



GOVERNMENT CAR  
AND DESPATCH AGENCY



# Annual report and accounts 2006/07

60<sup>th</sup>

ANNIVERSARY  
GOVERNMENT CARS





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# **Government Car and Despatch Agency** Annual report and accounts 2006/07

Presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000  
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# Foreword



I am delighted to present the Annual Report for the Government Car and Despatch Agency for 2006/07. I hope you enjoy reading about our work over the past year.

As you will read, we celebrated a milestone birthday this year. The Agency has notched up 60 years of unseen yet unstinting service. The 'birthday' celebrations reunited us with former colleagues from the last six decades, which was particularly pleasing.

While much has changed in Government over those years, the core of our allocated car service remains unchanged. To celebrate, a commemorative book will set out the history of the Car Service and its considerable achievements. It is truly a story of our times.

That is not to say that we are standing still. There is so much more to our Agency than driving Ministers. We are changing our service to pay even more attention to the needs of our customers. As we progress into the latter end of this decade we will see the emergence of a much more focused Agency with a particular emphasis on efficiency and on minimising the impact on the environment of the Agency's operations. Our transfer to the Department for Transport in 2005 has given us a renewed impetus in this as well as other important aspects.

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

A handwritten signature in black ink that reads 'Roy Burke'. The signature is stylized with a long, sweeping underline that extends to the right.

**Roy Burke**  
Chief Executive

## Who's who



**Roy Burke** spent his second year as Chief Executive of the Agency in 2006-07 since joining in May 2005 from the Home Office.



**David Turner** is a Non-Executive Director who came to us in 1998. He has directorships with the following organisations: WSP Group PLC; Royal Mail Property Board; Falcon Property Trust; Pavilion Housing Trust and the Sir John Cass Foundation.



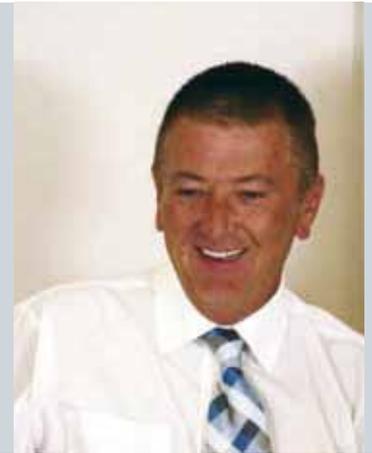
**Jerry Cope** joined us as a Non-Executive Director in December 2006, having spent 30 years with the Post Office and Royal Mail, where he was latterly UK Managing Director. He has a wealth of Board-level experience ranging from being a shareholder Director at Camelot to Chair of the Prison Service Pay Review Body.



**Alan Westover** is Director of People and Organisational Development and Acting Director of Finance, IT & Corporate Governance. In this joint role he leads on financial strategy and information management while overseeing strategy on human resources, accommodation, pay and quality management.



➤ **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 brought invaluable experience to our Board. David left in September 2006.



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

➤ **Debbie Wilkinson:** Debbie left during the financial year. Her role is currently being covered by **Alan Westover**.



➤ **Nigel Bennett** is Director of Government Mail. He oversees the National Network of deliveries between public buildings as well as mail screening and our confidential waste service.



➤ **Kenneth Ludlam** joined us as a Non-Executive Director in December 2006, bringing with him a portfolio of experience in finance, construction and risk management. Kenneth was formerly Group Chief Accountant and Associate Director of Hanson PLC until 2002.

# Management commentary

## Our background

The Government Car and Despatch Agency (GCDA) 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, Birmingham, Bradford, Runcorn, Sheffield and Cardiff. Our revenue is primarily derived from Government and the wider public sector within the UK.

Government Cars celebrated its 60th anniversary in 2006/07. For more on our history, see page 23. The Agency transferred from the Cabinet Office to the Department for Transport at the end of 2005.

## What we do

We operate two core, separately branded 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 drivers. The Agency also provides fleet management and maintenance services to other public bodies; and
- › Government Mail – which provides secure mail services within Government and the wider public sector. As well as mail delivery, the service offers mail screening services for many government departments and secure waste destruction.

## Aims and objectives

GCDA is an Executive Agency of the Department for Transport, delivering outcomes in support of the Department's strategic aims and contributing whenever possible to its aims in respect of road transport. We actively support the Department's policies in respect of road safety and environmental driving techniques, promoting these policies wherever possible.

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 information technology.



••• We operate predominately from sites in London, Birmingham, Bradford, Runcorn, Sheffield and Cardiff. Our revenue comes primarily 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 2006/07 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.

The information below sets out how we performed against the Department for Transport targets. All targets before November 2005 were set by the Minister for the Cabinet Office.

Secretary of State Targets 2006/7			
Target	2004/05	2005/06	2006/07
<b>Financial</b>			
To break even on an accruals basis	✓ Achieved 102.3%	✓ Achieved 100.1%	✓ Achieved 100.1%
<b>Quality of Service</b>			
To maintain a high level of customer satisfaction as revealed by the Customer Satisfaction Annual Index (CSI) score of at least 2005/06 levels of 86.7	Target CSI: 86.7 ✓ Achieved CSI: 87.0	Target CSI: 86.7 ✓ Achieved CSI: 88.0	Target CSI: 86.7 ✓ Achieved CSI: 88.0
To maintain accreditation for ISO 9001, the internationally recognized standard for Quality Management Systems	not set	not set	Outcome: ✓ Achieved
<b>Environmental</b>			
By March 2007 to reduce the average tailpipe emissions of our vehicles by 5% compared with March 2006 levels	Target 230.5 g/km Not achieved 232.03 g/km	Target 227.39 g/km ✓ Achieved 204.92 g/km	Outcome: Target 194.67 g/km ✓ Achieved: 160.32g/km
To increase the use of alternative engine and fuel technology in GCDA vehicles by 10% by March 2007 against 2005/06 levels	not set	not set	Outcome: Target 10% increase: ✓ Achieved fuel increase 100%, vehicle increase 70%
<b>Efficiency</b>			
To reduce the administration charges to customers by 2%	not set	not set	Outcome: ✓ Achieved: 3%

### Target average tailpipe emissions g/km



#### 2004/05

Target 230.57g/km – 232.03 g/km

#### 2005/06

Target 227.39g/km – achieved 204.92 g/km  
(12% reduction on 2004/05 actual)

#### 2006/07

Target 194.00g/km – achieved 160.32g/km  
(22% reduction on 2005/06 actual)

## Key performance targets for 2007/08

Target	Measure
<b>Financial performance</b>	Final audited accounts of the Agency
<b>Quality</b>	Independently conducted customer satisfaction survey
<b>Environmental</b>	Reference to fleet details and to data published by the Vehicle Certification Agency

### Secretary of State Targets 2007/08

Target	Description
<p><b>Financial</b> To break even on an accruals basis</p>	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 efficient as it can be, delivering excellent value for money to our customers
<p><b>Quality of Service</b> As revealed by the Customer Satisfaction Index (CSI) score at least at 2005/06 levels of 86.7</p>	Annual customer satisfaction survey
To maintain accreditation for ISO 9001	The quality of our service is measured by means of our ISO 9001, the internationally recognized standard for Quality Management Systems
<p><b>Environmental</b> To reduce the environmental impact of the Agency</p>	We will continue our efforts to ensure that the impact on the environment of the vehicles we use is minimised
By March 2008 to reduce the average tailpipe emissions of the Government fleet by 5% compared with March 2007 levels	We will seek to reduce the tailpipe emissions of our vehicles in line with Government targets
To increase the use of alternative engine and fuel technology in GCDA vehicles by 10% by March 2008 against 2006/07 levels	
<p><b>Efficiency</b> To reduce the administration charges to customers by 2% against 2006/07</p>	In seeking to recover our costs we must ensure that our administration is as efficient as possible. These charges will reduce by 2% by year-end

## Financial framework and performance

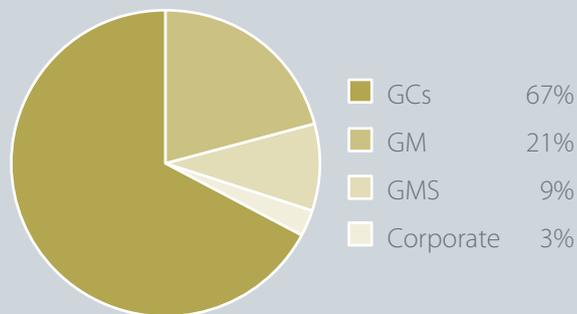
Our primary financial objective set by the Minister for the Department for Transport is to break even, in accruals terms. The surplus for the year was £10,000 being 0.05% of income from operating activities.

Income for Government Cars amounted to £12.7m (2005/06 £11.7m); Government Mail generated income of £5.7m (2005/06 £5.0m composed of £3.3m Government Mail and £1.7m GMS.)

Our fixed asset investment was £2m.

Motor vehicles accounted for £1.7m of the capital spend for the year, 85% of the total.

**Income by business area (%)**

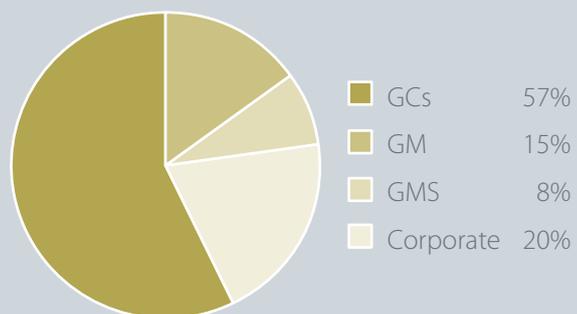


### HM Treasury Direction

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 page 39.

**Operating cost by business area**



### Supplier payment policy

Treasury guidance states that we should pay suppliers within 30 days. For the financial year ended 31 March 2007, 99.46% of all payments were made within that time. And, on average, payment was made 15 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 44.

### Auditors

These accounts have been audited by the Comptroller and Auditor General (C & AG). The notional cost of the audit work for 2006/07 was £29K. 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. GCDA, as part of its reporting to Department for Transport, has commissioned audits (identifying compliance and highlighting weaknesses) of its accomplishment of its duty in relation to gender, race and disability. This audit is to be a broad review concentrating on the General Duty but using the specific Duties for each area as benchmarks for assessing progress and compliance.

### Teamwork

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 26 to 30.

### Pensions

The accounting policy adopted for pension costs and details of staff entitlements are included in the Remuneration Report on pages 26 to 30, and in note 1.5 to the Accounts on page 39.

### Sustainability

During the year, we also developed and published our sustainability action plan, recognising that our responsibility in this area goes beyond our vehicles.

## Review of the business



### Government Cars

**Jerry Doyle –  
Director of Government Cars**

This year has been all about extending our efforts to put the customer first. Naturally, we've always looked after the people we drive, but in 2006/07 we've taken special care to see that our ways of working fit theirs.

With many ministers in their constituencies on Fridays, we gave our customers and their allocated drivers the option to change work patterns. Since October 2006, many now work extended days from Monday to Thursday, in order to achieve their basic working week's hours.

This means that our customers now only pay for the hours that they use our services. For the Agency's drivers, this affords them a better work/life balance. They can - if work is available on Fridays - apply for overtime, but 45 out of 110 allocated drivers so far have opted for a day off if their passenger is away. An additional allowance ensures that they are not financially out of pocket despite the changes.

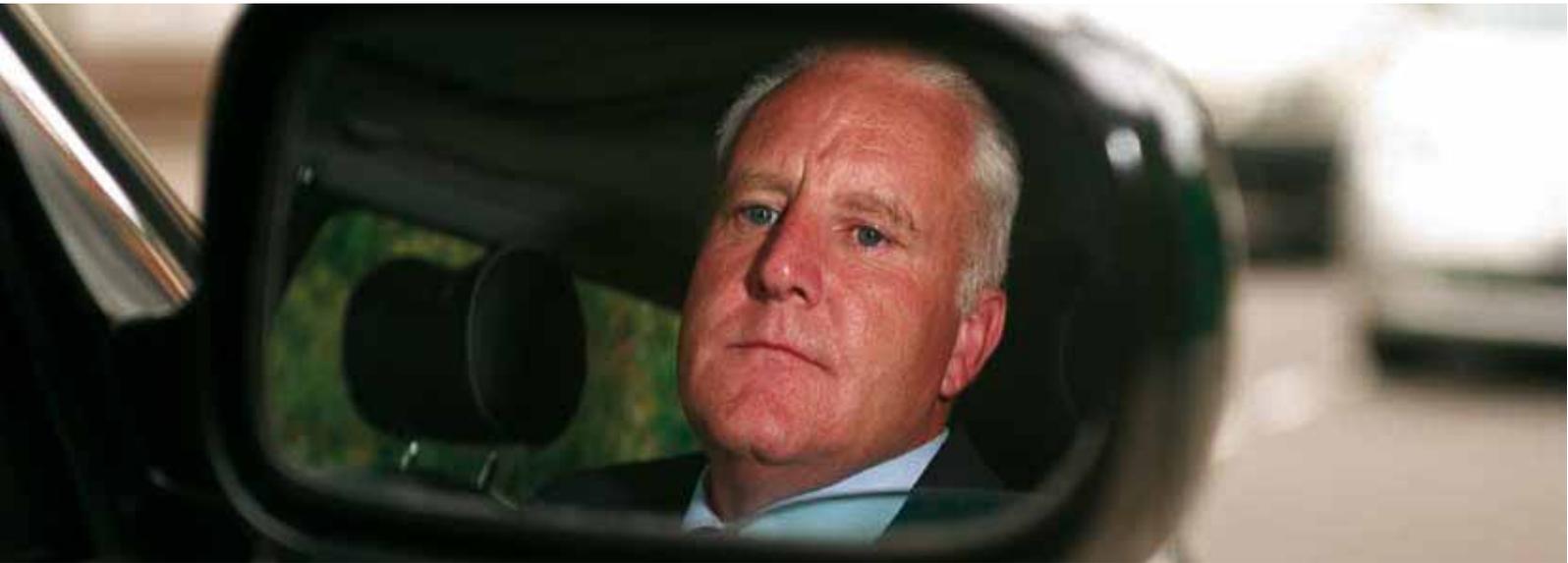
The other benefit is, of course, improved safety. To that end, work also continues on considering ways to enhance driver safety through in-car systems and technology.

Given that we have a duty of care to both our passengers and staff, this year has been one of laying the groundwork for the re-introduction of these systems into our 'Green Cars' and other Short Term Hire vehicles. As well as finding acceptable ways to introduce them in to all other vehicles and services within Government Cars.

Safety has also been boosted by our five-year programme of Institute of Advanced Motorists driver training. The programme was completed by March 2007; and 143 drivers have now qualified as IAM drivers. As well as reducing the number of culpable accidents, this has also reduced Government Cars vehicle fleet insurance premiums. This training now forms the minimum standard for all full time Government Cars drivers.

Up to ten of our full time allocated and short term hire drivers are gaining skills and qualifications at the VIP level, hopefully providing us with at least five qualified drivers by the end of March 2008. The intensive course includes them completing the Police Advance Driving certificate, separate first aid and fitness training and the Security Industry Accreditation (SIA) qualification that covers dealing with hijack situations and car security. It is a pass or fail course for all these drivers and incredibly tough.

While customer well-being was top of our agenda in 2006/07, we have always had a practical eye on the environment. In fact, without blowing our own trumpet too loudly, we have drastically reduced the average tailpipe carbon dioxide (CO<sub>2</sub>) that we emit on a day-to-day basis.



By encouraging our increasingly green thinking customers to swap their now obsolete Rover 75s/Vauxhall Omegas for lower emission vehicles such as the Toyota Prius or Honda Civic, we have reduced our average fleet CO<sub>2</sub> emissions by 22% since last year.



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As of the 31st March 2007, 46% (87 cars) of the Government Cars fleet were hybrids – working on mainly battery power in town and petrol on the open road. Moving to a hybrid car also exempts our customers from the London congestion charge, as well as improving fuel efficiency – which presents a minimum saving of around £1,800 per annum. Also 23% (44 cars) of the remaining fleet run on Bio-Diesel 5% blend. These vehicles are predominately used for out of town and motorway working.

We have even beaten the target set in Kyoto to reduce new car emissions to 130 grammes of carbon dioxide per kilometre by 2012. Our current count on CO<sub>2</sub> is 116 grammes per kilometre for new vehicles purchased by Government Cars during 2006/07.

Having the Department for Transport as our parent department has been the main impetus in achieving this high level of reduction, and we've welcomed their support.

Our Green Car service – environmentally-friendly taxis for public servants – continues to grow. We've used 2006/07 to refine our marketing plans, and in 2007/08 we've set a challenging growth target to meet our aims as set out in our corporate plans for 2006-2011. This relatively new service brought in £250,000 during the year.

Our Fleet Management arm expanded this year, taking on full maintenance responsibility for all work at VOSA in relation to their own car fleet. VOSA is the Department for Transport's Vehicle Operator Services Agency. GCDA's Fleet Management team are also providing support to the Office of Government Commerce, sharing our expertise and helping them to purchase the right cars.

I'm really proud of what my teams have achieved for Government Cars in this busy year. And I look forward to them attaining greater heights during the coming year.

We have drastically reduced the amount of carbon dioxide that we give off.



I'm really proud of what my teams have achieved for Government Cars.



## Government Cars Fleet as at 31/3/07

Manufacturer	Model	Number	Country of Manufacture
Rover	75	11	United Kingdom
Jaguar	XJ	19	United Kingdom
Daimler	Limousine	1	United Kingdom
Ford	Mondeo	33	Belgium
	Galaxy	6	Portugal
	Sierra	1	Belgium
Peugeot	607	7	France
Toyota	Prius	84	Japan
Honda	Civic	3	Japan
Hyundai	Sonata	7	South Korea
Vauxhall	Omega	7	Germany
	Vectra	7	Germany
	Corsa	5	Spain
<b>Total</b>		<b>191</b>	

## Finance, IT and Corporate Governance



**Alan Westover – Acting Director of Finance, IT & Corporate Governance**

### Finance

The finance team has progressed well throughout the year with many highlights like the reduction in transactions following the complete roll out of Government Procurement Cards (GPC), prudent capital funding to support the work of the Agency and excellence around paying suppliers. The chasing of debt needs to be at the same level, along with financial modelling and timelier reporting. These are areas that will be high on the agenda for the incoming financial director, but for now a tricky year has resulted in a good set of accounts.

The Agency's entry to DfT's Shared Service Centre is further away than envisaged, thus the associated IT developments and migration, particularly the funding, is no longer on the horizon. The Executive Team has decided to appoint a new member of staff to implement the ICT strategy now and to project manage the change programme.

### IT

The implementation of the first stages of the ICT strategy has been completed, or is very near completion, at the time of writing this report.

Implementation of this strategy will enhance our efficiency project to ensure that in all we do, we are as efficient as we can be.

Simultaneous introduction of laptops for remote working and significant increase in the GSI (Government Secured Intranet) bandwidth to offer greater operating speeds has proved very successful and increased mobility and performance amongst key individuals. Likewise the server replacement has provided much needed capacity to support the business now and through its growth plans.

### Governance

Reviews of Risk and Business Continuity Plans have taken longer than anticipated, largely due to capability and resource issues, which have now been addressed.

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

The Agency's Framework Document was completed during the year.



••• Good performance and productivity were achieved by the Agency's staff, resulting in above average performance payments to both the industrial and non-industrial workforce.



## People, places and potential



**Alan Westover –  
Director of People and  
Organisational Development**

Looking back, the year has been about formalising the new directorate and strategy, engaging and embracing DfT as an organisation and positioning GCDA for change. It has been a good year even if progress in some quarters has slowed; and there have been positives around our four key long-term aims:

- A partner with senior and line managers to execute strategy;
- Help the organisation increase efficiency and reduce costs;
- A champion for employees, representing their views and working to increase their contribution;
- An agent of continuous transformation, shaping business processes and culture to improve the organisation's capacity and capability for change.

The corporate plan and organisational structure to deliver the plan has been agreed along with the business delivery model.

### People

All staff have been sent a summary of the Agency's plans, as well as the people strategy "Partners Driving Forward", along with the directorate's people services commitment.

The structure is not yet fully staffed but a number of job re-evaluations and reassignments have strengthened some areas and vacancies are being filled as quickly as possible. The Executive Team has agreed to four key appointments that will bring realisation of the plan much closer.

Good performance and productivity were achieved by the Agency's employees resulting in above average performance payments to both the industrial and non-industrial workforce.

Completed reviews include the employee handbook and job risk assessments. We also undertook our first annual staff survey, the results of which have given us an action plan for moving forward.

The transfer of 23 staff working on the Cabinet Office messenger contract to EcovertFM was sad but the right decision as the contract was not contributing to the Agency's core business objectives.

The Employee Assistant Programme (EAP) included another benefit: a non-pay reward system that can be converted into services or goods.

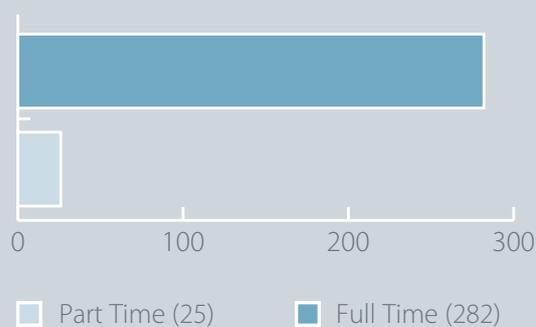
Our corporate image was refreshed from top to bottom, including newly-designed uniforms for drivers.

The Annual Staff Meeting saw the launch of the Diversity Programme, using actors to play out a drama, which certainly got people talking.

### Places

On behalf of Government Mail new regional premises have been leased as part of their growth and presence programme and much of the property work has been done in preparation for their new mail screening facility to open in the coming year.

A new deal has been struck on the London rent and rates review and, with our maintenance and improvement programme, this makes the property fit for purpose and very attractive to the valuable tenants with whom we share the building.

**Staffing levels: 1 April 06 to 31 March 07**

**Total head count 307, FTE 294.5**

**Staff recruited: 1 April 06 to 31 March 07**

**Total recruited 32**

Plans for a new customer service desk – dealing with all of the People and Organisational Development team’s transaction work – are well advanced and will act as a forerunner to us joining the DfT shared service centre, which is now operating in Swansea.

Internal accommodation changes have taken place to keep pace with business developments and all offices now have air conditioning.

The canteen was not providing value for money so it was closed in favour of a lounge service providing continental breakfast and a hot vending service. This breakout area has provided a useful place for integration and work based interaction.

**Diversity numbers****1 April 06 to 31 March 07**

BME*	56
Disabled	8
Women	43

\*Black and minority ethnic individuals

**Staff Turnover****1 April 06 to 31 March 07**

12.93% (05/06 was 6.3%)

(Increase due to TUPE transfer to Ecovert of staff working in GCDA mail services at 70 Whitehall.)

**Average Sickness****1 April 06 to 31 March 07**

10.2 days per employee per year

**Potential**

Nine months in the planning, Professional Skills for Government (PSG) in DfT is now ready to be rolled out, which is an integral part of the business delivery model. With the successful renewal of liP during 2006 the Agency is in a strong position to develop the right people, with the right skills in the right place.

More drivers have reached higher driving levels than before thanks to the in-house driving development courses.

The GCDA Training Plan has been issued to all staff.

## Government Mail



### Director Nigel Bennett

The InterDespatch Service that delivers documents between government buildings took on a new life and a new name this year. Now known as Government Mail,

it expanded, adding a depot in Runcorn to regional offices in Birmingham, Cardiff, Leeds/Bradford and London.

This was my first full year as Director of Government Mail and I used the time to consolidate a new management ethos within the Government Mail team, identify how Government Mail could operate more efficiently and develop our strategy for the future.

Wider expansion plans waited as we assessed the effects of the Government's Lyons Review. The review called for 22,000 jobs to move out of London. While jobs have moved, teams moved to many cities rather than a few major hubs.

This led Government Mail to re-think its strategy about how we provide our services not just to central government but to the wider public sector throughout mainland Great Britain. During the year we developed detailed plans to work hand in hand with the private sector through the establishment of Regional Plus. On 2 April 2007 a contractual process began to put in place the Regional Plus network that will see Government Mail services in every city in England, Wales and Scotland.

From the autumn of 2007 public service bodies will be able to move their documents with a Government approved, security cleared and same day courier, no matter how large or small their needs. And no matter where they are based.

### Mail screening

In February 2007, letter bombs arrived at the DVLA's offices in Swansea and at Capita (an out-sourcing firm that runs London's congestion charging scheme). We offer an off-site, secure solution to this type of threat that comes not only from terrorists, but also single issue groups, fringe organisations and even aggrieved members of the public.

Our security-cleared screening team are all civil servants, guaranteeing confidentiality. And, because they're off-site, public bodies don't have the aggravation of evacuating their offices every time a suspect package or letter reaches the post room.

We were particularly pleased to welcome the Crown Prosecution Service as a new customer to mail screening this year. The Agency has always done work for the CPS and this consolidates our relationship with a very important public sector body.



From the autumn of 2007 public service bodies will be able to move their documents with a Government approved, security cleared and same day courier, no matter where they are based.



### Cabinet Office mail room contract

By mutual agreement, we decided to end our contract to provide the Cabinet Office with mail room services on 31st March 2007. These services are now provided by Ecovert, which already operates there. Our GCDA staff (with the exception of the reprographics team) have now transferred to Ecovert. It made sense for the Private Office messengers, driver messengers and mail room distribution staff to be managed on site.

### Confidential waste

This service continued to be the unsung hero of the Agency's range of services. People use it to destroy small amounts of waste. It has contributed steadily to Government Mail's financial upturn.

### Overnight service

Our partner in overnight deliveries, Amtrak, was bought by Netfold Ltd. The new owners are keen to improve the services that Amtrak provides to government and the wider public sector. I have every confidence that Amtrak will become even more customer focussed. I expect business to improve, especially now that various issues around the contract with the Department for Environment, Food and Rural Affairs (DEFRA) have been largely resolved.

## Case study

On 5th February 2007, Capita's offices in London received a small incendiary device in a jiffy bag. While no one was injured, the out-sourcing organisation that runs the capital's Congestion Charge had to evacuate its six storey building. Meanwhile the Met cordoned off Victoria Street for most of the day.

Government Mail provides a secure mail service that could have been helpful in avoiding such a situation. It works like this: our drivers collect post and our team of experts screen it off-site for irregularities before delivering it back to public body mail rooms. They look for explosive, incendiary, chemical and biological devices as well as hazardous objects.

Irregularities are dealt with by the security services in a controlled environment, preventing exposing staff to harm and keeping public buildings in action throughout.

Our status as part of government means:

- You don't normally need to go through a tender process to use our services
- As a not-for-profit organisation, we offer excellent value for money
- All our employees are security-cleared civil servants, well equipped to protect your mail.

If you'd like to know more go to

[www.gcda.gov.uk](http://www.gcda.gov.uk)

Our security-cleared screening team are all civil servants.





➤ In 2006, the Agency celebrated its 60th year, regrouping old and new faces, some of whom you can see above.



# Celebrating our 60 years

## 1946

The Official Car Service (OCS) is created with 253 cars, 147 light vans and 40 motorcycles.



## 1948

The OCS helps to provide transport at the London Olympics held at White City.

## 1952

The Government Car Service is formed. All ministerial transport is now provided by GCS. Control of GCS passes from Ministry of Supply to Ministry of Works.

## 1955

Sir Antony Eden leads Conservatives to a second term in Office. The GCS fleet was reduced to 130 cars and 142 vans and other courier vehicles.

## 1957

Harold Macmillian becomes Prime Minister.

## 1959

Conservatives win third term in office. Throughout the 1950s GCS continues to provide transport at Geneva. Drivers are sent on tours of duty that last several months on average.

## 1939 – 1945

The Second World War brings the need for cars and drivers to transport politicians, senior military personnel and civil servants. Debutantes and other women “do their bit” for the war effort by volunteering to drive.

## 1945

At the end of the war, gift cars donated by their prominent owners for the war effort are refurbished and returned as new – Rolls Royces, Bentleys, Daimiers and many other up-market cars of the day.

Labour wins General Election – Clement Attlee becomes Prime Minister.

Cars and drivers attend the Paris Peace and Geneva Conferences (pictured above), and the War Trials.

## 1950

Labour retains power in General Election – Clement Attlee continues as Prime Minister.

Foreign Office and Government Hospitality Fund start to use OCS for visiting VIPs.

## 1951

Conservatives win General Election – Winston Churchill returns to No. 10 as Prime Minister.



## 1961

InterDepartmental Service is created, superceding the Post Office Despatch Letter Service.

## 1963

Sir Alec Douglas-Home becomes Prime Minister.

## 1964

Labour wins General Election – Harold Wilson becomes Prime Minister.

## 1966

Harold Wilson leads Labour to second General Election victory.

During the 60s the uniform of the drivers is changed to reflect a more modern image. Women wear a bottle green jacket and skirt with a cream blouse and a soft air hostess style hat. Men wear a dark grey uniform and hat.

## 1970

Conservatives win General Election – Edward Heath becomes Prime Minister.

The Government Car Service and InterDespatch Service come under control of ‘super department’ the Department of the Environment (DOE). GCS moves to Marsham Street, London, while IDS remains at Albert Embankment.

**1972**

The worsening situation in Northern Ireland forces the introduction of vehicles with enhanced security. This is the start of the GCS Security Service.

**1974**

Labour wins General Election – Harold Wilson returns to No. 10 as Prime Minister.

Labour wins second General Election in one year.

**1987**

Conservatives win third General Election in a row.

Drivers' uniforms are restyled. Women wear a navy blue jacket and skirt with a pale blue blouse, while men wear a light grey suit. Hats go because the lower roof line on cars makes it difficult to wear them when driving.

The black car image is changed to allow any colour from the available range to be chosen.

**1993**

Government Car Service and InterDespatch Service form part of SAFE, a new Executive Agency within the DOE.

GCS starts investigating the use of alternative fuels.

**1996**

Gas powered Rover introduced for use at No.10 Downing Street.

**1998**

Deputy Prime Minister uses first officially-supported gas powered Jaguar in UK.

**1999**

Government Car Service freezes its prices for allocated services for the first time in its history.

Nissan Primera joins the Government Car Service fleet, the first new manufacturer to be used in over twenty years.

**1976**

James Callaghan becomes Prime Minister.

**1979**

Conservatives win General Election – Margaret Thatcher becomes first woman Prime Minister.

**1983**

Margaret Thatcher leads Conservatives into a second term of office.

**1986**

The Government Car Service and InterDespatch Service move to the Ponton Road site at Vauxhall, London.

**1990**

John Major becomes Prime Minister.

**1992**

John Major leads Conservatives into a fourth successive term of office.

**1997**

Government Car and Despatch Agency (GCDA) forms, comprising the Government Car Service and InterDespatch Service.

Labour wins General Election – Tony Blair becomes Prime Minister.

Prime Minister announces the Government Car Service will start a long-term trial of gas powered cars.

**2000**

The Millennium Bug fails to materialise and the roll over into the new century takes place without a hitch.

**2006**

GCDA celebrates its 60th Birthday.



# 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 2006/07.

## 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.ik.com](http://www.ome.ik.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](http://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, 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 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:

	2006/07		2005/06	
	Salary, including performance pay £	Benefits in kind (rounded to nearest £100)	Salary, including performance pay £	Benefits in kind (rounded to nearest £100)
<b>Roy Burke</b> Chief Executive (from May 2005)	67,164	Nil	58,203	Nil
(Annual equivalent)			(63,494)	
<b>Nick Matheson</b> Chief Executive (to end April 2005)	Nil	Nil	5,872	Nil
(Annual equivalent)			(70,464)	
<b>Jerry Doyle</b> Director Government Cars	65,331	7,900	62,516	7,900
<b>Debbie Wilkinson</b> Director Finance, IT & Corporate Governance (to January 2007)	45,177	Nil	52,050	Nil
(Annual equivalent)	(54,212)			
<b>Alan Westover</b> Director People & Organisational Development	56,752	Nil	58,503	Nil
<b>Nigel Bennett</b> Director Government Mail	50,951	Nil	49,184	Nil

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 (2005/06: £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.

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	Resigned
Jerry Cope	January 2007	Annual review
Kenneth Ludlam	January 2007	Annual review

## Pensions

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

quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

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

Columns 4 and 5 of the table on page 30 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](http://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. See notes 3.3 and 3.4 in the notes to the accounts.

	Real increase in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31/3/07 and related lump sum £	CETV at 31/3/07 £	CETV at 31/3/06 £	Real increase in CETV £
<b>Roy Burke</b> Chief Executive (from May 2005)	2,370 Plus lump sum of 7,109	18,353 Plus lump sum of 55,059	281,000	241,000	35,000
<b>Jerry Doyle</b> Director Government Cars	1,972 Plus lump sum of 5,916	29,337 Plus lump sum of 88,011	612,000	551,000	40,000
<b>Debbie Wilkinson</b> Director Finance, IT & Corporate Governance (to Jan 2007)	633 Plus lump sum of N/A	7,365 Plus lump sum of –	N/A	95,000	N/A
<b>Alan Westover</b> Director People & Organisational Development	142 Plus lump sum of 425	17,069 Plus lump sum of 51,206	333,000	320,000	2,000
<b>Nigel Bennett</b> Director Government Mail	637 Plus lump sum of 1,910	18,879 Plus lump sum of 56,637	335,000	317,000	9,000

**Roy Burke**  
Chief Executive and Agency Accounting Officer  
July 2007

## Statement of Agency's and Chief Executive's responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 HM 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 HM 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 HM Treasury and published in Government Accounting.

# Statement on internal control 2006/07

## 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 additional Accounting Officer for the SSDL (formerly DVO 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 not be realised, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2007, 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 risk management and alert them to any emerging issues and risks.

## 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.

The Agency will continue the work already begun to develop its policies on risk and business continuity planning.

## 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 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 my 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 one annual 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.

Our Internal Auditors concluded that they could provide substantial assurance that GCDA's risk management, governance arrangements and control systems are established and generally working effectively.

The introduction of GPC cards, which began in 2005/06, continued throughout 2006/07 with the provision of cards to security drivers and then to the rest of the Government Cars driving staff. The provision of cash came to an end at the end of 2006.

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

During the year one of our long standing Non-executive Directors, David Smith, resigned. David was also the Chair of the Audit and Risk Management Committee. With the assistance of the Department for Transport we appointed two new Non-executive Directors, Jerry Cope and Kenneth Ludlam. Both sit on the Audit and Risk Management Committee, which is chaired by Kenneth Ludlam. Our Finance Director, Debbie Wilkinson left us in January 2007.

**Roy Burke**  
**Chief Executive and Accounting Officer**

# The certificate 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 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow 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 the Agency's and Chief Executive'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, certain information given in the Annual Report, which comprises the Management Commentary and Remuneration 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. 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

### Audit opinion

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 2007, and of the operating 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
- › The information given within the Annual Report, which comprises the Management Commentary and Remuneration Report, is consistent with the financial statements.

### Audit 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. 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: 19 July 2007

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 2007

		2006/07		2005/06	
		£000	£000	£000	£000
Income from operating activities	2		18,333		17,122
Staff Costs	3.2	(11,728)		(10,766)	
Other operating costs	4	(7,123)		(6,836)	
			(18,851)		(17,602)
			(518)		(480)
Other operating income	2		528		490
Operating Surplus	11		<b>10</b>		<b>10</b>

The above surplus arose from continuing activities.

### Statement of Total Recognised Gains and Losses for the year ended 31 March 2007

		2006/07		2005/06	
		£000	£000	£000	£000
Surplus for the financial year			10		10
Unrealised surplus on revaluation of fixed assets		12	11		18
Total gains and losses recognised			<b>21</b>		<b>28</b>

The notes on pages 39 to 50 form part of these accounts.

## Balance Sheet

	Notes	31/03/07 £000	31/03/06 £000
Fixed Assets			
Tangible assets	5	3,269	2,543
Current Assets			
Stock	6	19	25
Debtors	7	3,247	2,799
Cash	8	1,220	1,022
		<b>4,486</b>	<b>3,846</b>
Creditors due within one year	9	(3,148)	(2,641)
Net Current Assets		1,338	1,205
Total Assets less Current Liabilities		4,607	3,748
Creditors due after one year	9	(127)	(0)
Provision for Liabilities and Charges	10	(60)	(228)
<b>Net Assets</b>		<b>4,420</b>	<b>3,520</b>
Taxpayers' Equity			
General Fund	11	4,412	3,511
Revaluation Reserve	12	8	9
		<b>4,420</b>	<b>3,520</b>

The notes on pages 39 to 50 form part of these accounts.

**Roy Burke**  
**Chief Executive and Accounting Officer**  
**Date: 17 July 2007**

## Cash Flow Statement

	Notes	2006/07 £000	2005/06 £000
<b>Net cash inflow from operating activities</b>	16(i)	981	697
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		(2,011)	(1,185)
Receipts from sale of tangible fixed assets		328	316
		(1,683)	(869)
Drawdown from DfT		900	(132)
Financing			
Capital repayments in respect of finance leases			
<b>Increase / (Decrease) in cash in the year</b>	16(ii)	<b>198</b>	<b>(304)</b>

The notes on pages 39 to 50 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 2006/07 (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 2007 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](http://www.civilservice-pensions.gov.uk)).

Further pension details are included in the remuneration report on page 26 to 30.

### 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 which 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	Direct Expenditure	Internal Recharges	Total Expenditure	2006/07 Operating Surplus/ (deficit)	2005/06 Operating Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Direct Services						
Government Cars (Inc Workshop)	12,678	10,740	1,791	12,531	147	122
Government Mail (Previously InterDespatch Service)	3,964	2,882	1,174	4,056	(92)	(91)
Government Mail Services	1,691	1,545	191	1,736	(45)	(21)
Corporate & Support Services	528	3,684	(3,156)	528	-	-
	<b>18,861</b>	<b>18,851</b>	<b>0</b>	<b>18,851</b>	<b>10</b>	<b>10</b>

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

The Agency's income arises from the provision of chauffeuring, car hire, mail distribution, reprographic and workshop services, all arising in the UK. Corporate and Support Services income all relates to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other Government Departments. This is presented as other operating income in the Income & Expenditure Account on page 37.

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:

			2006/07	2005/06
	Public Sector	Private Sector	Total	Total
	£000	£000	£000	£000
Government Cars	12,673	5	12,678	12,143
Government Mail	3,964		3,964	3,321
Government Mail Services	1,691		1,691	1,658
Corporate & Support Services	528		528	490
	<b>18,856</b>	<b>5</b>	<b>18,861</b>	<b>17,612</b>

### 3. Employee Information

#### 3.1 Staff Numbers

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

	2006/07	2005/06
Government Cars	178	175
Government Mail	67	63
Government Mail Services	38	43
Corporate & Support Services	24	23
<b>Total</b>	<b>307</b>	<b>304</b>

Agency staff costs incurred in 2006/07 equate to an estimated 9 full-time equivalent staff being employed throughout the year (2005/06: 6 full time equivalent staff).

### 3.2 Staff Costs (including Executive Directors)

	2006/07	2005/06
	Total	Total
	£000	£000
Government Cars	7,329	6,551
Government Mail	2,242	1,862
Government Mail Services	1,150	1,265
Corporate & Support Services	1,007	1,088
<b>Total</b>	<b>11,728</b>	<b>10,766</b>
Wages, salaries & allowances	9,177	8,582
Social Security costs	759	700
Pension costs	1,495	1,275
Other	28	34
Agency staff costs	269	175
<b>Total</b>	<b>11,728</b>	<b>10,766</b>

### 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 to 30.

### 3.4 Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). For 2006/7 employers' contributions of £1,495k (2005/06: £1,275k) were payable to PCSPS at one of the four rates in the range 17.1% to 26.5% (2005/06 16.2% to 24.6%) 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 2007 GCDA had no employees with a partnership pension account.

Further details of the scheme can be found in the Remuneration Report on pages 26 to 30.

## 4. Other operating costs

	2006/07	2005/06
	£000	£000
Vehicle costs and services excluding depreciation	2,866	3,160
Depreciation	885	741
Downward revaluation of fixed assets	5	12
Consultancy support	102	75
Stationery & reprographic consumables	143	136
Staff travel, subsistence, and hospitality	162	193
Security	256	253
IT & telecommunications	215	178
Accommodation – general	549	499
Transfer to dilapidations and other provisions	–	79
Research and development	9	11
Loss/(Profit) on disposal of fixed assets	87	(20)
Operating leases – hire of plant and machinery	245	218
Operating leases – other	733	580
Cost of capital charge	139	119
Auditors' remuneration	29	28
Training	89	109
Publicity	122	81
Postage	47	58
Legal	46	67
Uniforms	62	51
Canteen	48	54
Other	284	154
	<b>7,123</b>	<b>6,836</b>

The cost of capital charge is made at 3.5% per annum (3.5% in 2005/06) based upon the average balance of relevant assets and liabilities over the accounting period.

## 5. Tangible fixed assets

	Motor Vehicles	Plant and Machinery	Computer and Office Equipment	Buildings – non-dwelling	Total
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
Balances at 1 April 2006	5,224	146	100	268	5,738
Additions	1,712	129	129	41	2,011
Disposals	(1,956)	(65)	(28)	(157)	(2,206)
Revaluation	5	2	(4)	4	7
Balances at 31 March 2007	4,985	212	197	156	5,550
<b>Depreciation</b>					
<b>Balances at 1 April 2006</b>	<b>2,815</b>	<b>96</b>	<b>76</b>	<b>208</b>	<b>3,195</b>
Charge for the year	803	17	27	38	885
Disposals	(1,550)	(65)	(27)	(157)	(1,799)
Revaluation	4	3	(14)	7	
<b>Balances at 31 March 2007</b>	<b>2,072</b>	<b>51</b>	<b>62</b>	<b>96</b>	<b>2,281</b>
<b>Net Book Values at 31 March 2007</b>	<b>2,913</b>	<b>161</b>	<b>135</b>	<b>60</b>	<b>3,269</b>
Net Book Values at 31 March 2006	2,409	50	24	60	2,543

## 6. Stock

	2006/07	2005/06
	£000	£000
Workshop stock	19	25

## 7. Debtors

	2006/07	2005/06
	£000	£000
Trade Debtors	2,273	1,683
Other Debtors	33	108
Prepayments and Accrued Income	941	838
Deficit of Parliamentary Grant over actual expenditure	–	170
	<b>3,247</b>	<b>2,799</b>

All debtors are amounts falling due within one year.

### 7.1 Intra-governmental balances – debtors

	Debtors: amounts falling due within one year	
	2006/07	2005/06
	£000	£000
Balances with other central government bodies	3,161	2,581
Balances with local authorities	15	56
Balances with public corporations and trading	25	19
Balances with bodies external to Government	46	143
	<b>3,247</b>	<b>2,799</b>

### 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.

	2006/07	2005/06
	£000	£000
Balance at OPG	1,219	1,019
Cash in hand	1	3
	<b>1,220</b>	<b>1,022</b>

### 9. Creditors due within one year

	2006/07	2005/06
	£000	£000
Amounts due to the Consolidated Fund; Excess of Parliamentary Grant over actual expenditure		
2005/06		1,192
2006/07	1,220	
Trade Creditors	641	290
Other Creditors	296	243
Taxation and Social Security	839	713
Deferred Income and Accrued Expenditure	152	203
	<b>3,148</b>	<b>2,641</b>

#### 9.1 Creditors due after one year

	2006/07	2005/06
Deferred Income & Accrued expenditure	127	
	<b>127</b>	

## 9.2 Intra-governmental balances – Creditors

	Creditors: includes amounts falling due after one year	
	2006/07	2005/06
	£000	£000
Balances with other central government bodies	2,517	2,036
Balances with bodies external to government	758	605
	<b>3,275</b>	<b>2,641</b>

## 10. Provision for Liabilities and charges

	VER	Property Dilapidations	Other	Total
	£000	£000	£000	£000
Balances at 1 April 2006	(18)	(53)	(157)	(228)
Provision released in year			10	10
Payments in year	11		147	158
<b>Balance at 31 March 2007</b>	<b>(7)</b>	<b>(53)</b>		<b>(60)</b>

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 £11k in 2006/07, of which £11k had been provided for within the VER provision in the 2005/06 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 2007 in order to meet these obligations.

## 11. General fund

	2006/07	2005/06
	£000	£000
Balance at 1 April	3,511	3,171
Surplus for year	10	10
Amounts due from/(to) the Consolidated Fund	(189)	170
Drawdown	900	
Cost of Capital	139	119
Auditors' Remuneration	29	28
Transfer from Revaluation Reserve	12	13
<b>Balance at 31 March</b>	<b>4,412</b>	<b>3,511</b>

## 12. Revaluation reserve

	2006/07	2005/06
	£000	£000
Balance at 1 April	9	4
Arising on revaluation during the year	11	18
Transfer to General Fund (see below)	(12)	(13)
<b>Balance at 31 March</b>	<b>8</b>	<b>9</b>
Transfer to General Fund:		
Realisation of revaluation gains	(12)	(13)
	<b>(12)</b>	<b>(13)</b>

## 13. Commitments

### 13.1 Capital Expenditure

	2006/07	2005/06
	£000	£000
Authorised by the Chief Executive and contracted for:	343	160

Contracted Capital expenditure for 2006/07 relates to orders placed for the purchase of vehicles.

### 13.2 Operating leases

Annual operating lease rentals due on leases expiring within:			2006/07	2005/06
	Buildings £000	Other £000	Total £000	Total £000
One year		129	129	42
Two to five years		7	7	177
Over five years	754		754	580
	<b>754</b>	<b>136</b>	<b>890</b>	<b>799</b>

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 2007.

## 14. Contingent Liabilities

There were no contingent liabilities at 31 March 2007.

## 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 £18.85million (99.9% 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.

## 16. Notes to the Cash Flow Statement

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

	£000	£000
Operating surplus for year	10	10
Non-cash charges	168	147
Movement in provisions	(10)	79
Depreciation charges	885	741
Downward revaluation of fixed assets	5	12
(Profit)/loss on disposal of tangible fixed assets	87	(20)
Increase in debtors, excluding supply debtor due from the Consolidated Fund	(618)	52
Increase in creditors, excluding the amounts due to the Consolidated Fund	606	(278)
Voluntary early retirement costs paid	(11)	(14)
(Increase)/decrease in stock	6	(6)
Other provisions paid	(147)	(26)
<b>Net cash inflow from operating activities</b>	<b>981</b>	<b>697</b>

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

	£000	£000
Net funds at 1 April	1,022	1,326
Increase/(decrease) in cash in the year	198	(304)
Net funds at 31 March	1,220	1,022

### (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 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:

	2006/07	2005/06
Surplus	£10,000	£10,000
Surplus as % of income from operating activities	0.05%	0.06%

## 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 the Government Car and Despatch Agency management to the Secretary of State of the Department for Transport.

The authorised date for issue is 23 July 2007.





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