GOVERNMENT CAR
AND DESPATCH AGENCY

Annual report and accounts 2007/08

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Government Car and Despatch Agency

Annual report and accounts 2007/08

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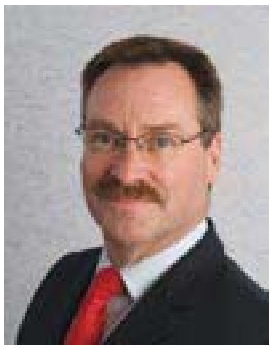
Foreword



Welcome to the Annual Report for the Government Car and Despatch Agency for the year 2007/08. This year has been particularly challenging for all our staff but has seen a significant step in our development with the formation of a team dedicated to making best use of our assets: the Growth team. The Agency continues to carry high fixed costs, and the costs associated with transport have continued to rise this year, but we did not increase our charges to customers, rather relying on a number of new products to assist in turning the corner to financial stability.

We have had considerable success in the second half of the year with our Green Cars and Regional Plus brands delivering a highly cost-effective taxi-style and courier service while also reducing carbon emissions in and around London. At the same time we are refocusing our efforts on the allocated car service and our Government Mail network services.

We continue in our efforts to change the way our service is delivered to ensure we are paying the necessary attention to the needs of our customers. At the same time, the environment and the avoidable emissions from our fleet have again been centre stage. As you will read, while we have been delayed in bringing in some of our new products we have had a successful year in driving down emissions and reducing the use of fuel.

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

Roy Burke

Roy Burke
Chief Executive

Who's who

Roy Burke spent his third year as Chief Executive of the Agency in 2007/08 since joining in May 2005 from the Home Office. He now oversees the Agency's Growth project with the aid of Assistant Director **Mike Joy**.

Nigel Bennett is Director of Core Services. He oversees our cars with allocated drivers and the national network of deliveries between public buildings. To help handle his increased remit since Jerry Doyle retired as head of Government Cars in November, Fleet Manager **Ben Davis** has been appointed as Assistant Director.

Alan Westover is Director of People and Organisational Development overseeing human resources, accommodation, pay and quality management. Alan was the Acting Director of Finance, IT & Corporate Governance prior to the appointment of **Neil Morrison** in July 2007. Neil took over the lead on financial strategy and information management. Neil subsequently left the Agency in April 2008.

Kenneth Ludlam joined us as a Non-Executive Director in January 2007, bringing with him experience in finance, construction and risk management. Kenneth was formerly Group Chief Accountant and Associate Director of Hanson PLC for 27 years. He also currently holds non-executive directorships with Her Majesty's Court Services, JobCentre Plus and Queen Elizabeth II Conference Centre, as well as sitting on the Cabinet Office Audit & Risk Committee.

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

David Turner is a Non-Executive Director who came to us in 1998. Formerly a Divisional Director of Barclays Bank plc and Group Property Director, he has directorships with: WSP Group plc; Royal Mail Property Board; Falcon Property Trust; and the Sir John Cass Foundation.

Jerry Doyle retired in November 2007 as Director of Government Cars after over 30 years' service.

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 sites in London, Cardiff, Bradford, Birmingham and Warrington. Our revenue is primarily derived from government and the wider public sector within the UK.

The Agency transferred from the Cabinet Office to the Department for Transport at the end of 2005.

What we do

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

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

In 2007/08 the Agency adopted a new structure to deliver enhanced performance from these businesses. See the operational review below.

Aims and objectives

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

Our objectives in delivering this aim are:

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

We operate predominantly from sites in London, Cardiff, Bradford, Birmingham and Warrington. Our revenue is primarily derived from Government and the wider public sector within the UK

Measuring our performance

Each year we measure our performance against targets set by the Minister for our parent department and our own internal targets. In 2007/08 our targets were set by the Minister for the Department for Transport. These cover our financial performance, quality of service, customer satisfaction and our impact on the environment.

Target **Financial**		
To break even on an accruals basis		
2005/06	Achieved	100.1%
2006/07	Achieved	100.1%
2007/08	Not achieved	97.0%

Of all our targets this has been the most challenging: we have not fully recovered our costs this year. Our corporate plans set out an agenda of growth which seeks to fully utilise some of our assets. While we have been successful in the second half of the year in delivering our environmentally friendly taxi style service to the public sector and assisting colleagues in Government Departments to ensure their packages are delivered securely, the delay in implementing these new products has resulted in additional costs being borne by the Agency and the costs not being recovered. We have seen a sudden fall in the network services provided by Government Mail but no reduction in costs. We also spent a good deal of time and effort in creating a new team for Government Cars, including training some of our drivers to a level never seen before in the Agency, and yet the work to recover these costs has been slow in arriving.

Overall this has been hugely disappointing for the Agency yet the signs are that the Growth team, which includes a sales and marketing team, is having a positive impact on our business. We have undergone a sea change in our attitude to the way the business is run, introducing new people and capability where required. We are confident we can recover the position in the coming year and we are looking forward to a better position at year end.

Quality of Service

To maintain a high level of customer satisfaction as revealed by a Customer Satisfaction Index (CSI) score at least at 2005/06 levels of 86.7.

2005/06	Target CSI: 86.7 – Achieved CSI: 88.0
2006/07	Target CSI: 86.7 – Achieved CSI: 88.0

During 2007/08 Ipsos Mori undertook our customer satisfaction survey to ensure consistency with other DfT Agencies.

In 2006/07 the CSI Score showed that 90% of our customers rated the servcies good or better. In 2007/08, 95% of them rated our services as satisfactory or better. This will form the benchmark for future comparisons.

To maintain accreditation for ISO 9001, the internationally recognized standard for quality Management Systems.

Outcome:	Achieved

Environmental

By March 2008 to reduce the tailpipe emissions of our vehicles in line with average tailpipe emissions of the Government targets compared with March 2007 levels.

Target 152.3 g/km – Achieved: 144.96g/km

To increase the use of alternative engine and fuel technology in GCDA vehicles by 10% by March 2008 against 2006/07 levels.

Outcome: Target 10% increase: Achieved fuel increase 59%, vehicle increase 20%

Efficiency

To reduce the administration charges to customers by 2% to be as efficient as possible.

Outcome: Achieved

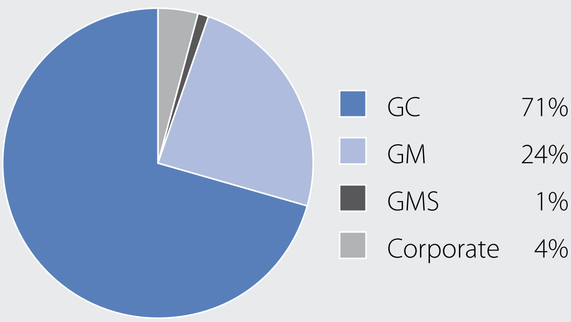
Key performance targets for 2008/09

Secretary of State Targets 2008/09	
Target	**Description**
Financial To break even on an accruals basis	As a not-for-profit organisation GCDA will not seek to benefit from the charges we make to our customers. We will recover only our costs. In delivering this target we will seek to ensure that our administration is as effective as it can be, delivering excellent value for money to our customers.
Quality of Service To maintain a high level of customer satisfaction through the following:	We now understand more about our customers and their requirements. This target is key to the continuing success of the Agency.
To maintain a Customer Satisfaction Index (CSI) score of at least 87	Collected in our Annual customer satisfaction survey, which has now transferred to Ipsos Mori.
To maintain accreditation for ISO 9001	The quality of service is measured by means of ISO 9001, the internationally recognised standard for quality Management Systems.
Environmental To reduce the environmental impact of the Agency	This is an important area for the Agency and we will do more to ensure that the impact on the environment of the vehicles we use is minimised.
To maintain accreditation for ISO 14001	Our system is measured by means of ISO 14001, the internationally recognised standard for environmental Management Systems.
By March 2009 to reduce the average tailpipe emissions of the Government Cars fleet by at least 5% compared with March 2008 levels	We will seek to reduce the tailpipe emissions of our vehicles in line with Government targets.
Efficiency To reduce sickness absence rates to 8 days per employee per annum	In seeking to recover our costs, we must ensure that the administration of our operations is as efficient as possible.
To commission an online payment system for customers	

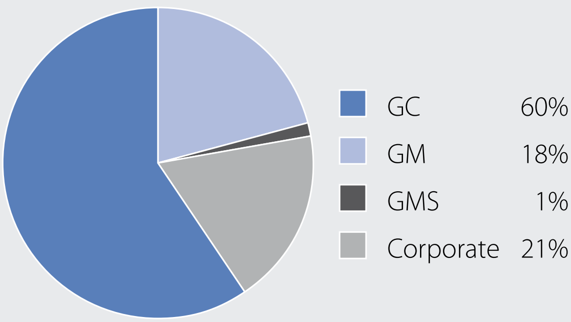
Financial framework and performance

Our primary financial objective set by the Minister for the Department for Transport is to break even, in accruals terms. The deficit for the year 2007/08 was £598,000 being 3.07% of total income.

Income by business area (%)



Operating cost by business area (%)



GC = Government Cars
GM = Government Mail
GMS = Government Mail Service

Income for Government Cars amounted to £13.8m (2006/07 £12.7m); Government Mail generated income of £4.9m (2006/07 £5.7m).

Our fixed asset investment was £1.1m.

Motor vehicles accounted for £1.0m of the capital spend for the year, 91% of the total.

HM Treasury Direction

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

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

Supplier payment policy

We believe in paying suppliers within 30 days. For the financial year ended 31 March 2008, 99.3% of all payments were made within that time. And, on average, payment was made 16 days after the issue of a supplier's invoice.

Fixed assets

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

Auditors

These accounts have been audited by the Comptroller and Auditor General (C & AG). The notional cost of the audit work for 2007/08 was £30k. The cost is in respect of the audit services relating to the statutory audit. There were no other services provided or assurance work undertaken by the C & AG during the year.

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

Equal opportunities

The Agency is an equal opportunity employer. We are committed to a policy of non-discrimination. Director Alan Westover acted this year as the Equal Opportunities Officer for the Agency.

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

Team work

We can't achieve our objectives without good employee relations. To this end, we hold regular consultation and feedback with employees through team meetings and we ensure that we talk regularly with recognised trade unions. Employees are also represented on the Agency Audit and Risk Management Committee.

Our directors

The GCDA directors who form the Agency's Management Board are listed on pages 4 and 5 of this report. Remuneration and appointment details can be seen in the remuneration report on pages 22 to 26.

Information on pensions is also included in the remuneration report on pages 22 to 26, and in Note 1.5 to the Accounts on page 35.

Our business

The Agency looked hard during the financial year at how Government Cars should go forward, following the retirement of its Director, Jerry Doyle, in November.

With a desire to rapidly grow parts of the business that fell within Jerry's remit, a new section of the Agency, Growth, came into being with Chief Executive Roy Burke at its helm.

Meanwhile, we wanted to continue giving our Government Car customers, particularly allocated users, excellent service. This area of the business is now managed by Nigel Bennett with assistance from Fleet Manager Ben Davis.

The move separates out non-allocated car services such as Green Cars and has allowed us to thoroughly review our core business. Early conclusions show that we need to be even more customer-focused and know more about what our customer really want.

Nigel Bennett Director – Core Services

Government Cars

One significant achievement by Government Cars this year has been the progressive reduction of CO_2 emissions from our fleet. We've provided 60% of our ministers with environmentally-friendly vehicles such as the Toyota Prius or the Honda Civic.

In 2003, our car fleet gave out 237.14 grams of CO_2 per kilometre. At the end of March 2008, this was down to 144.96 grams per km.

That's well on the way towards the Government's 2011 target of 130 grams per km. As we go to press the car service fleet is below 140 grams per km for the first quarter and expects to make further reductions as our offer to customers to offset car depreciation and reduce costs through no congestion charge takes ministers and officials from their current cars into electric/petrol hybrid vehicles.

Reducing costs is important to the public purse, particularly following a year of rising fuel costs. The Agency has also been looking at the financial implications of fully implementing the Working Time Directive, which requires drivers to have an 11-hour break between shifts.

Streamlining processes will continue into this year. Government Cars made an operating loss of £208k with an increase in turnover of 8.9%.

Government Mail

Late in 2007, when the details of some 25 million British citizens were 'lost' in transit by commercial couriers working for HM Revenue & Customs (HMRC), people started to realise how important it is for government departments to send information in the most secure way.

Since HMRC's loss and the political and personal fall out that followed, our phones have been red hot with enquiries about secure mail services, with 102 new accounts opening for the Agency's Regional Plus service. This offers point-to-point delivery by security-vetted contractors.

A review began in January to reinvigorate the Government Mail Service (or IDS as it was previously known), the outcomes of which will be implemented in the autumn.

Experts from Cranfield University are helping us to use our fleet better with the intention of re-costing the whole business. We'll be contacting our customers and building on preparatory work by a consultant.

In the meantime, we continue to move five tonnes of mail a day for public bodies. Government Mail's operating deficit was £390k.

Mail screening

Our mail screening facility in London has had a state of the art extension. It means that along with checking for noxious substances, firearms and explosives, we can also quarantine post for further examination by the security services and for controlled explosions.

This area of our work continued to grow in 2007/08.

The GreenFleet challenge

The GreenFleet Awards recognised the Government Car and Despatch Agency in September 2007 as runners-up in three public sector categories: **Public Sector Fleet Manager of the Year, Public Sector Fleet of the Year, and Public Sector Innovation.**

Sponsored by Transport for London, the Capital GreenFleet Challenge was decided on the day of a race where over 20 fleets from London (including GCDA) completed a 24-mile journey through rush hour traffic using the least amount of fuel.

The GCDA came in behind a motorbike! In the top three, we were then put through to the final and invited to present the case as to why we think we are London's greenest fleet.

This was judged by an expert panel, which scored our presentation, and the audience then got the chance to cast their vote electronically.

Our case was a strong one. We have a 171-strong fleet of cars as well as fleet of more than 50 vans and other vehicles incurring high annual mileage (last year our fleet covered over four-and-a-quarter million miles).

In January 2005, the ministerial fleet consisted of over three quarters petrol-only engines and only 10% hybrid or LPG (liquified petroleum gas) vehicles. By June 2007 less than a quarter of our cars were fuelled by petrol alone, while we had nearly 60% hybrid cars.

We have massively increased the number of Toyota Prius on the ministerial fleet and we are taking delivery of Honda Civic hybrid cars. In all, we now have over 100 hybrid vehicles, which switch to an electric motor when sitting in traffic.

As a result of this policy we managed to reduce the average engine size of the fleet from 2247cc in 2004/5 to 1770cc by June 2007.

"I'm delighted and proud at our success in this challenge," said GCDA Chief Executive, Roy Burke. "All of our teams are environmentally-savvy and are working to reduce emissions. This work will continue in 2008/09."

"All of our teams are environmentally-savvy and are working to reduce emissions. This work will continue in 2008/09."

The Iron Lady received a presentation from GCDA staff.

Baroness Thatcher visits

Former Prime Minister Margaret Thatcher came back to visit us in November 2007 having been a passenger of ours continuously since 1975. She was keen to thank those who have served her for so many years.

Some of those present worked for Lady Thatcher in the 70s, including Ben Davis and her (now retired) driver Dennis Oliver.

"It was a really exciting visit for us all," said Ben, who had her original Rover taken out of the Heritage museum and returned to GCDA London headquarters.

Lady Thatcher was presented with flowers, and the Iron Lady received an original 'silver cat' from a Jaguar. "It was a great event," said Chief Executive Roy Burke. "We were honoured that she came to see us and we look forward to driving her as a GCS allocated customer for as long as she needs us."

Finance, IT and Corporate Governance

Director of Finance, IT & Corporate Governance

Finance

The finance team has progressed well throughout the year with many highlights like the move to monthly and electronic invoicing to improve cashflow management and reduce paper invoice processing, prudent capital funding to support the work of the Agency and excellence around paying suppliers. The debtor's ledger has been identified as an area for improvement, in as much as a dedicated team has been established and will continue to reduce and manage the debtors balance. Additionally, financial modelling, cashflow management and timelier reporting are areas that will be high on the agenda in the coming year.

IT

The Agency's entry to DfT's Shared Service Centre is further away than envisaged, thus the associated IT developments and migration, particularly as the funding is no longer on the immediate horizon. The Executive Team appointed a new member of staff in 2007/08 to commence the implementation of the ICT strategy and to project manage the change programme.

The ICT strategy continued to dominate the refreshing of management information systems for the Agency. An initial feasibility business case for the Agency to move work into the DfT Shared Service Centre did not meet efficiency measures. A business case will now be presented that addresses the needs against options for the Agency to implement the right ICT systems in the coming year.

Governance

Reviews of Risk and Business Continuity Plans have been completed. In accordance with internal audit recommendations the risk registers have been brought into line with best practice and the continuity plans are being brought up-to-date.

Audits have been focused and have proved very engaging and helpful. The process not only has added value to the work of the Agency but confirms the diligent manner in which it is run and does business.

We continue to meet and surpass our sustainability development targets.

People, places and potential

Alan Westover – Director of People and Organisational Development

Overall the Directorate has made good progress around its plans to make things happen and to play its part in driving the business of the Agency forward. Some highlights are detailed below.

The Agency's new strategy has meant speedy changes in some quarters and tough decisions being taken around the skills and capability of the organisation to deliver its growth plans and the need to keep pace with the DfT family.

The delay in joining a Shared Service Centre (SSC) to streamline financial work with our partner department has had considerable back-office impact and exposed the limitations of our ICT systems.

People

The year started with our focus very much on the Agency's skills and capability, firstly as part of the DfT family and secondly in relation to our emerging business strategy.

Two studies looked at Board effectiveness, leadership, project management and financial acumen, vital to get right if the Agency is to deliver its challenging growth plans and move into two new operational arms of Core Services and Growth.

They called for the recruitment of a commercially-aware finance director, business development (sales) manager, business intelligence and project manager and 'green car' drivers on innovative annualised hours contracts.

The TUPE transfer of 12 staff working on the Cabinet Office contracts to Mitie and EcovertFM was necessary, as the contracts were unrelated to our core business.

Security vetting of staff has always been a high priority for the Agency and this year saw a massive task of vetting 350 Regional plus staff from all over the UK. We achieved this through collaboration across the business and by forging a new partnership with the Defence Vetting Agency (DVA).

In partnership with the Security Services and GCHQ, the Agency is now able to offer a full range of secure document transportation.

For our staff, we have introduced new health and safety initiatives including more regular medicals, and eye sight tests, along with a complete review of our Alcohol and Drugs Policy to mitigate our risks associated with bringing together people and vehicles.

Places

A review of our London headquarters in line with Treasury requirements has resulted in the Agency deciding to keep 46 Ponton Road in Vauxhall as its main offices and depot.

New H&S initiatives designed around 'permits to work' issued to contractors have been introduced, along with new parking controls and speed humps within the Ponton Road site.

We continue to meet and surpass our sustainability development and quality targets. All of our electricity is purchased from renewable sources.

Potential

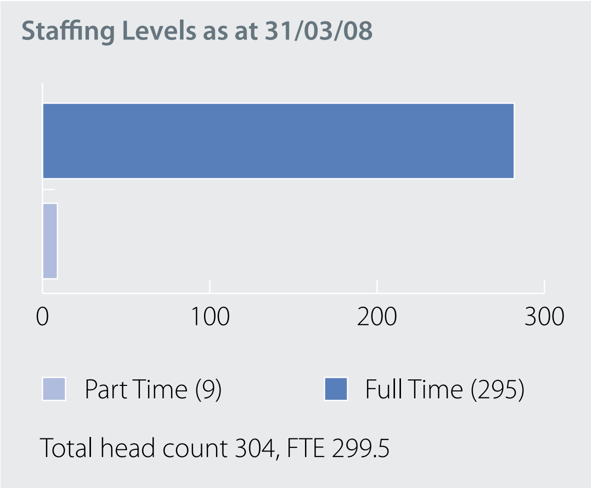
Professional Skills for Government (PSG) has been rolled out to the office-based staff.

Training has largely been centred on health and safety, security and diversity this year and saw 8 VIP drivers obtain their Security Industry Authority (SIA) Close Protection Licences.

Staffing Levels as at 31/03/08	
Government Car	168
Government Mail	72
Workshop	14
Mail Screening	5
Support Services	45
Total	**304**

No. of BME* Staff	48
No. of disabled staff	7
No. of Female staff	32

* Black and Minority Ethnic



Staff Recruited 07/08	Total	Industrial	Non-industrial
Government Car	21	21	
Government Mail	9	9	
Support Staff	9	1	8
Workshop	1	1	
Total	**40**	**32**	**8**

Staff Turnover
9.54%

Average sick absence
8.59 days
3.5%

Training – £182k
Percentage of staff covered by training 75% (£798 per person)

Security clearances
859 security clearances were processed and cleared between 1/4/07 to 31/03/08

Length of service awards
No. of staff eligible for length of service awards = 17 staff, based on 10, 20 & 30 years of service

Remuneration report

This report sets out the remuneration policy for the Agency's directors, outlines the various elements of their remuneration and discloses the amounts of remuneration paid to the Agency's directors in 2007/08.

Remuneration Policy

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

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

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

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

Service Contracts

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

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

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

Remuneration package

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

During the year the remuneration package comprised the following elements:

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

One director, for operational reasons, had 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 the annual performance appraisal.

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

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

Name	Salary £ p.a 2007/08	Benefits in kind	Salary £ p.a 2006/07	Benefits in kind
Roy Burke	75,999	-	67,164	-
Jerry Doyle (to November 2007)	44,388	5,300	65,331	7,900
(Annual equivalent)	(66,583)	-	-	-
Debbie Wilkinson (to January 2007)	N/A	-	45,177	-
(Annual equivalent)		-	(54,212)	-
Neil Morrison (Started August 2007)	37,299	-	-	-
(Annual equivalent)	(60,000)	-	-	-
Alan Westover	63,450	-	56,752	-
Nigel Bennett	54,847	-	50,951	-

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

Non-executive directors

It is Agency policy for the Executive Board to determine the fees paid to the non-executive directors. Non-executive directors receive a basic annual fee in respect of their Board committee duties, with a further fee being paid to those directors who 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 (2006/07: £4,000).

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

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

Pensions

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

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

Columns 4 and 5 of the table on page 26 show the member's Cash Equivalent Transfer Value (CETV) accrued at the end and the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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

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

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

	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31/3/08 and related lump sum	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV
	£	£	£	£	£
Roy Burke Chief Executive	147 Plus lump sum of 442	18,641 Plus lump sum of 55,923	324,000	281,000	2,000
Jerry Doyle Director Government Cars (to Nov 2007)	(233) Plus lump sum of (700)	29,796 Plus lump sum of 89,388	N/A	612,000	N/A
Neil Morrison Director Finance, IT & Corporate Governance (from Aug 2007)	N/A Plus lump sum of N/A	N/A Plus lump sum of N/A	N/A	N/A	N/A
Alan Westover Director People & Organisational Development	63 Plus lump sum of 189	17,796 Plus lump sum of 53,389	381,000	333,000	–
Nigel Bennett Director Government Mail	1,472 Plus lump sum of 4,416	19,815 Plus lump sum of 59,444	389,000	335,000	28,000

Roy Burke
Chief Executive and Accounting Officer
15 July 2008

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; and
- 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 Managing Public Money issued by H M Treasury.

Statement on internal control 2007/08

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2008, 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 the Finance Director to lead the risk management process. It is unfortunate that for a significant part of the year this post was unfilled with some consequences for controls and management information as reflected later in this statement on internal control. 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 interventions, although there is a need to maintain this intervention for those members of staff who have worked in the Agency for a number of years.

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

The risk and control framework

The key elements of the Risk Management Policy for the Agency 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. This factor has been taken into account in developing the Agency's risk management policy.

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

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the GCDA Management Board, the Audit and Risk Management Committee and a plan to address 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 the Department for Transport's Audit and Risk Assurance section as its internal auditors who operate to Government Internal Audit Standards. They have submitted regular reports that include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement. This year the annual audit opinion of the internal auditors gave the Agency a partial assurance that GCDA's risk management, governance arrangements and control systems are established and generally working effectively. However some significant weaknesses have been identified. The absence of a permanent Finance Director for a significant part of the year contributed significantly to these issues. The Internal auditors noted that some agreed actions to address these weaknesses have already been completed. This is a matter that I take very seriously and the Agency will give this area priority during the course of the coming year.

The handling of information and information security has been identified as a key risk across government and has been the subject of particular attention in the Agency this year. I am satisfied that actions taken by staff and management in the Agency are in accordance with best practice and the guidelines issued by the Cabinet Office and accordingly that information and data handling is managed appropriately in the Agency.

Roy Burke
Chief Executive and Accounting Officer

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

I certify that I have audited the financial statements of the Government Car and Despatch Agency for the year ended 31 March 2008 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 Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Chief Executive and auditor

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

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

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

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

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

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations 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 2008, and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the Management Commentary and the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General

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

17 July 2008

The accounts

Government Car and Despatch Agency

Income and Expenditure Account for the year ended 31 March 2008

	Notes	£000	2007/08 £000	£000	2006/07 £000
Income from operating activities	2		18,730		18,333
Staff Costs	3.2	**(11,905)**		(11,728)	
Other operating costs	4	**(8,201)**		(7,123)	
			(20,106)		**(18,851)**
			(1,376)		**(518)**
Other operating income	2		778		528
Operating (Deficit) / Surplus	11		**(598)**		10

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

Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	Notes	2007/08 £000	2006/07 £000
(Deficit) / Surplus for the financial year		**(598)**	10
Unrealised surplus on revaluation of fixed assets	12	75	11
Total gains and losses recognised		**(523)**	21

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

Balance Sheet

	Notes	31/03/08 £000	31/03/07 £000
Fixed Assets			
Tangible assets	5	2,970	3,269
Current Assets			
Stock	6	34	19
Debtors	7	3,437	3,247
Cash	8	1,156	1,220
		4,627	**4,486**
Creditors due within one year	9	(3,056)	(3,148)
Net Current Assets		1,571	1,338
Total Assets less Current Liabilities		4,541	4,607
Creditors due after one year	9.1	(133)	(127)
Provision for Liabilities and Charges	10	(212)	(60)
Net Assets		**4,196**	**4,420**
Taxpayers' Equity:			
General Fund	11	4,169	4,412
Revaluation Reserve	12	27	8
		4,196	**4,420**

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

Roy Burke
Chief Executive and Accounting Officer
Date: 15 July 2008

Cash Flow Statement

	Notes		2007/08 £000		2006/07 £000
Net cash inflow from operating activities	16(i)		784		981
Capital Expenditure					
Payments to acquire tangible fixed assets		(1,109)		(2,011)	
Receipts from sale of tangible fixed assets		261		328	
			(848)		(1,683)
Drawdown (Payment) from DfT			–		900
(Decrease) / Increase in cash in the year	**16(ii)**		**(64)**		**198**

Note: An in-year loan (2007/08) of £1m was provided and paid back to DfT within the year to cover a temporary cashflow shortfall.

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

Notes to the accounts

1. Accounting Policies

1.1 Basis of Accounting

The Accounts have been prepared in accordance with the Financial Reporting Manual 2007/08 (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 2008 by reference to relevant indices.

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

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

In the year the mail screening facility was replaced and has been brought onto the accounts at the value of installation. The asset has been provided by another government department as part of business continuity planning.

1.3 Stock and work in progress

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

1.4 Operating Leases

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

1.5 Pensions

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

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

1.6 Insurance

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

1.7 Research and Development

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

1.8 Operating income

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

1.9 Cost of Capital

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

2. Segmental analysis

	Income £000	Direct Expenditure £000	Internal Recharges £000	Total Expenditure £000	2007/08 Operating Surplus/ (deficit) £000	2006/07 Operating Surplus/ (deficit) £000
Direct Services						
Government Cars (Inc Workshop)	13,806	11,999	2,015	14,014	(208)	147
Government Mail (Previously InterDespatch Service)	4,688	3,693	1,385	5,078	(390)	(92)
Government Mail Services	236	236	–	236	–	(45)
Corporate & Support Services	778	4,178	(3,400)	778	–	–
	19,508	**20,106**	**-**	**20,106**	**(598)**	**10**

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. Within the corporate & support services line is both the income and costs associated with Jerry Doyle's retirement which was funded by the DfT's Shared Services Centre programme as well as income that relates to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other government departments and external driver training. This is presented as other operating income in the Income & Expenditure Account on page 33.

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

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

	Public Sector £000	Private Sector £000	2007/08 Total £000	2006/07 Total £000
Government Cars	13,762	44	13,806	12,678
Government Mail	4,471	217	4,688	3,964
Government Mail Services	236	–	236	1,691
Corporate & Support Services	778	–	778	528
	19,247	**261**	**19,508**	**18,861**

3. Employee Information

3.1 Staff Numbers

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

	2007/08	2006/07
Government Cars	158	178
Government Mail	63	67
Government Mail Services	-	38
Corporate & Support Services	71	24
Total	**292**	**307**

Agency staff costs incurred in 2007/08 equate to an estimated 9.2 full-time equivalent staff being employed throughout the year (2007/08; 9 full time equivalent staff).

3.2 Staff Costs (including Executive Directors)

	2007/08 Total £000	2006/07 Total £000
Government Cars	7,865	7,329
Government Mail	2,710	2,242
Government Mail Services	85	1,150
Corporate & Support Services	1,245	1,007
Total	**11,905**	**11,728**

Wages, salaries & allowances	9,387	9,177
Social Security costs	737	759
Pension costs	1,518	1,495
Other	24	28
Agency staff costs	239	269
Total	**11,905**	**11,728**

3.3 Directors' Salary and Pension Entitlements

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

3.4 Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). For 2007/08 employers' contributions of £1,518k (2006/07: £1,495k) were payable to PCSPS at one of the four rates in the range 17.1% to 26.5% (2006/07 17.1% to 26.5%) of pensionable pay. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. As at 31 March 2008 GCDA had no employees with a partnership pension account.

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

4. Other operating costs

	2007/08 £000	2006/07 £000
Vehicle costs and services excluding depreciation	3,460	2,866
Depreciation	1,097	885
Downward revaluation of fixed assets	5	5
Consultancy support	93	102
Stationery & reprographic consumables	71	143
Staff travel, subsistence, and hospitality	192	162
Security	266	256
IT & telecommunications	252	215
Accommodation – general	504	549
Transfer to dilapidations and other provisions	180	-
Provision for bad debts	76	23
Research and development	2	9
Loss on disposal of fixed assets	64	87
Operating leases – hire of plant and machinery	232	245
Operating leases – buildings	787	733
Cost of capital charge	152	139
Auditors' remuneration	30	29
Internal Audit & Legal (DfT notional charges)	53	-
Training	182	89
Publicity	28	122
Postage	37	47
Legal	44	46
Uniforms	24	62
Canteen	30	48
Other	340	261
	8,201	**7,123**

The cost of capital charge is made at 3.5% per annum (3.5% in 2006/07) 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	Computer and Office Equipment £000	Buildings – non-dwelling £000	Total £000
Cost or Valuation					
Balances at 1 April 2007	4,985	212	197	156	5,550
Additions	1,004	22	62	21	1,109
Disposals	(1,055)	-	-	-	(1,055)
Revaluation	83	1	(12)	5	77
Balances at 31 March 2008	**5,017**	**235**	**247**	**182**	**5,681**
Depreciation					
Balances at 1 April 2007	2,072	51	62	96	2,281
Charge for the year	972	53	57	15	1,097
Disposals	(721)	-	-	-	(721)
Revaluation	56	1	(7)	4	54
Balances at 31 March 2008	**2,379**	**105**	**112**	**115**	**2,711**
Net Book Values at 31 March 2008	**2,638**	**130**	**135**	**67**	**2,970**
Net Book Values at 31 March 2007	**2,913**	**161**	**135**	**60**	**3,269**

In the year the mail screening facility was replaced and has been brought onto the accounts at the value of installation. The asset has been provided by another government department as part of business continuity planning.

6. Stock

	2007/08 £000	2006/07 £000
Workshop stock	34	19

7. Debtors

	2007/08 £000	2006/07 £000
Trade Debtors	2,911	2,273
Other Debtors	302	33
Prepayments and Accrued Income	224	941
	3,437	3,247

Included within prepayments and accrued income is an amount of £97,978 which is receivable in more than one year.

7.1. Intra-governmental balances – debtors

	Debtors: amounts falling due within one year	
	2007/08	2006/07
	£000	£000
Balances with other central government bodies	3,348	3,161
Balances with local authorities	5	15
Balances with public corporations and trading funds	27	25
Balances with bodies external to Government	57	46
	3,437	**3,247**

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.

	2007/08	2006/07
	£000	£000
Balance at OPG	1,156	1,219
Cash in hand	–	1
	1,156	**1,220**

9. Creditors due within one year

	2007/08	2006/07
	£000	£000
Amounts due to the Consolidated Fund; Excess of Parliamentary Grant over actual expenditure		
2006-07	-	1,220
2007-08	1,156	-
Trade Creditors	394	641
Other Creditors	526	296
Taxation and Social Security	807	839
Deferred Income and Accrued Expenditure	173	152
	3,056	**3,148**

9.1. Creditors due after one year

	2007/08	2006/07
	£000	£000
Deferred Income & Accrued expenditure	133	127
	133	**127**

9.2. Intra-governmental balances – Creditors

	Creditors: includes amounts falling due after one year	
	2007/08	2006/07
	£000	£000
Balances with other central government bodies	2,632	2,517
Balances with bodies external to government	557	758
	3,189	**3,275**

10. Provision for liabilities and charges

	VER	Property Dilapidations	Total
	£000	£000	£000
Balances at 1 April 2007	(7)	(53)	(60)
Provision (charged)/released in year	(233)	53	(180)
Payments in year	28	–	28
Balance at 31 March 2008	**(212)**	**–**	**(212)**

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 £28k in 2007/08, of which £7k had been provided for within the VER provision in the 2006/07 financial statements. An unforeseen claim of circa £17k accounts for the provision variance where an award on appeal was given which GCDA was unaware of at the time. This has been provided for in the 2007/08 accounts.

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 DfT also contributed towards these costs to the tune of circa £263k in relation to the Shared Services Centre programme.

The Agency is required to maintain the premises at Ponton Road to a standard specified in the original lease agreement, including the road. The lease term was extended to 2019 and the Agency has established an annual maintenance budget that will ensure that the property is kept in good order. Therefore no provision is required for dilapidations.

11. General fund

	2007/08 £000	2006/07 £000
Balance at 1 April	4,412	3,511
(Deficit) / Surplus for year	(598)	10
Amounts due from/(to) the Consolidated Fund	64	(189)
Drawdown	-	900
Cost of Capital	152	139
Auditors' Remuneration	30	29
Internal Audit & Legal (DfT notional charges)	53	–
Transfer from Revaluation Reserve	56	12
Balance at 31 March	**4,169**	**4,412**

12. Revaluation reserve

	2007/08 £000	2006/07 £000
Balance at 1 April	8	9
Arising on revaluation during the year	75	11
Transfer to General Fund (see below)	(56)	(12)
Balance at 31 March	**27**	**8**
Transfer to General Fund:		
Realisation of revaluation gains	(56)	(12)
	(56)	**(12)**

13. Commitments

13.1 Capital Expenditure

	2007/08 £000	2006/07 £000
Authorised by the Chief Executive and contracted for:	496	343

Contracted Capital expenditure for 2007/08 relates to orders placed for the purchase of vehicles.

13.2 Operating leases

			2007/08	2006/07
	Buildings	Other	Total	Total
Annual operating lease rentals due on leases expiring within:	£000	£000	£000	£000
one year	-	17	17	129
two to five years	24	71	95	7
over five years	744	-	744	754
	768	**88**	**856**	**890**

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

13.3 Other Commitments

The Agency had not entered into any non-cancellable contracts for services as at 31 March 2008.

14. Contingent Liabilities

There were no contingent liabilities at 31 March 2008.

15. Related Party Transactions

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

During the year, GCDA has generated income amounting to an estimated £19.25million (98.7% of operating income) with the Department for Transport, other government departments and public sector bodies.

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

16. Notes to the Cash Flow Statement

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

	2007/08 £000	2006/07 £000
Operating (deficit) / surplus for year	(598)	10
Non-cash charges	319	168
Movement in provisions	180	(10)
Depreciation charges	1,097	885
Downward revaluation of fixed assets	5	5
Loss on disposal of tangible fixed assets	64	87
Increase in debtors, excluding supply debtor due from the Consolidated Fund	(212)	(618)
Increase / (Decrease) in creditors, excluding the amounts due to the Consolidated Fund	(28)	606
Voluntary early retirement costs paid	(28)	(11)
(Increase) / Decrease in stock	(15)	6
Other provisions paid	-	(147)
Net cash inflow from operating activities	**784**	**981**

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

	2007/08 £000	2006/07 £000
Net funds at 1 April	1,220	1,022
(Decrease)/Increase in cash in the year	(64)	198
Net funds at 31 March	1,156	1,220

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

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

17. Financial Instruments

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.

18. Financial Objectives

The financial objective set by the Minister for the Department for Transport was to achieve full cost recovery on an accruals basis. This target was not achieved with a deficit of £598k. This represents a 3.07% variance to income from operating activities.

The outcomes were:

	2007/08 £000	2006/07 £000
(Deficit) / Surplus	(598)	10
(Deficit) / Surplus as % of income from operating activities	(3.07%)	0.05%

The GCDA did not fully recover all its costs in the financial year. A delay in implementation of Green Cars and Regional Plus services resulted in additional costs being borne by the Agency. Additionally, a sudden fall in the Government Mail network services income, with no reduction in associated costs, also contributed to the deficit position.

Training and development of the new team for Government Cars drivers, to a level not seen before in the Agency, were not fully realised through expected work to recover these costs.

19. Post Balance Sheet Events Note

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

The authorised date for issue is 21 July 2008.

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