to implement the Lyons Review recommendations and move jobs away from London and the South East.

A key to our continued success is to be ready for this. We want all our customers in Government to know that wherever they go Government Mail will be there with them, continuing to provide the services they need. So we have begun to expand our national network.

We opened a new depot at Runcorn to cover the North West of England. We have also laid plans for new depots in Newcastle and Glasgow to come on line during the coming year and laid the foundations for a stronger presence in the South and East Anglia. These depots will complement our existing network in London, Bradford, Cardiff and Birmingham.

We have also looked at the greenest ways to expand our mail business. We already run a mixed fleet powered by diesel and liquid petroleum gas (LPG). During the year we moved to running our diesel fleet on a 5% biodiesel blend. Half of our London fleet run on LPG. But Transport for London's decision to remove the congestion charge exemption from LPG vehicles from July 2007 means that we shall look again at the type of van we need in London. We have looked at electric vehicles but the technology and costs do not yet make these viable.

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We have also looked at the greenest ways to expand our mail business

We want all our customers in Government to know that wherever they go Government Mail will be there with them, continuing to provide the services they need. So we have begun to expand our national network.

Mail screening

The weird and dangerous things
through the post continue to arr
screening facility. We intercept th
of them safely in conjunction wi
and police services. In the comin
installing a larger purpose-built u
us expand this important area of

We are looking to 'go national' w
plans for spreading the InterDesp
the UK progress.

Mailroom management

Our work at the Cabinet Office c
meeting the mailroom needs of
departments. Our ability to sort c
and printing problems locally is h
other departments and is likely t
in business in the coming financ

Corporate

Keeping it green

The Agency has continued with existing 'green' initiatives, and is always looking to improve and take up new opportunities for reducing the impact of our operations on the environment.

Our strapline *Trusted to Deliver* also extends to our commitment to deliver on the environment. Like all businesses, we're aware that our services have an effect on the atmosphere. And we work hard to lessen this, be it on the road, in the depots, or in the office.

Transferring to the Department for Transport this year presented a chance both for our sponsor department to share its knowledge of green policy with us, and for us to offer ours to them. We've also worked closely across government, with green organisations and with No. 10 to ensure that the list of cars available to Ministers and senior officials is as green as possible.

Today they can choose between a petrol-electric hybrid vehicle, the Toyota Prius, or the Jaguar XJ 2.7 litre diesel, which runs on a 5% biodiesel blend. Our passengers have supported the choice, and many have opted for the Prius.

The InterDespatch Service continues to deliver mail between public buildings with a fleet of vans, half of which run on liquid petroleum gas (LPG) and the other half on biodiesel, the cleanest type available.

A new zero emission van by British company, Modec, was launched in April this year. The makers report that it can travel 100 miles from a single battery charge and handle a load of up to 2 tonnes. We plan to look at this and any similar options in the coming year.

Planting for the future

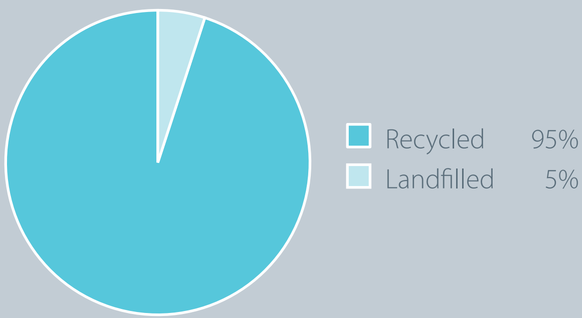
We were pleased in the financial year to work with experts to ascertain our carbon dioxide output and how to offset this to become carbon neutral.

Using DEFRA's model to calculate the amount of harmful gas we emit, we became aware that our activities equate to over 4,500 return air flights to Ottawa, Canada, per year. To address this and become carbon neutral, we are looking at offsetting schemes such as the one run by DEFRA.

Recycling

Ensuring everything from our bathroom towels to headed paper has nine lives, we have installed recycling bins throughout the Agency. The beauty of these new bins is that we managed to recycle 95% of the paper, cardboard, magazines, plastic, steel and aluminium that staff placed in them from September 2005 to May 2006 (source: Grundon Waste). If you measured our rubbish, 93.8 cubic yards were recycled and 4.94 binned. This all contributes to us lessening our impact on the environment.

Mixed recyclable – Sep 05-May 06 (%)



Green Cars

In 2005/06 we've seen a growing demand for our Green Car Service, which offers government officials the chance to take environmentally-friendly taxis in and around Whitehall. Currently five departments (the Department for Environment, Food and Rural Affairs, the Privy Council Office, Northern Ireland Office, Department for Education & Skills and the Department for Constitutional Affairs) use the service. We are also running trials of Green Cars at the Home Office, Department for Culture, Media and Sport and the National Audit Office.

What customers said

The Agency's eighth annual Customer Satisfaction Survey confirmed that our efforts over 2005/06 have improved service. Customers' opinions – gleaned through phone calls to a random sample – were positive. The poll was carried out by GfK NOP.

Overall the Customer Satisfaction Index was 88.0 compared to 87.0 last year and our performance target of 86.7, confirming a consistently high level of customer satisfaction overall. The Government Car Service's allocated service improved its score from 2004/05, with our customers continuing to hold strongly positive views of the service.

Ratings from our short-term hire customers showed a marginal fall in performance. Markings for the InterDespatch Service also showed a minor fall in performance, with some customers moving from finding aspects of the service excellent to very good, but on the whole the results remained positive.

Sponsoring department

The Government Car and Despatch Agency transferred from the Cabinet Office to the Department for Transport (DfT) in November 2005.

The DfT takes an active interest in our work and is seeking to bring some of our HR, Finance and Payroll functions into its Shared Services Centre in Swansea towards 2008/09.

We welcome the Department's input as its officials and ministers help us plan our business within their wider remit.

Telling the GCDA growth story

The Agency has been working closely with communication and marketing specialists in 2005/06 to communicate changes to staff and to re-vamp our look in line with the Agency's business growth plans.

Ensuring our customers become aware of all our services is a key objective of our communications strategy going forward in 2006. Look out for new uniforms on our drivers and liveries on our vans.

In 2005 we won the Plain English Campaign Award for our staff magazine, *Active Transmission*, for the second year running. The journalist we employed has since joined ITV as an editor. We are looking to replace her – and our marketing consultants – this summer with a full time marketing-savvy communication officer.

Overall the Customer Satisfaction Index was 88.0 compared to 87.0 last year and our performance target of 86.7, confirming a consistently high level of customer satisfaction overall.

Finance, IT and Corporate Governance

Debbie Wilkinson – Director of Finance, IT & Corporate Governance

Apart from the usual tasks of balancing the books, setting budgets and breaking new people into our growing team, this last financial year has been about continuous improvement and ensuring that plans laid for the Agency deliver the best outcomes in the years to come.

Some of our finance tasks are in the running to transfer to the proposed Shared Services Centre that our sponsoring Ministry, the Department for Transport, is setting up in Swansea (along with some Agency HR functions).

As a champion of reducing the number of financial transactions, I welcome the move, but I'm also keen that IT and other functions are in shape to reap the most benefit for the Government Car and Despatch Agency. This may involve developing staff to do value-added work to support business decisions.

It also means piecing together a picture of our processes across teams to see where IT fits in and how business transactions lend themselves to the proposed Shared Services Centre.

For example, if devices in our vehicles sent back data automatically, we would be able to raise invoices and simultaneously update our back office systems, with fewer people recording the same information.

Between travelling to Swansea and around the UK on fact finding missions, I'm convinced that our whole business model will need a great deal of work in the coming year to meet the challenges ahead.

Ready in a crisis

Our team has welcomed an official dedicated to Business Continuity Planning. The Agency already has mature plans for a major emergency and is ensuring that this dovetails with the wider needs of our customers in Government.

Other risks

The Government Car and Despatch Agency has a well-defined risk management policy. Future risks to our business model include escalating fuel prices and the lessening need for our secure services. Our response is to diversify and take our expertise to government customers. We also constantly evaluate the cheapest and greenest options for fuel.

A cashless future?

This financial year we have been running trials of Government Procurement Cards. Many of our drivers carry cash to pay for overnight accommodation and on-the-job expenses.

That's why we've been trying out the phased introduction of special Government-endorsed cards to help us manage drivers' and managers' finances better and to avoid the need for them to carry cash around.

Apart from the obvious security advantages, the move will reduce bureaucracy as the number of transactions declines. We have found 96% of our invoices are for less than £5,000, and a large proportion of those could have been paid for by the card.

Our people

Alan Westover – Director of People and Organisational Development

During a busy year, my team and I have been central in the creation of a new directorate for the Agency. People and Organisational Development, or POD for short, was born and has two primary responsibilities – the workforce and the workplace.

The key objective is to develop and maintain the organisation as a great place to work and with which to do business.

The new directorate merges training, personnel, payroll and facilities expertise. The aim is to support the Agency's five-year plan to drive growth and reduce overheads.

We've also been ensuring that our newly-formed management structure achieves its aims to create a two-way street where ideas and change are driven upwards and downwards, with everyone learning from everyone else within the organisation.

The more inclusive structure means that it is no longer relevant to the Agency to appoint Employee Non-Executive Directors. Instead, we are working at improving communications within the Agency. We have set up a Senior Management Team, and next year the new Insight and Innovation Group should be up and running. These two initiatives alone will go a long way towards making information from the executive team available and accessible to all staff, with ideas from staff feeding back up.

It has taken the best part of a year to reposition the Agency and to make the architectural plans for the Chief Executive's vision for the Agency. The support and co-operation from both individuals and teams has been fantastic. As a management team we couldn't have come this far without the unselfish commitment – and in some quarters – leaps of faith by our teams. Without this, my work would most certainly have been much harder, so thank you.

Investing in our teams

We have invested heavily in the Agency's people this year. This includes taking our senior management team away and putting them through a week's bespoke business training. The 'hot house' experience will help our managers play a key role in the delivery of the Agency's new business strategy.

Our senior executives have all undergone professional coaching in business leadership and a health check on how they can improve their effectiveness.

Fair pay?

Early in the financial year we commissioned an Equal Pay and Grade Health Check which in turn led to a review of our pay structure. Changes have now been fully implemented with the support of the trade unions.

Assessing ourselves

To give a picture of how we are doing beyond our Key Performance Indicators, the Senior Executive Team has commissioned some 'balanced scorecard' work. This might include some of the findings and recommendations on our employee appraisal system review.

Based on this we are also considering how to incorporate our sponsor, the Department for Transport's, generic competency framework into our own.

Up in smoke

We banned smoking in the workplace from 1 April 2006. Around half our smokers have joined Agency-run schemes to help them stop, and many have been successful. We have even made hypnosis available to stem the cravings of those giving up cigarettes. The health of our staff is of paramount importance.

Training college

Our training facilities – including City & Guilds qualification opportunities – are being rolled into one in-house Agency Training College. Our staff will be able to benefit from a range of training, from the advanced driving test to NVQs. Our unit, POD, took over this function in 2005. In January 2006 we received accreditation from the Institute of Motoring Industry.

White Book

Work on the new Management Code (the White Book) has been completed and signed off by the unions. The Code applies to all our employees and sets out what is expected of every Government Car and Despatch Agency staff member in the newly-structured organisation.

Going interactive

Gadgets in hand, staff enjoyed using interactive technology at the Annual Staff Meeting. The Chief Executive, Roy Burke, outlined his vision of a newly-shaped and focused organisation by involving them in an interactive Q&A session. The structure of the organisation has now been fully implemented with the support of the trade unions.

About our people

During the year we employed on average 304 people. The table below gives a breakdown of where they now work.

Staffing levels

Department	31 March 2006	1 April 2005
Government Car Service	164	163
InterDespatch Service	63	63
Workshop	11	10
Government Mail Services at Cabinet Office	43	41
Support Services	23	20
Total	**304**	297

Recruitment

All recruitment in 2005/06 was carried out on the basis of fair and open competition and selection. We selected on merit in accordance with the recruitment code laid down by the Civil Service Commissioners. No permitted exceptions were made to this during the year.

The table below gives a breakdown of the type of workers we recruited.

Staff recruited in 2005/06

InterDespatch Service Drivers	6
Government Car Service Drivers	16
Workshop	1
Support staff	3

Diversity

Number of Black and Minority Ethnic (BME) staff	44
Number of disabled staff	8
Number of women	37

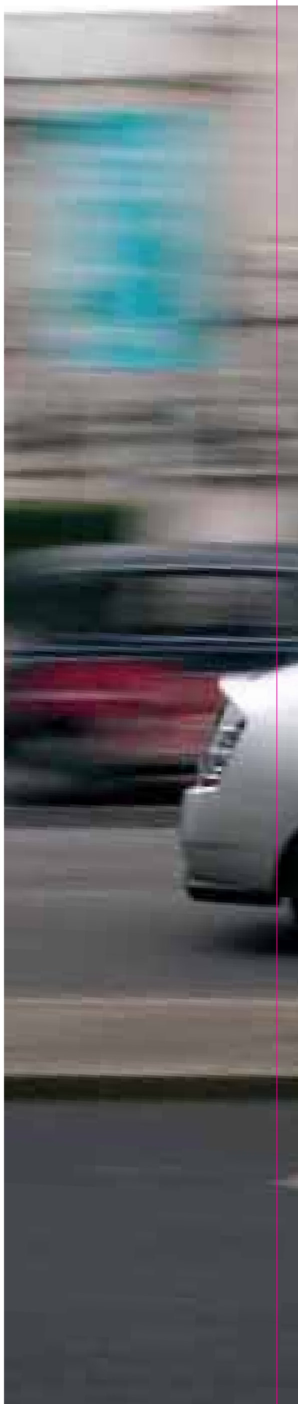
Staff

Training: the Agency spent £150k on training, reaching 75% of our staff.

Staff turnover	6.3%
Average sickness absence	3.8%

We look after people, listen to them and allow them to grow with us. Our aim: to equip our staff to do a first class job that they enjoy with a real sense of achievement, and a share in the rewards.

Roy Burke
Chief Executive
10 July 2006


NATIONAL SCHOOL
OF GOVERNMENT


We look after people, listen to them and allow them to grow with us. Our aim: to equip our staff to do a first class job that they enjoy with a real sense of achievement, and a share in the rewards.

Remunera

This report sets out the remuner
Agency's directors, outlines the v
their remuneration and discloses
remuneration paid to the Agenc
2005/06.

Remuneration polic

The remuneration of senior civil
Prime Minister following indeper
Review Body on Senior Salaries.

In reaching its recommendation
has regard to the following cons

- the need to recruit, retain and able and qualified people to e responsibilities;
- regional/local variations in lab effects on the recruitment and
- the Government's inflation tar

The Review Body takes account
receives about wider economic
the affordability of its recommen
information about the work of th
can be found at www.ome.ik.co

Remuneration package

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

During the year the remuneration package comprised the following elements:

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

One director, for operational reasons, has use of a demonstrator vehicle. This is disclosed as a benefit-in-kind with the tax cost of this being borne by the Agency.

Basic salaries

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

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

Bonuses

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

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

The table below provides information about the percentages applied in 2005/06. The box markings represent the performance attributed to the employee by their line manager arising from the annual appraisal review – the better the performance the greater the reward.

Box mark 1	4.00%
Box mark 2	3.70%
Box mark 3	3.40%
Box mark 4	0.00%

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

	2005/06 Salary, including performance pay	Benefits in kind, rounded to nearest £100	2004/05 Salary, including performance pay	Benefits in kind, rounded to nearest £100
Roy Burke Chief Executive (from May 2005) (Annual equivalent)	58,203 (63,494)	Nil	Nil	Nil
Nick Matheson Chief Executive (to April 2005) (Annual equivalent)	5,872 (70,464)	Nil	77,878	Nil
Jerry Doyle Director Government Cars	62,516	7,900	60,001	8,400
Debbie Wilkinson Director Finance, IT & Corporate Governance (from October 2004) (Annual equivalent)	52,050	Nil	25,000 (50,000)	Nil
Chris Powell Director Finance & IT (to July 2004) (Annual equivalent)	Nil	Nil	19,505 (56,242)	Nil
Alan Westover Director People & Organisational Development	58,503	Nil	51,995	Nil
Nigel Bennett Director Government Mail	49,184	Nil	44,465	Nil

An equal pay health check at the Agency was completed at the end of March 2005 by an external consultancy. The outcome of this will be the development of a pay platform for non-industrial staff that conforms to best practice and can support the Agency's longer-term reward strategy.

Non-executive directors

It is Agency policy for the Executive Board to determine the fees paid to the non-executive directors. Non-executive directors receive a basic annual fee in respect of their Board committee duties, with a further fee being paid to those directors that perform additional duties during the year.

Fees are reviewed annually and are set by the Board to attract individuals with the broad range of skill and experience appropriate for a central government agency operating in a commercial environment.

In determining the level of fees paid to the non-executive directors, the following factors are taken into account: their duties and responsibilities; the time commitment required in preparing for and attending meetings; and the amounts paid by organisations of a similar nature. Non-executive directors receive no other benefits in addition to their fees, nor do they participate in any performance-related pay schemes.

The basic fee paid to each non-executive director during the year was £4,000 (2004/05: £4,000).

The Agency appointed two employee non-executive directors in 2003/04. They each receive a basic annual fee of £500 paid in arrears on the anniversary of their appointment. These appointments were terminated in October 2005.

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

As part of an overall review of Agency employee involvement and the communications strategy, a decision was taken during the year not to continue with employee non-executive representation on the Board.

	Date of appointment	Date appointment terminates
David Turner	November 1998	Annual review
David Smith	October 2001	Annual review
John Garrett	September 2003	October 2005
Pat Currie	September 2003	October 2005

Pensions

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

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

Columns 4 and 5 of the table on page 31 show the member's Cash Equivalent Transfer Value (CETV) accrued at the end and the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

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

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

Pension benefits (audited)

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

	Real increase in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31/3/06 and related lump sum £	CETV at 31/3/06 £	CETV at 31/3/05 £	Real increase in CETV £
Roy Burke	2,959	15,501	200,000	153,000	45,000
Chief Executive	Plus lump sum of	Plus lump sum of			
(from May 2005)	8,877	46,502			
Nick Matheson	99	9,608	N/A	121,000	N/A
Chief Executive	Plus lump sum of	Plus lump sum of			
(to April 2005)	–	–			
Jerry Doyle	86	25,287	528,000	407,000	1,011
Director	Plus lump sum of	Plus lump sum of			
Government Car Service	257	75,861			
Debbie Wilkinson	6,052	6,473	95,000	4,000	83,000
Director Finance, IT	Plus lump sum of	Plus lump sum of			
& Corporate Governance	–	–			
Alan Westover	1,434	15,617	306,000	222,000	27,000
Director People &	Plus lump sum of	Plus lump sum of			
Organisational Development	4,301	46,851			
Nigel Bennett	2,013	17,476	315,000	305,000	32,000
Director	Plus lump sum of	Plus lump sum of			
Government Mail Services	6,052	52,429			

Roy Burke
Chief Executive and Agency Accounting Officer
10 July 2006

Statement of Agency's and Chief Executive's responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 H M Treasury has directed GCDA to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the Accounts the Agency is required to:

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

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

Statement on internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This process has been in place for the year ended 31 March 2006, and up to the date of approval of the Annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

All key managers have been equipped to manage risk through a series of structured training events.

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

The risk and control framework

The Agency introduced its Risk Management Policy in October 2002. The key elements of this policy are:

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

The nature of the Agency's security activities determines its risk profile, which is high. I have taken this factor into account in developing the Agency's risk management policy.

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

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency that have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the GCDA Management Board, the Audit and Risk Management Committee and plan to address any weaknesses and ensure the continuous improvement of the system is in place.

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

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

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

Internal audit is responsible for reporting on the effectiveness of the system of internal control, including risk management. The Agency has employed Deloitte as its internal auditors who operate to Government Internal Audit Standards. They have submitted regular reports that include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

Changes in the year following the arrival of the new Chief Executive in May 2005, included operational and administrative responsibilities moving between Directors and other members of staff.

The responsibility for IDS moved from Jerry Doyle to Nigel Bennett and Corporate Governance, including responsibility for Risk and Business Continuity Planning (BCP) from Nigel Bennett to Debbie Wilkinson. The Financial Regulations, Risk Register and BCP have been updated to reflect these changes.

The new senior management team will enable us to improve communication with our staff and to ensure that there is staff involvement in the decisions affecting the Agency.

The payroll function experienced a number of changes, firstly moving Directorates, from Finance to People and Organisational Development, then in January our weekly staff all moved onto a monthly payroll, and finally in April 2006 what was a part managed service by LogicaCMG moved to being fully managed.

The introduction of Government Procurement Cards began in 2005/06 with the provision of one card to a director. The further roll out of the cards continued in May 2006 with the issue of cards to secure drivers.

Our internal audit contract with Deloittes ends in July 2006, and an agreement was reached with the our new Sponsor department, DfT, to provide our internal audit function in the future.

The changes in the year and those planned for the future are all managed within the existing governance structure.

Roy Burke
Chief Executive and Accounting Officer
10 July 2006

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

I certify that I have audited the financial statements of the Government Car and Despatch Agency for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000. These comprise the Income and expenditure account, the Statement of total recognised gains and losses, the Balance sheet, the Cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Agency, the Chief Executive and Auditor

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual report is not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 33-35 reflects the Agency's compliance with HM Treasury's guidance on the Statement on internal control, and I report if it does not. I am not required to consider whether the Chief Executive's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

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

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2006 and of the surplus, total recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP
Date: 13 July 2006

The maintenance and integrity of the Agency's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The accounts

Government Car and Despatch Agency
Income and expenditure account for the year ended 31 March 2006

	Notes	2005/06 £000	2005/06 £000	2004/05 £000	2004/05 £000
Income from operating activities	2		17,122		16,338
Staff costs	3.2	**(10,766)**		(9,841)	
Other operating costs	4	**(6,836)**		(6,519)	
			(17,602)		(16,360)
			(480)		(22)
Other operating income	2		490		405
Operating surplus for the financial year transferred to the General Fund	11		**10**		**383**

The above surplus arose from continuing activities.

Statement of total recognised gains and losses for the year ended 31 March 2006

	Notes	2005/06 £000	2004/05 £000
Surplus for the financial year		10	383
Unrealised surplus on revaluation of fixed assets	12	18	20
Total gains and losses recognised		**28**	**403**

The notes on pages 41 to 52 form part of these accounts.

Government Car and Despatch Agency
Balance sheet

	Notes	31/03/06 £000	31/03/05 £000
Fixed assets			
Tangible assets	5	2,543	2,392
Current assets			
Stock	6	25	19
Debtors	7	2,799	2,681
Cash	8	1,022	1,326
		3,846	**4,026**
Creditors due within one year	9	(2,641)	(3,053)
Net current assets		**1,205**	**973**
Total assets less current liabilities		3,748	3,365
Provision for liabilities and charges	10	(228)	(190)
Net assets		**3,520**	**3,175**
Taxpayers' equity:			
General fund	11	3,511	3,171
Revaluation reserve	12	9	4
		3,520	**3,175**

The notes on pages 41 to 52 form part of these accounts.

Roy Burke
Chief Executive and Agency Accounting Officer
Date: 10 July 2006

Government Car and Despatch Agency
Cash flow statement

	Notes		2005/06 £000		2004/05 £000
Net cash inflow from operating activities	17(i)		697		1,317
Capital expenditure					
Payments to acquire tangible fixed assets		(1,185)		(878)	
Receipts from sale of tangible fixed assets		316		272	
			(869)		(606)
Payments to the Cabinet Office			(132)		(900)
Financing					
Capital repayments in respect of finance leases			–		(64)
(Decrease) in cash in the year	17(ii)		**(304)**		**(253)**

The notes on pages 41 to 52 form part of these accounts.

Notes to the accounts

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared in accordance with the Financial Reporting Manual 2005/06 (FReM) and comply with the Accounts Direction given by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

1.2 Tangible fixed assets and depreciation

The Agency is required by the FReM to disclose fixed assets in the balance sheet at modified historic cost. To comply with this requirement all fixed assets were revalued at March 2006 by reference to relevant indices.

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

Motor vehicles	3 to 5 years
Plant & machinery	5 to 10 years
Computer and office equipment	3 to 5 years
Buildings	4 to 6 years

1.3 Stock and work in progress

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

1.4 Operating leases

Rentals under operating leases are charged to the income and expenditure account as incurred.

1.5 Pensions

GCDA employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme, but GCDA is unable to identify its share of the underlying assets and liabilities. GCDA recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office, Civil Superannuation (www.civilservice-pensions.gov.uk).

Further pension details are included in the remuneration report on pages 26-31.

1.6 Insurance

Insurance is charged to the income and expenditure account on the basis of actual premiums paid for motor vehicles.

1.7 Research and development

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

1.8 Operating income

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

1.9 Cost of capital

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

2. Segmental analysis

	Income £000	Direct expenditure £000	Internal recharges £000	Total expenditure £000	2005/06 Operating surplus/ (deficit) £000	2004/05 Operating surplus/ (deficit) £000
Direct Services						
Government Car Service	11,700	8,675	2,903	11,578	122	445
InterDespatch Service	3,321	2,463	949	3,412	(91)	(109)
Government Mail Services	1,658	1,501	178	1,679	(21)	47
Workshop	443	1,538	(1,095)	443	–	–
Corporate Services	490	3,425	(2,935)	490	–	–
Total	**17,612**	**17,602**	**–**	**17,602**	**10**	**383**

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

The Agency's income arises from the provision of chauffeuring, car hire, mail distribution, reprographic and workshop services, all arising in the UK. Corporate Services income all relates to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other government departments. This is presented as other operating income in the income & expenditure account on page 38.

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

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

	2005/06 Public sector £000	2005/06 Private sector £000	2004/05 Public sector £000	2004/05 Private sector £000
Government Car Service	11,700	–	11,700	11,301
InterDespatch Service	3,235	86	3,321	3,066
Government Mail Services	1,658	–	1,658	1,662
Corporate & Support Services	923	10	933	714
Total	**17,516**	**96**	**17,612**	**16,743**

3. Employee information

3.1 Staff numbers

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

	2005/06	2004/05
Government Car Service	164	163
InterDespatch Service	63	63
Government Mail Services	43	41
Workshop	11	10
Corporate & Support Services	23	20
Total	**304**	**297**

Agency staff costs incurred in 2005/06 equate to an estimated six full-time equivalent staff being employed throughout the year (2004/05: three full time equivalent staff).

3.2 Staff costs (including executive directors)

	2005/06 Total £000	2004/05 Total £000
Government Car Service	6,200	5,732
InterDespatch Service	1,862	1,804
Government Mail Services	1,265	1,125
Workshop	351	320
Corporate & Support Services	1,088	860
Total	**10,766**	**9,841**
Wages, salaries & allowances	8,582	8,134
Social Security costs	700	655
Pension costs	1,275	912
Other	34	60
Agency staff costs	175	80
Total	**10,766**	**9,841**

3.3 Directors' salary and pension entitlements

The salary and pension entitlements of the Chief Executive and the executive directors of the Agency are included in the Remuneration report on pages 26-31.

3.4 Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). For 2005/06 employers' contributions of £1,275k (2004/05: £912k) were payable to PCSPS at one of the four rates in the range 16.2% to 24.6% (2004/05 12% to 18.5%) of pensionable pay. Rates have been reviewed and will change from 1 April 2006 to between 17.1% and 26.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. As at 31 March 2006 GCDA had no employees with a partnership pension account.

Further details of the scheme can be found in the Remuneration report on pages 26-31.

4. Other operating costs

	2005/06 £000	2004/05 £000
Consultancy support	75	75
Stationery & reprographic consumables	136	187
Staff travel, subsistence, and hospitality	193	261
Vehicle costs and services excluding depreciation	3,160	2,775
Depreciation	741	920
Downward revaluation of fixed assets	12	13
Security	253	239
IT & telecommunications	178	144
Accommodation – general	499	441
Transfer to dilapidations and other provisions	79	94
Research and development	11	1
(Profit)/loss on disposal of fixed assets	(20)	4
Operating leases – hire of plant and machinery	218	225
Operating leases – other	580	598
Hire purchase interest charges	–	4
Cost of capital charge	119	115
Auditors' remuneration	28	27
Other	574	396
Total	**6,836**	**6,519**

The cost of capital charge is made at 3.5% per annum (3.5% in 2004/05) based upon the average balance of relevant assets and liabilities over the accounting period.

5. Tangible fixed assets

	Motor vehicles £000	Plant and machinery £000	Computers and office equipment £000	Buildings – non-dwelling £000	Total £000
Cost or valuation					
Balances at 1 April 2005	5,387	359	319	458	6,523
Additions	1,156	13	16	–	1,185
Disposals	(1,351)	(223)	(373)	(175)	(2,122)
Revaluation	32	(3)	138	(15)	152
Balances at 31 March 2006	5,224	146	100	268	5,738
Depreciation					
Balances at 1 April 2005	3,180	306	267	378	4,131
Charge for the year	659	20	42	20	741
Disposals	(1,049)	(223)	(373)	(175)	(1,820)
Revaluation	25	(7)	140	(15)	143
Balances at 31 March 2006	2,815	96	76	208	3,195
Net book values at 31 March 2006	**2,409**	**50**	**24**	**60**	**2,543**
Net book values at 31 March 2005	2,207	53	52	80	2,392

6. Stock

	2005/06 £000	2004/05 £000
Workshop stock	**25**	**19**

7. Debtors

	2005/06 £000	2004/05 £000
Trade debtors	1,683	1,718
Other debtors	108	24
Prepayments and accrued income	838	939
Amount due from the Consolidated Fund in respect of supply	170	–
Total	**2,799**	**2,681**

All debtors are amounts falling due within one year.

7.1. Intra-governmental balances – debtors

	Debtors: amounts falling due within one year	
	2005/06 £000	2004/05 £000
Balances with other central government bodies	2,581	2,336
Balances with local authorities	56	55
Balances with public corporations and trading funds	19	27
Balances with bodies external to government	143	263
Total	**2,799**	**2,681**

8. Cash at bank and in hand

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

	2005/06 £000	2004/05 £000
Balance at OPG	1,019	1,320
Cash in hand	3	6
Total	**1,022**	**1,326**

9. Creditors due within one year

	2005/06 £000	2004/05 £000
Amounts due to the Consolidated Fund;		
Excess of Parliamentary Grant over actual expenditure		
2004/05	–	1,326
2005/06	1,192	–
Trade creditors	290	266
Other creditors	243	229
Taxation and social security	713	863
Deferred income and accrued expenditure	203	369
Total	**2,641**	**3,053**

9.1. Intra-governmental balances – creditors

	Creditors: includes amounts falling due within one year	
	2005/06 £000	2004/05 £000
Balances with other central government bodies	2,036	2,286
Balances with local authorities	–	–
Balances with public corporations and trading funds	–	–
Balances with bodies external to government	605	767
Total/Balance	**2,641**	**3,053**

10. Provision for liabilities and charges

	VER £000	Property dilapidations £000	Other £000	Total £000
Balances at 1 April 2005	32	80	78	190
Provision made/(released) in year	–	–	79	79
Payments in year	(14)	(27)	–	(41)
Balance at 31 March 2006	**18**	**53**	**157**	**228**

Voluntary early retirements (VER) give retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme (PCSPS). The Agency bears the cost of these benefits until normal retirement age of the employees retired under the Early Retirement Scheme. Total payments in the year amounted to £14k in 2005/06, of which £14k had been provided for within the VER provision in the 2004/05 financial statements.

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

The Agency is required to maintain the premises at Ponton Road to a standard specified in the original lease agreement. Based on best estimates, a property dilapidations provision of £53k, at current costs, is required at 31 March 2006 in order to meet these obligations.

Additionally the Agency has a provision to meet likely obligations as a consequence of legal claims, and redundancy payments arising as a result of the planned move to a fully managed payroll service as at 31 March 2006.

11. General fund

	2005/06 £000	2004/05 £000
Balance at 1 April	3,171	4,436
Surplus for year	10	383
Amounts due from/(to) the Consolidated Fund	170	(1,810)
Non-cash charges (see note 4)		
Cost of capital	119	115
Auditors' remuneration	28	27
Transfer from revaluation reserve	13	20
Balance at 31 March	**3,511**	**3,171**

12. Revaluation reserve

	2005/06 £000	2004/05 £000
Balance at 1 April	4	4
Arising on revaluation during the year	18	20
Transfer to General Fund (see below)	(13)	(20)
Balance at 31 March	**9**	**4**
Transfer to General Fund:		
Realisation of revaluation gains	(13)	(20)
Total	**(13)**	**(20)**

13. Commitments

13.1 Capital expenditure

	2005/06 £000	2004/05 £000
Authorised by the Chief Executive and contracted for:	**160**	**224**

Contracted capital expenditure for 2005/06 relates to orders placed for the purchase of vehicles.

13.2 Operating leases

	Buildings £000	Other £000	2005/06 Total £000	2004/05 Total £000
Annual operating lease rentals due on leases expiring within:				
one year	–	42	42	5
two to five years	10	167	177	200
over five years	580	–	580	580
	590	**209**	**799**	**785**

Building lease rentals, expiring after more than five years relate to the lease of the Ponton Road premises.

13.3 Other commitments

The Agency had not entered into any non-cancellable contracts for services as at 31 March 2006.

14. Contingent liabilities

There were no contingent liabilities at 31 March 2006.

15. Post balance sheet events

The payroll services provided by LogicaCMG, through the HMT consortium, transferred from a part managed to a fully managed service in April 2006. Arising as a result of this transfer was the redundancy of the payroll manager who remained in post to oversee the migration until his departure on 28 April 2006, and full provision for these costs has been included in the financial statements.

This post will form part of the GCDA contribution to the DfT Shared Services savings. As yet a firm date for GCDA to migrate has still to be agreed, however it is unlikely that it will occur in 2006/07.

16. Related-party transactions

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

During the year GCDA has generated income amounting to an estimated £17.52million (99.5% of operating income) with the Cabinet Office, the Department for Transport, other government departments and other public sector bodies.

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

17. Notes to the cash flow statement

(i) Reconciliation of operating surplus to net cash inflow from operating activities

	2005/06 £000	2004/05 £000
Operating surplus for year	10	383
Non-cash charges	147	142
Movement in provisions	79	94
Depreciation charges	741	920
Downward revaluation of fixed assets	12	13
(Profit)/loss on disposal of tangible fixed assets	(20)	4
Decrease in debtors, excluding supply debtor due from the Consolidated Fund	52	333
Decrease in creditors due within one year, excluding the amounts due to the Consolidated Fund	(278)	(546)
Voluntary early retirement costs paid	(14)	(18)
(Increase)/decrease in stock	(6)	1
Property dilapidations paid	(26)	(9)
Net cash inflow from operating activities	**697**	**1,317**

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

	2005/06 £000	2004/05 £000
Net funds at 1 April	1,326	1,579
Decrease in cash in the year	(304)	(253)
Net funds at 31 March	1,022	1,326

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

The Department for Transport accounts for the income and expenditure of the Agency in its resource account.

In November 2005, under a machinery of Government change, GCDA moved from under the sponsorship of the Cabinet Office to the Department for Transport. As a result of this move £1,192k will be surrendered to the Consolidated Fund, via the Cabinet Office, and a supply debtor of £170k is due from the Department for Transport via the Consolidated Fund.

18. Financial instruments

FRS 13 – Derivatives and other financial instruments, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because GCDA's activities are financed mainly by income generated from Government customers, it is not exposed to the degree of financial risk faced by business entities. Moreover financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Agency has no powers to borrow or invest surplus funds and no transactions are in foreign currency. It is therefore not exposed to interest rate or currency risk. Financial assets and liabilities, which are held in the balance sheet at fair value, are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

19. Financial objectives

The primary financial objective set by the Minister for the Department for Transport was to achieve full cost recovery on an accruals basis.

The outcomes were:

	2005/06 £000	2004/05 £000
Surplus	**£10,000**	£383,000
Surplus as % of income from operating activities	**0.06%**	2.3%

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