

# Financial statements for the year ended 31 March 2001

Accounts of the Vehicle Inspectorate Trading Fund for the year ended 31 March 2001, together with the Report of the Comptroller and Auditor General thereon, are prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973 as amended.

Ordered by the House of Commons to be printed.  
19 July 2001

## Foreword

The Vehicle Inspectorate is a Trading Fund within the Department of Transport, Local Government and the Regions (formerly the Department of Environment, Transport and the Regions). Its responsibilities, which are undertaken in conjunction with other authorities, are concerned with enforcing the law on vehicle safety and environmental protection legislation. This is carried out through the enforcement of traffic regulations such as drivers' hours and load weights, and the supervision of the MOT Testing scheme, the statutory testing of Heavy Goods Vehicles (HGVs), Public Service Vehicles (PSVs) and Light Goods Vehicles (LGVs), specialised inspections for vehicles transporting dangerous goods, perishable foodstuffs and goods sealed for Customs purposes, and those vehicles encompassed by the single vehicle approval scheme, etc.

The Vehicle Inspectorate was founded in 1964 as a division of the Ministry of Transport and was established as the first Executive Agency under the Government's Next Steps initiative on 1 August 1988. It attained Trading Fund status under the provisions of the Government Trading Funds Act 1973 as amended, with effect from 1 April 1991. On 1 April 1992 the Traffic Enforcement functions previously undertaken by the Department of Transport were incorporated into the Vehicle Inspectorate's responsibilities.

The accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6) of the Government Trading Funds Act 1973 as amended. The direction is reproduced at Annex A, on page 51, of the Annual Report.

## Business objectives

The business objectives of the Vehicle Inspectorate are set out on page 5 of the Annual Report.

## Financial Objectives

The Government Trading Funds Act 1973, as amended, lays upon the Minister responsible for each fund the financial objective of:

- i. managing the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet out goings which are properly chargeable to revenue account; and
- ii. achieving such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

The financial objective of the Vehicle Inspectorate is to earn an average return of 6% per annum in the form of an operating surplus expressed as a percentage of average net assets employed at current values. The Vehicle Inspectorate has the additional objective of achieving an Aggregated Cost Efficiency (ACE) target set annually by the Minister. A target of +1% was set for 2000/01.

## Financial results for the year

The Income and Expenditure Account for the year is set out on page 32 of the Annual Report.

### Turnover and Surplus

The outturn on total turnover and net surplus are:

	2000/01 £'000	1999/00 £'000
Turnover	<b>76,627</b>	68,948
Net surplus	<b>2,061</b>	4,305

The net surplus is stated after adjusting the amount reported in the Income and Expenditure Account by £351,000 in respect of additional funding received in year which relates to years prior to 31 March 1998 and after undertaking a full review of the provision for early retirement costs.

### Return on Capital (ROC)

The Vehicle Inspectorate is charged with earning a 6% return on capital (ROC). The resultant deficit after allowing for this requirement is:

	2000/01 £'000	1999/00 £'000
Net surplus	2,061	4,305
ROC requirement	(2,963)	(3,027)
(Deficit)/Surplus after ROC	<u>(902)</u>	<u>1,278</u>

The net surplus of £2,061,000 on ordinary activities (excluding interest, dividend and exceptional items) represents a return on average net assets of 4.2% (8.5% in 1999/00).

The average return on net assets over the period 1 April 1998 to 31 March 2001 was 8.9%. This compares with the target, as stated in Annex B on page 53 of the Annual Report, of an average return over the period 1 April 1998 to 31 March 2003 of 6%.

If the Statement of Account had been prepared on the historical cost basis without the revaluation of certain assets, then the net surplus on ordinary activities would be £1,660,000 [1999/00 £5,151,000]. Based on historical cost asset valuations, this is equivalent to a 2.9% rate of return.

### Retained deficit

After deducting actual interest paid and providing for a distributable dividend but excluding exceptional items, the retained deficit is:

	2000/01 £'000	1999/00 £'000
Net surplus	2,061	4,305
Interest paid	(2,111)	(1,890)
Dividend payable	(850)	(1,144)
Retained (deficit)/surplus for the year	<u>(900)</u>	<u>1,271</u>

The ACE outturn of +1% achieved the target of +1% set by the Minister.

### Market value of land and buildings

Freehold and leasehold land and buildings are re-valued every year with approximately one fifth of the estate being valued by an independent valuer. The revaluation index resulting from the exercise is applied across the remainder of the properties. The Directors believe that there is no significant difference between the book values and the market values of the land and buildings.

Movements in tangible fixed assets are set out in notes 8.

### Future developments

The future developments of the Vehicle Inspectorate are discussed in 'The Future' on page 55 of the Annual Report.

### Directing Board

The composition of the Board as at 31 March 2001 is set out on page 4 of the Annual Report.

### Policy and Practice on the Payment of creditors

The Vehicle Inspectorate adheres to the policy as set out in the Department of Transport Report (Command 3206) of paying 95% of all undisputed bills in accordance with contractual conditions or, where no such conditions exist, within 30 days of the receipt of goods or services or the presentation of a valid invoice, whichever is the later.

Throughout the year 99% of undisputed invoices were settled within this policy.

The Vehicle Inspectorate is also a supporter of the CBI's Prompt Payers Code of Good Practice.

## Employment of registered disabled

Full and fair consideration is given to applications for employment by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible arrangements are made for the continuing employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled employees.

## Staff involvement

During 2000/01 the Vehicle Inspectorate employed, on average, 1,902 (full-time equivalent) people throughout the country. The Vehicle Inspectorate is an equal opportunity employer. Consequently, all staff, irrespective of their status, orientation or origin, will be treated equally and judged solely on the basis of their ability, qualifications and fitness for the work.

Staff involvement is actively encouraged within the Vehicle Inspectorate as part of the day-to-day process of line management supplemented with the wide dissemination of information through computerised networks and other means, including an in-house magazine entitled VISBIZ.

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

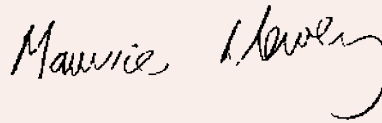
## Training and Health and Safety

One of management's main priorities is to invest positively in training and individual development. The Vehicle Inspectorate achieved formal accreditation for Investors in People in November 1999. A full programme of training courses is run both at the Bristol Training Centre and at local venues.

The Health and Safety at work of all employees continues to be a priority and safety policies and procedures remain under constant review to achieve further improvements.

## Auditors

The accounts of the Vehicle Inspectorate Trading Fund are audited by the Comptroller and Auditor General in accordance with Section 4(6) of the Government Trading Funds Act 1973.



M Newey  
Chief Executive and Accounting Officer.  
29 June 2001

## Statement of Vehicle Inspectorate's and Chief Executive's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Vehicle Inspectorate Trading Fund to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at Annex A on page 51 to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Trading Fund'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 Vehicle Inspectorate is required to:

- observe the accounts direction issued by the 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 have been followed, and to disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Vehicle Inspectorate will continue in operation.

The Treasury has appointed the Chief Executive of the Vehicle Inspectorate as the Accounting Officer for the Vehicle Inspectorate. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting* (TSO).

## Statement on Internal Control

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

The system of internal control is designed to manage rather than eliminate all risk; 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 the principal risks facing the Vehicle Inspectorate, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the procedures in place in March 2002 necessary to implement the Treasury guidance. This takes account of the time needed to fully embed the processes, which the Vehicle Inspectorate has agreed should be established, and improve their robustness.

We plan to hold a risk management workshop, to be attended by representatives of all grades of staff throughout the Vehicle Inspectorate, during which we will identify the Vehicle Inspectorate's risks and determine a control strategy for each of the significant risks. As a result of this workshop, a risk management policy document will be sent to all staff setting out the Vehicle Inspectorate's attitude to risk to the achievement of the Vehicle Inspectorate's objectives.

The Management Board and the Audit and Risk Management Committee have changed their agendas so that risk management and internal control will be considered on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management has been incorporated more fully into the corporate planning and decision making processes of the Vehicle Inspectorate.

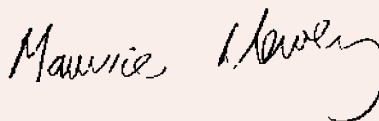
The Management Board will receive periodic reports concerning internal control and we will require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects.

In addition to the actions mentioned above, in the coming year the Vehicle Inspectorate plans to:

- to introduce a process which will identify and keep up to date the record of risks facing the organisation;
- introduce a programme of risk awareness training;
- establish a system of key risk indicators; and
- develop and maintain an organisation-wide risk register.

The Vehicle Inspectorate has an internal audit unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Vehicle Inspectorate's systems of internal control together with recommendations for improvement.

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 Vehicle Inspectorate who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports.



M Newey  
Chief Executive and Accounting Officer.  
29 June 2001

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 32 to 50 under the Government Trading Funds Act 1973. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 36 and 37.

### Respective responsibilities of the Vehicle Inspectorate, the Chief Executive and Auditor

As described on page 29 the Vehicle Inspectorate and Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Vehicle Inspectorate and the Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Trading Funds Act 1973 and Treasury directions made thereunder, and whether in all material respects of expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Vehicle Inspectorate has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 30 reflects the Vehicle Inspectorate's compliance with Treasury's guidance 'Corporate governance: statement on internal control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

### Basis of Opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Vehicle Inspectorate and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Vehicle Inspectorate'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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Vehicle Inspectorate as at 31 March 2001 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Trading Funds Act 1973 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General  
5 July 2000

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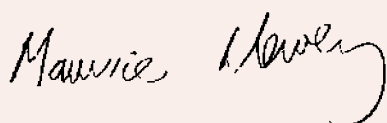
## Income and Expenditure account for the year ended 31 March 2001

	Notes	2001 £'000	2001 £'000	2000 £'000	2000 £'000
<b>Income from operations</b>					
Income from activities	2/3	71,003		63,546	
Other operating income		5,624		5,402	
		<u>          </u>		<u>          </u>	
<b>Total income from operations</b>			<b>76,627</b>		<b>68,948</b>
<b>Expenditure</b>					
Staff costs	5/6	(43,249)		(39,249)	
Early retirement scheme costs	14	(150)		(289)	
Depreciation	8	(7,245)		(4,999)	
Other operating charges		(23,970)		(20,387)	
		<u>          </u>		<u>          </u>	
			<b>(74,614)</b>		<b>(64,924)</b>
<b>Operating surplus</b>	4		<b>2,013</b>		<b>4,024</b>
Interest receivable and similar income			<b>399</b>		<b>281</b>
			<u>          </u>		<u>          </u>
<b>Net surplus on ordinary activities</b>			<b>2,412</b>		<b>4,305</b>
Interest payable	7a		<b>(2,111)</b>		<b>(1,890)</b>
Dividend payable	7b		<b>(850)</b>		<b>(1,144)</b>
			<u>          </u>		<u>          </u>
<b>Retained (deficit)/surplus for the year</b>			<b>(549)</b>		<b>1,271</b>
Retained surplus brought forward			<b>11,833</b>		<b>10,562</b>
			<u>          </u>		<u>          </u>
<b>Retained surplus carried forward</b>			<b>11,284</b>		<b>11,833</b>
			<u>          </u>		<u>          </u>

The income and operating surplus shown above are derived entirely from continuing activities.  
The notes on pages 36 to 50 form part of these accounts.

## Balance Sheet as at 31 March 2001

	Notes	2001 £'000	2001 £'000	31 March 2000 £'000	31 March 2000 £'000
<b>Fixed assets</b>					
Tangible assets	8	50,490		58,217	
			50,490		58,217
<b>Current assets</b>					
Debtors	9	2,906		1,680	
Cash in hand and at bank	13	3,874		1,639	
		6,780		3,319	
<b>Current liabilities</b>					
Creditors falling due within one year	10a	(10,287)		(9,762)	
<b>Net current liabilities</b>					
			(3,507)		(6,443)
<b>Total assets less current liabilities</b>					
			46,983		51,774
<b>Financed by:</b>					
Creditors falling due after one year	10b		516		618
Provision for liabilities and charges	14		1,024		1,217
<b>Capital and reserves</b>					
Public Dividend Capital	15	20,331		20,331	
Loans from the Secretary of State	16	19,107		16,169	
Revaluation Reserve		(5,279)		1,606	
Income and Expenditure account		11,284		11,833	
			45,443		49,939
			46,983		51,774



**M R Newey**

Chief Executive and Accounting Officer

29 June 2001

The notes on pages 36 to 50 form part of these accounts.

## Cash flow statement for the year ended 31 March 2001

	Notes	31 March 2001 £'000	31 March 2000 £'000
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Operating surplus		1,662	4,024
Depreciation		7,245	4,999
Prior year income receive in year		351	0
Net movement in early retirement provision	14	(193)	(323)
(Profit)/Loss on sale of fixed assets	8	(110)	77
(Increase)/Decrease in debtors before interest	9	(1,219)	536
Increase in creditors	10a	1,111	950
		<u>8,847</u>	<u>10,263</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flow statement</b>			
Net cash inflow from operating activities		8,847	10,263
Returns on investments and servicing of finance	12a	(1,719)	(1,617)
Capital expenditure	12b	(6,594)	(8,906)
Dividend paid		(1,144)	(884)
		<u>(610)</u>	<u>1,144</u>
<b>Net cash (outflow) before financing</b>			
Financing	12c	2,845	852
		<u>2,235</u>	<u>(292)</u>
<b>Increase/(Decrease) in cash</b>			
<b>Reconciliation of net cashflow to movement in net (debt)/funds (note 13)</b>			
Increase/(Decrease) in cash in the period		2,235	(292)
Repayment of loan from Secretary of State		61	62
Payment of lease		94	0
New loan from Secretary of State issued in year		(3,000)	(1,000)
		<u>(610)</u>	<u>(1,230)</u>
Change in net funds		(610)	(1,230)
Finance Lease entered into in year		0	(712)
Net (debt)/funds at 1 April		(1,057)	885
		<u>(1,667)</u>	<u>(1,057)</u>
<b>Net (debt) at 31 March</b>			

The notes on pages 36 to 50 form part of these accounts.

## Statement of total recognised gains and losses

	2001 £'000	2000 £'000
(Deficit)/surplus for the financial year	(549)	1,271
Unrealised (deficit)/surplus on revaluation of assets	(6,885)	99
<b>Total recognised losses and gains relating to the year</b>	<b>(7,434)</b>	<b>1,370</b>

### Note of historical cost surplus and deficit

	2001 £'000	2000 £'000
Reported retained (deficit)/surplus	(549)	1,271
Difference between a historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(401)	846
Historical cost (deficit)/surplus arising	(950)	2,117

### Reconciliation of movements in capital and reserves (Government Funds)

	Public Dividend Capital £'000	Loans from Secretary of State £'000	Revaluation Reserve £'000	Income and Expenditure Account £'000	Total £'000
Government Funds at 1 April 2000	20,331	16,169	1,606	11,833	49,939
Transfer from income and expenditure statement for the year	0	0	0	(549)	(549)
Deficit on revaluation of fixed assets	0	0	(6,885)	0	(6,885)
New loan vested in year	0	3,000	0	0	3,000
Transfer of loan due within one year to creditor	0	(62)	0	0	(62)
Movement in year	0	2,938	(6,885)	(549)	(4,496)
<b>Government Funds at 31 March 2001</b>	<b>20,331</b>	<b>19,107</b>	<b>(5,279)</b>	<b>11,284</b>	<b>45,443</b>

The notes on pages 36 to 50 form part of these accounts.

## Notes to the accounts

### 1. Accounting policies

#### a. Historical cost convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets, in a form directed by the Treasury in accordance with Section 4(6) of the Government Trading Funds Act 1973 as amended. They comply with the accounting and disclosure requirements of the Companies Act 1985 as amended, and the accounting standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate.

#### b. Fixed Assets

Land and buildings are included at cost to the Trading Fund at the date of acquisition. These are revalued annually with approximately one fifth of the estate being valued by an independent valuer each year on a market value for existing use basis; the balance is revalued by extrapolating the results from those valued and applying the resultant percentage increase or decrease. All other assets are revalued annually using indices published by the Office for National Statistics.

The valuations are described in note 8. Surpluses and deficits arising on revaluation are taken to the revaluation reserve; permanent diminution in the value of fixed assets is charged to the income and expenditure account.

Title to the freehold land and buildings is held by the Department of Transport, Local Government and the Regions, in the name of the Secretary of State. The control and management of the freehold land and buildings is vested in the Vehicle Inspectorate as if legal transfer has been effected.

Profit or loss on disposal of all categories of fixed asset is calculated on the revalued amount.

The minimum level for capitalisation as a tangible fixed asset is £500. Assets purchased in the year, which are in the course of construction, are classified as such (see note 8).

#### c. Depreciation

##### *Properties*

A full year's depreciation is charged in the first year that properties are commissioned and on any revaluation. The depreciation charge is calculated to write down the property by equal instalments over their estimated useful lives as follows:

Freehold land is not depreciated.

Freehold buildings 17–40 years

Leasehold property is fully written down over the term of the lease.

##### *Other Categories*

Depreciation is charged from the month of implementation and is calculated to write down the assets on a straight line basis over their estimated useful lives, as follows:

Plant, equipment & vehicles	5 –10 years
Computer hardware	5 years
Bespoke computer software	2 –10 years

Assets in the course of construction are not depreciated until commissioned.

**d. Leasing**

Assets held under finance leases are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after more than one year.

The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease.

**e. Research and Development.**

Expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Expenditure incurred on the development of new products or services which have been undertaken with a reasonable expectation of future benefits arising from the work, either from increased revenue or reduced costs, and the costs of which are reasonably regarded as being recoverable, are deferred to be matched against future revenues.

**f. Pension Scheme and Early Retirement Scheme.**

Employees are covered by the provisions of the Principal Civil Service Pension Scheme in respect of their pensions. Payment is made by the Vehicle Inspectorate into the Consolidated Fund of such sums to cover the accruing liabilities of the Treasury in respect of Superannuation benefits for persons who have been employed in the funded operations and in respect of the administrative expenses attributable to the liabilities and their discharge. These are calculated at contribution rates advised by the Treasury.

The Vehicle Inspectorate operated an Early Retirement Scheme which continues to pay retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. The Vehicle Inspectorate bears the cost of these benefits until the normal retiring age of the employees retired under the Early Retirement Scheme.

The total pension liability up to normal retiring age in respect of each employee has been charged to the income and expenditure account in the year in which the employee took early retirement and a provision for the future pension payments has been created. Funds are released from that provision annually to fund pensions and related benefits payments to the retired employee until normal retiring age.

**g. Value Added Tax**

The Vehicle Inspectorate is not separately registered for Value Added Tax (VAT). VAT is accounted for centrally by the Department of Transport, Local Government and the Regions (DTLR). The Vehicle Inspectorate through the DTLR registration under specific Treasury Direction recovers input VAT on certain contracted out services. Income and expenditure are shown net of recoverable VAT. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets.

## 2. Income and surplus/(deficit) on activities

The following information is produced for Fees and Charges purposes and does not constitute segmental reporting under Statement of Standard Accounting Practice 25. Income represents the revenue received for services provided by the Vehicle Inspectorate. All activities were carried out in the United Kingdom.

Activity	2000/01		1999/2000	
	Income £'000	Surplus/ (deficit) £'000	Income £'000	Surplus/ (deficit) £'000
HGV plating and testing	26,050	(3,551)	25,161	(948)
PSV testing	4,004	(201)	4,027	270
Administration of MOT testing scheme and standards control	16,943	4,695	13,498	1,269
LGV testing	696	(79)	811	(77)
HGV operator licensing and enforcement	5,337	(382)	4,719	(135)
PSV operator licensing and enforcement	1,473	(469)	1,035	(305)
HGV traffic enforcement	8,602	569	7,312	50
PSV traffic enforcement	1,055	70	1,178	115
Accidents, Defects and Recalls	1,088	(269)	768	(216)
Car/LGV enforcement	1,130	(100)	1,103	(32)
COIF (Certificate of Fitness)	905	(190)	1,004	224
Single Vehicle Approval	2,335	(1,911)	2,166	564
Other Schemes	800	(163)	764	(346)
Total	<u>70,418</u>	<u>(1,981)</u>	<u>63,546</u>	<u>433</u>

The (deficit)/surplus is stated after charging £621,000 [1999/00 £852,000] being the amortisation of early retirement costs. Additionally the MoT scheme bears the cost of the MoT computerisation project. An additional £585,000 was brought to account during 2000/01 as income from the Department for work undertaken in prior years, this is not included in the above figures.

## 3. Operating income

During the year the Department of Transport, Local Government and the Regions agreed to pay the Vehicle Inspectorate £585,000 in recognition of work completed in prior years but not paid for. This has been included in the income from activities figure reported in the Income and Expenditure Account.

#### 4. Operating surplus

- a. For the purpose of calculating the actual return on capital the net surplus on ordinary activities reported in the Income and Expenditure Account has been adjusted by £351,000. This is the additional funding received in year which relates to years prior to 31 March 1998. The adjustment has been made to ensure that the actual return on capital is not overstated against the additional finance target placed on the Vehicle Inspectorate by the Treasury of achieving an average 6% return on capital over the period 1 April 1998 and 31 March 2003, as stated in Annex B on page 53 of the Annual Report.
- b. The operating surplus is stated after charging/(crediting):

	<b>2000/01</b>	1999/2000
	<b>£'000</b>	£'000
Depreciation	<b>7,245</b>	4,999
Hire of plant and machinery	<b>193</b>	211
Rent	<b>407</b>	374
Rates	<b>1,487</b>	276
Maintenance and estate running costs	<b>4,076</b>	3,239
Postage and stationery	<b>2,423</b>	2,352
Travel and subsistence	<b>4,493</b>	4,030
Audit fee	<b>37</b>	35
Rental income	<b>(900)</b>	(900)

## 5. Directing Board and Advisory Board.

a. The salary and pension entitlement of the Directing Board of the Vehicle Inspectorate were as follows:

	Age	Salary including performance pay £'000	Real increase in pension at 60 £'000	Total accrued pension at 60 at 31/3/2001 £'000
Mr Maurice Newey – Chief Executive	56	85–90	0– 2.5	0–5
Mr Jeffrey Belt – Director	55	55–60	0– 2.5	10–15
Mr Hugh Edwards – Director	53	55–60	0– 2.5	15–20
Mrs Judith Smith – Director	34	50–55	0– 2.5	0–5
Mr Robert Tatchell – Director	47	55–60	0– 2.5	20–25

Salary includes gross salary, performance pay or bonuses and allowances to the extent that they are subject to UK taxation.

Pension benefits are provided through the Principal Civil Service Pension Scheme. This is a statutory scheme that provides benefits on a final salary basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1<sup>1</sup>/<sub>2</sub>% of pensionable earnings.

Mrs Smith resigned from the Vehicle Inspectorate with effect from July 2001.

b. Along with the members of the Vehicle Inspectorate's Directing Board named above, the following officers constituted the Vehicle Inspectorate's Advisory Board at 31 March 2001.

Mr Willy Rickett – Chairman – Director General – Transport Strategy and Planning

Mr John Plowman – Director – Road Safety and Environment

Mr Brian Wadsworth – Director – Logistics and Maritime Transport

Mr Richard How – Divisional Manager – Corporate Business and Agencies

Ms Elizabeth Bertoya Sparrow – non executive appointee

Mr Harry Wills – non executive appointee

During the year Mr Rickett took on the role of chairman of the board from Mr Brearley, and Mr How replaced Mr Walton on the board. Effective from June 2001 Mr Rickett left the Vehicle Inspectorate's Advisory Board. Mr John Plowman has taken the role as Chairman.

## 6. Staff costs

a. Employment costs, including remuneration paid to the Directing Board members, were:

	2000/01 £'000	1999/2000 £'000
Wages and salaries	36,300	33,854
Social Security costs	2,506	2,339
Other pension costs	4,443	4,091
	<u>43,249</u>	<u>40,284</u>
Capitalised staff costs	(0)	(1,035)
	<u>43,249</u>	<u>39,249</u>

The employees of the Vehicle Inspectorate are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. During 2000/01 contributions of £4,443,000 (1999/00 £4,091,000) were paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. These rates were in the range of 12% to 18.5%.

b. The average monthly number of employees during the year was as follows:

VI Pay Band	Broad Category of staff in Band	2000/01 Number	1999/2000 Number
1	Testers, Handypersons, Assistant Administrative Officers	391	404
2	Assistant Vehicle Examiners, Administrative Officers, Apprentices	553	515
3	Vehicle and Traffic Examiners, Executive Officers	685	622
4	Higher Vehicle Examiners, Senior Traffic Examiners, Higher Executive Officers	187	185
5	Senior Vehicle Examiners, Senior Executive Officers	59	55
6	Senior Management	22	22
7	Directors	4	4
	Senior Civil Servants	1	1
	Average number of employees	<u>1,902</u>	<u>1,808</u>

## 7. Interest and dividend payable

### a. Interest payable

	2000/01 £'000	1999/2000 £'000
On original vesting loan	1,478	1,478
On loan issued in 1996/97	80	85
On loan issued in 1999/2000	64	7
On loan issued in 2000/2001	177	0
In lieu of dividend of Public Dividend Capital in respect of current year	252	252
On Finance Lease	60	68
	<u>2,111</u>	<u>1,890</u>
Interest payable		

During the year the second tranche of an additional loan was vested in the Vehicle Inspectorate for the purposes of providing the resources and facilities to undertake tests arising from the introduction of the Enhanced Single Vehicle Approval Scheme. Also in year the first tranche of an additional loan was vested in the Vehicle Inspectorate for the purpose of providing a new testing facility in the North West of England.

When the Vehicle Inspectorate Trading Fund was established, the opening Balance Sheet had more Public Dividend Capital than Long Term Loan. The normal gearing for a Trading Fund opening balance sheet is equal proportion of Public Dividend Capital and Long Term Loan. The Vehicle Inspectorate therefore agreed to pay the Treasury £252,000 each year to cover interest foregone on the loan.

During 1999/2000 the Vehicle Inspectorate entered into a long term leasing arrangement for new telephone exchanges that have been installed throughout the Vehicle Inspectorate

**b. Dividend payable**

Dividends, payable to the Treasury, can arise from two targets placed on the Vehicle Inspectorate, the average return on capital and the Aggregate Cost Efficiency (ACE) target.

The Vehicle Inspectorate's average rate of return on capital to March 2001 was 8.9% [1999/2000 – 11.3%], against the further financial target of an average 6%, as stated in Annex B on page 53 of the Annual Report. A dividend is therefore payable from this target. This dividend is limited to the annual average target of 6%.

	2000/01 £'000	1999/2000 £'000
Calculated level of return on average assets at 6%	2,963	3,027
Interest paid to the Secretary of State	(2,051)	(1,822)
Loan Capital repayment	(62)	(61)
Dividend payable	<u>850</u>	<u>1,144</u>

The calculated level of return to the Treasury is £2,963,000 based on the target average return of 6%. After deducting interest paid on long term loans of £2,051,000 and the capital repayment in year of £62,000, a dividend of £850,000 is payable.

The Vehicle Inspectorate's performance on the ACE target of 1.0% met the +1% target.

Under the rules for the ACE calculation, the first 1% over-achievement is payable as a staff bonus. Any over-achievement above this 1% is payable in equal proportions between a bonus to staff and a dividend to the Treasury. As the actual outturn of 1.0% is at the target level no dividend is payable to the Treasury from this source.

## 8. Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land and buildings (>50 yrs) £'000	Short leasehold land and buildings £'000	Plant equipment and vehicles £'000	Leased equipment £'000	Computer equipment £'000	Assets in course of construction £'000	Total £'000
<b>Cost or valuation</b>								
At 1 April 2000	45,830	1,833	547	12,633	798	22,339	3,130	87,110
Additions	596	242	10	1,819	0	1,108	2,652	6,427
Disposals	(64)	0	0	(190)	0	(35)	0	(289)
Reclassification	1,106	0	0	32	0	2,204	(3,342)	0
Revaluation	(2,494)	(329)	(41)	282	0	(3,171)	0	(5,753)
At 31 March 2001	<u>44,974</u>	<u>1,746</u>	<u>516</u>	<u>14,576</u>	<u>798</u>	<u>22,445</u>	<u>2,440</u>	<u>87,495</u>
<b>Accumulated depreciation</b>								
Accumulated depreciation								
At 1 April 2000	16,223	213	100	8,270	57	4,030	0	28,893
Charge for year	1,904	22	11	1,236	114	3,958	0	7,245
Disposals	(41)	0	0	(190)	0	(34)	0	(265)
Reclassification	0	0	0	0	0	0	0	0
Revaluation depreciation	605	(10)	(6)	108	0	435	0	1,132
At 31 March 2001	<u>18,691</u>	<u>225</u>	<u>105</u>	<u>9,424</u>	<u>171</u>	<u>8,389</u>	<u>0</u>	<u>37,005</u>
<b>Net Book Value</b>								
At 31 March 2001	<u>26,283</u>	<u>1,521</u>	<u>411</u>	<u>5,152</u>	<u>627</u>	<u>14,056</u>	<u>2,440</u>	<u>50,490</u>
At 1 April 2000	<u>29,607</u>	<u>1,620</u>	<u>447</u>	<u>4,363</u>	<u>741</u>	<u>18,309</u>	<u>3,130</u>	<u>58,217</u>
Corresponding Historical Net Book Amount								
At 31 March 2001	<u>26,389</u>	<u>4,844</u>	<u>848</u>	<u>4,099</u>	<u>627</u>	<u>17,663</u>	<u>2,440</u>	<u>56,910</u>

20% of the Vehicle Inspectorate's land and buildings were valued during 2000/01 by the Building and Property Facilities Management and the remainder by extrapolating the results from those valued and applying the resultant percentage increase or decrease. Plant and computing equipment were revalued by using appropriate indices.

All properties were occupied by the Vehicle Inspectorate and the basis of valuation was open market for existing use. It is the view of the valuer that where diminution in values have occurred they are not of a permanent nature. The net deficit of £6,885,000 on the revaluation of assets has therefore been charged directly to the revaluation reserve.

Assets in the category of Freehold Land and Buildings with a net book value of £23,000 were sold for £108,000, Plant, Equipment and Vehicles with a net book value of nil were sold for £20,000 in year, and Computer equipment with a net book value of £1,000 were realised for £6,000.

## 9. Debtors

	31 March 2001 £'000	31 March 2000 £'000
Trade debtors	1,774	186
Other debtors	794	1,133
Loans to staff	265	321
Prepayments	43	17
	<hr/>	<hr/>
Sub total (cashflow movement)	2,876	1,657
Accrued interest	30	23
	<hr/>	<hr/>
<b>Total debtors</b>	<b>2,906</b>	<b>1,680</b>

## 10. Creditors

a. Amounts falling due within one year:

	31 March 2001 £'000	31 March 2000 £'000
Fees in advance	4,451	4,086
Other creditors	4,151	3,235
Accruals and deferred income	610	780
	<hr/>	<hr/>
Sub total (cashflow movement)	9,212	8,101
Capital accruals	61	362
Long term loan due within one year	62	61
Finance lease due within one year	102	94
Dividend payable	850	1,144
	<hr/>	<hr/>
<b>Total creditors</b>	<b>10,287</b>	<b>9,762</b>

b. Amounts falling due after more than one year:

	31 March 2001 £'000	31 March 2000 £'000
Finance lease due after one year	516	618
	<hr/>	<hr/>
<b>Total creditors falling due after one year</b>	<b>516</b>	<b>618</b>

The finance lease is secured on the assets acquired under the finance lease.

## 11. Average return on capital

The average return on net assets over the period 1 April 1998 to 31 March 2001 was 8.9%. This compares with the target, as stated in Annex B on page 53 of the Annual Report of an average of 6% over the period 1 April 1998 to 31 March 2003.

## 12. Notes to the Cash Flow Statement

	2001 £'000	2000 £'000
<b>a. Return on investments and servicing of finance</b>		
Interest receivable in year	399	281
Interest accrued at 1 April	23	15
Interest accrued at 31 March	(30)	(23)
	<hr/>	<hr/>
Interest received in year	392	273
Interest paid in year	(2,111)	(1,890)
	<hr/>	<hr/>
Net interest paid	<u>(1,719)</u>	<u>(1,617)</u>
<b>b. Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(6,427)	(7,939)
Capital creditors at 1 April	(362)	(1,343)
Capital creditors at 31 March	61	362
	<hr/>	<hr/>
Payments to acquire fixed assets	(6,728)	(8,920)
Receipts from sale of fixed assets	134	14
	<hr/>	<hr/>
Net payments to acquire fixed assets	<u>(6,594)</u>	<u>(8,906)</u>
<b>c. Financing</b>		
Repayment of Loan from Secretary of State	(61)	(62)
New Loan from Secretary of State	3,000	1,000
Capital Repayment of Finance Lease	(94)	(86)
	<hr/>	<hr/>
Net Financing	<u>2,845</u>	<u>852</u>

## 13. Analysis of changes in net (debt)/funds

	At 1 April 2000 £'000	Cash flow £'000	Other changes £'000	At 31 March 2001 £'000
Cash in hand, and at bank	1,639	2,235	0	3,874
Loan due within one year	(61)	61	(62)	(62)
Loans due after one year	(1,923)	(3,000)	62	(4,861)
Finance Lease due within one year	(94)	94	(102)	(102)
Finance Lease due after one year	(618)	0	102	(516)
Total	<u>(1,057)</u>	<u>(610)</u>	<u>0</u>	<u>(1,667)</u>

The net (debt)/funds position shown above excludes the vesting loan of £14,246,000 as this is a maturity loan with no capital repayments. The terms of the loan are not due to be re-negotiated until the year 2006.

## 14. Provision for liabilities and charges.

	Early Retirement Costs £'000	Total £'000
At 1 April 2000	1,217	1,217
Provision in year	150	150
Payments during the year	(343)	(343)
At 31 March 2001	<u>1,024</u>	<u>1,024</u>

Under the Vehicle Inspectorate's Early Retirement scheme an additional provision of £150,000 was made in year (£289,000 in 1999/2000) for retirements and inflationary pension increases. A total of £343,000 (1999/2000 £612,000) was transferred from the provision to fund pensions and related benefits payment.

## 15. Public Dividend Capital

	2001 £'000	2000 £'000
As at 1 April	20,331	20,331
As at 31 March	<u>20,331</u>	<u>20,331</u>

Public Dividend Capital of £19,100,000 was issued to the Vehicle Inspectorate when it became a Trading Fund on 1 April 1991. This represented 57% of the value of the assets vested in the Vehicle Inspectorate at that date. In 1996/97 an additional Public Dividend Capital of £1,231,000 was issued to the Vehicle Inspectorate. This represents 50% of the valuation placed on seven properties vested in the Vehicle Inspectorate on 1 April 1996, under the recommendations of the Efficiency Scrutiny of the Management of the Government's Civil Estate. The total Public Dividend Capital issued to the Vehicle Inspectorate at 31 March 2001 is £20,331,000.

## 16. Loans from the Secretary of State

	Long-term repayment due	
	within one year (included in Creditors) £'000	after one year (included in Capital & Reserves) £'000
Loans outstanding at 31 March 2001 comprise:		
Original vesting loan		
15-year maturity loan @ 10.375%	0	14,246
Additional loan issued in 1996/97		
20-year repayment loan @ 8.25% interest	62	861
Further loan issued in 1999/2000		
5-year repayment loan @ 6.375% interest	0	1,000
Loan issued in 2000/01		
5 year repayment loan @ 6.25% interest	0	2,000
Loan issued in 2000/01		
5 year repayment loan @ 6.125% interest	0	1,000
Total of maturity and repayable loans	<u>62</u>	<u>19,107</u>

A 15 year maturity loan of £14,246,000 at 10.375% was issued to the Vehicle Inspectorate from the Department of Transport when it became a Trading Fund on 1 April 1991. This represented 43% of the value of the assets vested in the Vehicle Inspectorate at that date.

In 1996/97 a 20-year repayment loan of £1,230,000 at 8.25% was issued to the Vehicle Inspectorate. This represents 50% of the valuation placed on seven properties vested in the Vehicle Inspectorate on 1 April 1996, under the recommendations of the Efficiency Scrutiny of the Management of the Government's Civil Estate.

In 1999/2000 a 5-year repayment loan of £1,000,000 at 6.375% was issued to the Vehicle Inspectorate. This represents the first tranche of a loan to enable the Vehicle Inspectorate to provide the resources and facilities to undertake tests associated with the introduction of the Enhanced Single Vehicle Approval Scheme.

During 2000/01 a 5 year repayment loan of £2,000,000 at 6.25% was issued to the Vehicle Inspectorate being the second tranche of the loan to enable the Vehicle Inspectorate to provide the resources and facilities to undertake tests associated with the introduction of the Enhanced Single Vehicle Approval Scheme. Also in 2000/01 a 5 year repayment loan of £1,000,000 at 6.125% was issued to the Vehicle Inspectorate. This represents the first tranche of loans to enable the development of a new testing and training facility in the North West of England.

All loans are unsecured.

## 17. Capital commitments

	<b>At 31 March 2001 £'000</b>	At 31 March 2000 £'000
Contracted	<u>508</u>	<u>577</u>

## 18. Related Party Disclosures

The Department Transport, Local Government and the Regions is regarded as a related party. During the year the Vehicle Inspectorate has had various transactions with the Department and with other entities for which the Department is regarded as the parent Department, namely the Driving Standards Agency and the Driver and Vehicle Licensing Agency.

In addition the Vehicle Inspectorate has had a small number of transactions with other Government Departments and other central government bodies. Most of these transactions have been with the Treasury Solicitors Department.

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

## 19. Private Finance Initiative

In February 2000 a contract, under the Private Finance Initiative, was entered into with Siemens Business Services, for the provision of a computerised service for MOT testing and administration. This has not been recognised in the Balance Sheet. Payments to Siemens Business Services for the delivery of this service will commence when the national rollout of the computerised system commences. However, under the terms of the contract termination costs are payable to Siemens Business Services should the Vehicle Inspectorate terminate the contract before the official termination date. These termination costs will vary dependant on the period of the contract that has expired. The level of these costs will grow substantially during the development and installation stages of the contract.

At the Balance Sheet date of 31 March 2001 Siemens Business Services had incurred significant costs in the design and development of the systems. Any termination cost that the Vehicle Inspectorate would be liable to pay to Siemens Business Services prior to the implementation of the systems would be decided by negotiation.

## 20. Contingent Liabilities

There are no contingent liabilities for 2000/01.

## 21. Post balance sheet events

There have been no events since the end of the financial year which would affect the understanding of these financial statements.

## Annex A

### Accounts Direction given by the Treasury

The Treasury in pursuance of Section 4(6) of the Government Trading Funds Act 1973, hereby gives the following Direction:

1. The statement of accounts which it is the duty of the Vehicle Inspectorate to prepare in respect of the financial year ended 31 March 1992 and in respect of any subsequent financial year shall comprise:
  - a. a foreword;
  - b. an income and expenditure account;
  - c. a balance sheet; and
  - d. a cash flow statement;
 including in each case such notes as may be necessary for the purposes referred to in the following paragraphs.
  
2. The Vehicle Inspectorate shall observe all relevant accounting and disclosure requirements given in *Government Accounting* and in the Treasury booklet *Trading Account: A Guide for Government Departments and Non-Department Public Bodies* (the *Trading Accounts booklet*) as amended or augmented from time to time.
  
3. The statement of accounts referred to above shall give a true and fair view of the income and expenditure, state of affairs and cash flows to the Vehicle Inspectorate. Subject to the foregoing requirements, the statement of accounts shall also, without limiting the information given and as described in Schedule 1 of this Direction, meet:
  - a. the accounting and disclosure requirements of the Companies Acts;
  - b. best commercial accounting practices including Statement of Standard Accounting Practice as amended or augmented from time to time; and
  - c. any disclosure and accounting requirements which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
 insofar as these are appropriate to the Vehicle Inspectorate and are in force for the financial period for which the statement of accounts is to be prepared.
  
4. Additional disclosure requirements are set out in Schedule 2 of this Direction.
  
5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
  - a. fixed assets at their value to the business by reference to current costs; and
  - b. stocks, if any, at the lower of current replacement cost and recoverable amount – but only if stocks represent a significant proportion of total assets and are materially affected by changing prices.

J Beastall  
*Treasury Office of Accounts*

25 March 1991

## Schedule 1

### Application of the Companies Acts' requirements

1. The disclosure exemptions permitted by the Companies Acts in force for the financial period for which the statement of accounts is to be prepared shall not apply to the Vehicle Inspectorate unless specifically approved by the Treasury.
2. The foreword shall contain the information required by the Companies Acts to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to the Vehicle Inspectorate.
3. In preparing its income and expenditure account and balance sheet, the Vehicle Inspectorate shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies Act 1985 as amended by the Companies Act 1989 to the extent that such requirements are appropriate to the Vehicle Inspectorate. Regard should be had to the examples in Annex C of the Trading Accounts booklet, in particular the need to strike the balance sheet totals at 'Total Assets less Current Liabilities'.
4. The foreword and balance sheet shall be signed and dated.

## Schedule 2

### Additional disclosure requirements

1. The foreword shall state that the accounts have been prepared in accordance with a direction given by the Treasury in pursuance of Section 4(6) of the Government Trading Funds Act 1973.
2. The foreword shall include a brief history of the Vehicle Inspectorate and its statutory background.

Regard should be had to Annexes B and C of the Trading Accounts booklet.

3. The notes to the accounts shall include details of the further financial objective set by the responsible Minister with Treasury concurrence in accordance with Section 4(1)(b) of the Government Trading Funds Act 1973, together with an indication of the performance achieved. The Treasury minute shall be reproduced as an appendix to the accounts.

## Annex B

### Vehicle Inspectorate Trading Fund:

#### Setting of further financial objectives for the period 1 April 1998 to 31 March 2003

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and in discharge of his functions in relation to the fund it shall be his duty:
  - a. to manage the funded operations so that the revenue of the fund:
    - i. consist principally of receipts in respect of goods or services provided in the course of the funded operations; and
    - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
  - b. to achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. The trading fund for the Vehicle Inspectorate will be established on 1 April 1991 under the Vehicle Inspectorate Trading Fund Order 1998 (SI 1991 No.773).
3. The Secretary of State for the Environment, Transport and the Regions, being the responsible Minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Vehicle Inspectorate Trading Fund for the period 1 April 1998 to 31 March 2003 shall be to achieve a return, averaged over the period as a whole, of 6% a year, in the form of a surplus on ordinary activities before interest expressed as a percentage of average capital employed. Capital employed shall equate to the total assets at current values from which shall be deducted the total of the current liabilities.
4. Let a copy of this Minute be laid before the House of Commons pursuant to Section 4(1)(b) of the Government Trading Funds Act 1973.
5. This Minute supersedes that dated 24 May 1995.

(Treasury Minute dated 8 June 1999)

# Summary of 2000/01 Key Targets

<p><b>Key Target 1: Effectiveness</b>  <b>To meet the quality and general effectiveness levels as specified in the Business Plan measures set for 2000/01.</b>            Key measures are to achieve:</p> <ul style="list-style-type: none"> <li>at least 229,428 points value for roadworthiness prohibitions of which 7,360 will be for emissions.</li> <li>at least 3,445 weighing prohibitions.</li> <li>at least 63,347 points value for successfully prosecuted offences for drivers' hours/tachograph and other offences, including C &amp; U offences.</li> <li>HGV and PSV statutory test error rates less than 0.19%.</li> <li>completion of the trial of the newly devised measure of effectiveness of our supervision of the MOT scheme.</li> </ul>	<p>2000/01  <b>Achieved 5 of 5 measures</b></p>	<p>1999/2000  <b>Achieved 5 of 6 set measures</b></p>
<p><b>Key Target 2: Throughput</b>  <b>To meet the requirements on levels and types of activity laid down in the Memorandum of Agreement on each Road Transport Enforcement scheme as agreed with the Department of the Environment, Transport and Regions.</b>            Key measures are to achieve:</p> <ul style="list-style-type: none"> <li>at least 71,070 emissions checks.</li> <li>at least 1,545,000 tachograph charts checks (1,400,000 HGV and 145,000 PSV).</li> </ul>	<p>2000/01  <b>Delivered 97% outputs of 3 of 3 MOA. Achieved 2 of 2 key measures</b></p>	<p>1999/2000  <b>Delivered 97% outputs of 2 of 3 MOA. Achieved 3 of 3 key measures</b></p>
<p><b>Key Target 3: Customer Focus</b>  <b>To continue to improve customer focus across VI through the implementation of initiatives in line with the Modernising Government agenda and with particular emphasis on increased advisory and educational services.</b>            Key measures are to:</p> <ul style="list-style-type: none"> <li>assign the role of consumer champion and deliver against an action plan of customer surveys.</li> <li>deliver against the internal electronic services programme, in order to achieve the PSA targets of 25% electronic service capability by 2002 and 100% by 2005, with a particular focus on web-site improvements in the coming year.</li> <li>develop educational and advisory products and increase activity in this aspect of work.</li> <li>ascertain the views of HGV/PSV operators in respect of the current testing regime and make recommendations for any changes which would assist the effectiveness of VI's testing services in improving road safety.</li> </ul>	<p>2000/01  <b>Achieved 4 of 4 key measures</b></p>	<p>1999/2000  <b>Achieved 2 of 2 key measures</b></p>
<p><b>Key Target 4: Financial (ROC)</b>  <b>To break-even while achieving an average 6% real rate of return on capital, over the period 1 April 1998 to 31 March 2003.</b></p>	<p>2000/01  <b>*8.9%</b></p>	<p>1999/2000  <b>*11.3%</b>  <small>*Cumulative average since 1 April 1998</small></p>
<p><b>Key Target 5: Efficiency</b>  <b>To achieve an Aggregated Cost Efficiency (ACE) Index of +1%.</b></p>	<p>2000/01  <b>Target +1%            Outturn +1%</b></p>	<p>1999/2000  <b>Target +1%            Outturn -2%</b></p>
<p><b>Key Target 6: Internal Management</b>  <b>To improve performance management across the business through delivery of specified measures for 2000/01.</b>            Key measures are:</p> <ul style="list-style-type: none"> <li>to deliver against our civil service reform action plan, specifically including the development of a new pay and appraisal system, IIP evaluation and a number of initiatives related to our diversity plan.</li> <li>to improve sick absence management and reduce the rate to an average of 9.5 days per full-time equivalent by 2001.</li> <li>to complete implementation of the Government Secure Intranet (GSI) in our Headquarters site.</li> <li>to implement and deliver against our environmental action plan with a particular emphasis on targets to reduce waste and increase recycling.</li> </ul>	<p>2000/01  <b>Achieved 4 of 4 key measures</b></p>	<p>1999/2000  <b>Achieved key measure</b></p>
<p><b>Key Target 7: Investment</b>  <b>To secure the long-term development of the organisation.</b>            Key measures are:</p> <ul style="list-style-type: none"> <li>to complete the initiation and design stages of the MOT Computerisation project by the end of the March 2001.</li> <li>to establish a project plan to secure the continuous support for our IS on expiry of our current contract in December 2002, ensuring close co-operation with other DVO agencies through regular planning meetings.</li> <li>to undertake a review of our testing and enforcement site network strategy and make initial recommendations by 31 October 2000.</li> </ul>	<p>2000/01  <b>Achieved 3 of 3 key measures</b></p>	<p>1999/2000  <b>Achieved 2 of 2 key measures</b></p>

## The Future

The direction for our Business Plan is based on the continued development of our five strategic themes. We will focus on increased effectiveness and Modernising Government in particular looking at how we can further improve the services we give by changing our ways of working. Our role within the DVO group will grow as we work together to achieve our joint mission 'working together to improve road safety, reduce crime, protect the environment and deliver modern, user-friendly services.' We will develop a more focused approach to customers and harmonise practices which cut across all the DVO agencies. Delivery of two major projects IS2003 and MOT Computerisation, will continue as planned, paving the way for enhanced electronic capability.

Our objectives as before detail what we want to deliver in achieving our aim while our key targets have been revised to reflect changing priorities within the organisation and as a result of Government initiatives.

### Objectives for 2001/02

- To raise the compliance of the road haulage and passenger transport industries with roadworthiness, road traffic and environmental standards
  - *through the delivery of effective testing, training, advisory and enforcement services.*
- To improve the roadworthiness and environmental standards of private motor vehicles
  - *through the delivery of effective MOT and SVA scheme services.*
- To offer modernised and customer-friendly services
  - *through the provision of easily accessible and understandable services which minimise the burden on law-abiding operators and motorists; working closely with the DVO group and other government bodies to deliver joined-up services.*
- To run an efficient, continually developing and valued business
  - *through the achievement of our Trading Fund objectives; improvement in the effectiveness and efficiency of our processes; beneficial investment in our people, estate, equipment and information systems.*

### Key Targets for 2001/02

#### Key Target 1

To deliver against an effectiveness and quality improvement programme.

#### Key Target 2

To deliver effective road safety and environmental standards activity as agreed with DTLR.

#### Key Target 3

To continue to improve customer focus across VI and DVO through the implementation of initiatives in line with the Modernising Government agenda.

#### Key Target 4

To break even year on year and achieve a 6% real rate of return on capital, over the period 2 April 1998 – 31 March 2003.

#### Key Target 5

To increase value for money.

#### Key Target 6

To improve performance management across the business.

#### Key Target 7

To secure the long-term development of the organisation.

# Abbreviations and Definitions

Abbreviation	Definition	Abbreviation	Definition
ACE	Aggregated Cost Efficiency index – a measure of efficiency	MOA	Memorandum of Agreement – written requirement agreed with the relevant policy directorate or Agency of the DETR on the type or level of activity to be undertaken under a scheme
ADR	Certification of vehicles for use under international arrangements for the carriage of dangerous goods	MOT	Annual statutory test for cars and motorcycles
AE	Authorised Examiner – an individual, person in partnership or company meeting requirements (premises, equipment, personnel and good repute) to carry out MOT testing	MRBT	Mobile Roller Brake Tester
AVE	Assistant Vehicle Examiner (now Vehicle Inspector)	NAO	National Audit Office
COIF	Certification of Initial Fitness – the certification of PSVs as fit to carry passengers before use	NT	Nominated Tester – a qualified mechanic who has been nominated by an AE to carry out MOT tests
DETR/ department	Department of the Environment, Transport and the Regions	PG	Performance Gain
DSA	Driver Standard Agency	PSV	Public Service Vehicle – a vehicle licensed to carry (normally 9 or more) fare-paying passengers
DTLR/ department	Department of Transport, Local Government and the Regions	PTO	Professional and Technology Officer
DVLA	Driver, Vehicle Licensing Agency	ROC	Return on capital
DVO	Driver, Vehicle and Operator Group	SMART	Credit-Card-Style Information based Technology
ESVA	Enhanced Single Vehicle Approval scheme	SVA	Single Vehicle Approval
HCO	Harassment Contact Officer	TAN	Traffic Area Network
HGV	Heavy Goods Vehicle – goods carrying over 3,500kg design gross weight	TEMPO 100	Scheme for approving certain PSVs (mostly coaches) so they can travel at higher speeds on some roads in Germany and France
HR	Human Resources	TIR	Certification of vehicles for use under international arrangements for goods sealed for customs purposes
ICT	Information Communications Technology	TSO	The Stationery Office
IIP	Investors in People – accreditation of personnel and business management	VCA	Vehicle Certification Agency
IS	Information Systems	VE	Vehicle Examiner – VI employee responsible for frontline enforcement of safety and licensing provisions on HGVs and PSVs.
IT	Information Technology	VI	Vehicle Inspectorate
LACOTS	Local Authorities Co-ordinating body on Trading Standards	VITS	VI Training Services
LGV	Light Goods Vehicles	VSB	Vehicle Safety Branch

# Where to find out more

## The VI Website

VI's website contains a vast array of information about VI and its business including:

- Test standards and fees for all vehicles;
- Mandatory Test requirements;
- Details of all enforcement activity;
- News, including press releases and VI in the media;
- Publications (manuals, videos and CD ROM's);
- Education and Development information,
- Employment opportunities and recruitment;
- Links to all DVO agencies; and
- Consumer focus including VI's complaint handling procedures.

**Our website Address is: <http://www.via.gov.uk>**

## Telephone Enquiries

VI now offers a central number for all enquiries. Operators will be able help the caller with:

- MOT Enquiries (MOT Hotline number 0845 600 5977 – local call rate): for your general MOT and Appeals questions;
- Vehicle importing information;
- Information on Test standards;
- Bookings;
- Publications;
- Smoky Vehicle Hotline: where you can report any commercial vehicles with excessively smoky exhausts;
- Intelligence Information: do you know of someone who is forced to break the law?
- General VI queries.

**National Number 0870 6060 440** (national call rate)

You can also send this information electronically to:

**General Enquiries [enquiries@via.gov.uk](mailto:enquiries@via.gov.uk)**

## By post

VI has two main centres, in Bristol and Swansea. If you have any specific queries, you can contact us at the addresses below.

Headquarters and Training Centre  
Vehicle Inspectorate  
Berkeley House  
Croydon Street  
Bristol BS5 0DA  
Headquarters: 0117 9543200  
Training Centre: 0117 9543291

Operations and Distribution Centre  
Vehicle Inspectorate  
Welcombe House  
91–92 The Strand  
Swansea SA1 2DH  
Tel: 01792 458888

