



Vehicle  
Certification  
Agency

# Annual Report and Accounts 2024 to 2025

HC 1578

# **Vehicle Certification Agency**

An Executive Agency of the Department for Transport

## **Annual Report and Accounts 2024 to 2025**

For the period 1 April 2024 to 31 March 2025

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# Contents

- 1 Foreword
- 8 Performance report
- 44 Accountability Report
- 114 Parliamentary Accountability and Audit Report
- 130 The Accounts



Ensuring **a safer,  
cleaner future**  
through excellence

# Foreword





## Introduction from Richard Judge

I am pleased to introduce the Vehicle Certification Agency's (VCA) Annual Report and Accounts for 2024 to 2025 – my first since joining as Non-Executive Chair in October 2024.

Over past months, I've gained a deep appreciation for the VCA's vital work, its talented people, and the environment in which it operates. The agency plays a pivotal role in supporting the government's ambitions for economic growth and sustainable transport— making journeys safer, improving air quality, and fostering confidence in emerging technologies. I'm proud to contribute to this mission.

The VCA is highly regarded internationally for its technical excellence, a reputation earned over four decades at the forefront of automotive innovation. Encouragingly, the agency is not only keeping pace with change but actively positioning itself ahead of it — ready to support the safe deployment of new vehicle and driver technologies, to adapt to shifts in the sector's

global footprint and key players, and to inform policy development. Standing still is not an option.

Maintaining a forward-looking, anticipatory mindset is essential to successfully navigating the significant challenges and opportunities that a rapidly evolving automotive sector brings. Improving VCA's cost-recovery and internal processes are seen as key enablers, as is its ability to invest in building necessary expertise, capacity and capability.

I have been impressed by the agency's efforts to strengthen its employee proposition, which is already helping to attract and retain top talent. At the same time, the demands on our teams highlight the need to streamline recruitment processes and timelines to secure the deep expertise that will be essential for adapting to rapid technological evolution.

Continued innovation with certification and management processes will be critical. The team has made strong progress, building on several years of transformation projects and initiatives. Notably, the digitisation of core approval processes is enabling the smooth rollout of new schemes—such as Great Britain (GB) approvals—without significant increases in staffing.

During this introductory period, I have greatly valued the insights, support and welcome from our CEO Pia Wilkes and her team, as well as my fellow Non-executive Directors and Department for Transport (DfT) colleagues. As a Board, we remain mindful

of the operational pressures facing the VCA, while maintaining a strategic focus to ensure alignment with ministerial priorities and readiness for the future. I am confident that, working collectively, we will rise to the many challenges of a very busy year ahead.

In closing, and on behalf of the entire Board, I would like to extend our thanks to all our VCA colleagues for their continued dedication and high-quality delivery throughout this financial year.

**Richard Judge** | Non-executive Chair



*“Technology is advancing so quickly, and we need to have the right skills in place to support that. We are working with colleagues within the Department for Transport (DfT) to look at how we can attract deep specialists into the organisation who are in short supply and high demand.”*

## Introduction from Pia Wilkes

Welcome to our Annual Report and Accounts for the 2024 to 2025 financial year.

As I reflect on our performance over this financial year, it is really pleasing to see just how much we have achieved against a challenging backdrop. Because of this, I would like to thank staff across the organisation for their unwavering commitment to delivery. The service we provide is critical in so many ways, yet often unseen.

At the start of the year, we set ourselves several important objectives and it’s been great to see the progress we have made against them.

Over recent years we have been working with Department for Transport (DfT) policy colleagues to embed a completely new, GB specific approval scheme. Establishing the scheme from scratch has been a huge undertaking, and one that I think we can reflect on with

a great deal of satisfaction. During the year we have taken further steps to ensure that we can meet the demand for the scheme as it comes. We have done this through a combination of putting in place the right processes, supported by the right technology and increasing our workforce where required. Another huge part of what we are doing is to ensure that industry is ready to transition to the new scheme in such a way as to avoid disruption.

The next mandatory application date is February 2026, so I encourage industry to access our website for information on what is covered and apply in good time.

Another area of great progress is in recruitment and retention. Like many other organisations, we had been struggling to attract and retain staff, particularly in the engineering space. We set ourselves a task to reverse this trend and I'm very pleased to see that we have done just that. The teams involved have worked incredibly hard to improve our employee proposition, modernising our campaign material and emphasising the very many benefits of working in an organisation that has such a huge impact.

Our focus for the coming year is to look at our approach to the attraction of deep specialist staff. Technology is advancing so quickly, and we need to have the right skills in place to support that. We are working with colleagues within the Department for Transport (DfT) to look at how we can attract deep specialists into the organisation who are in short supply and high demand.

We continue to make progress through our ongoing transformation work, further strengthening our governance, following improvements identified through additional independent reviews commissioned by me as the Accounting Officer. This work is playing an important role in underpinning what we do from a digital and process perspective and is further supporting me in ensuring we continue to address any identified improvements we could make so we find, not only short term, but robust and sustainable solutions for the future. The Programme moves into another busy period in 2026, and I look forward to being able to share its progress.

Finally, I would like to acknowledge the departure of Clive Scrivener, our non-Executive Chair, within the year. I would like to thank him for his amazing support, guidance and encouragement during his time with us; he helped us to move things forward. I would also like to welcome Richard Judge as our new non-Executive Chair; I look forward to working with him.

**Pia Wilkes CBE** | Chief Executive

# Performance report



# Introduction

## Who are we?

The Vehicle Certification Agency (VCA) is an Executive Agency of the Department for Transport (DfT) and part of the Road Transport Group, through which it receives its corporate sponsorship.

The VCA's core aim is to improve vehicle safety and environmental protection by providing vehicle and component testing, certification, information and other related services.

The VCA performs a number of core activities:

## Vehicle Type Approval

As the UK Type Approval Authority (TAA) for new on and off-road vehicles, systems, and components, we are responsible for approving that these have been designed and constructed to meet national and international standards for safety, security, and environmental protection. We take the policy lead from the Department for Transport (DfT), through the International Vehicle Standards Division (IVS), which is part of their Future Transport Systems Directorate. Some environmental policy lead comes from the Office for Zero Emissions Vehicles (OZEV).

## Conformity of Production (CoP)

This is an integral and essential part of the certification process and approval cannot be granted without

suitable CoP arrangements being in place. CoP provides confidence to industry, government and consumers that vehicles or components covered by the regulations are manufactured in accordance with the approved specification and that measures are in place to ensure ongoing compliance.

The CoP process involves an initial evaluation of manufacturing quality processes to ensure that each product is built in accordance with the approved specification. Ongoing conformity is assessed throughout the manufacturing life of a product. This will involve manufacturing site visits and reviewing relevant records. Where evidence of non-compliance is discovered, this will be rigorously investigated, and the appropriate steps taken to ensure conformity is restored.

We recognise the importance of a robust regime which ensures that all new vehicles are safe, reliable and deliver the expected environmental performance. Where concerns of non-conformity are raised through non-CoP related activities such as “whistle blowing” we will take all reasonable actions to investigate this and where necessary take action to bring the vehicle, system, or component back into conformity; and where appropriate work with other agencies to ensure a product remains in conformity. We are clear that only fully compliant vehicles or components should be offered for sale. Where non-conformity occurs, the manufacturer should rectify any issues at the earliest opportunity, in accordance with the relevant provisions

of the type approval legislation. Where a manufacturer cannot or will not take the necessary steps to bring products back into conformity, the VCA may suspend the Conformity of Production status. This suspension would prevent vehicles being registered. Ultimately steps may be taken to withdraw an approval, in accordance with the relevant type approval legislation.

## **Market surveillance**

The Government is committed to enforcing vehicle safety and environmental standards. A Market Surveillance Unit exists within the Driver and Vehicle Standards Agency (DVSA) to check that vehicles and components available on the UK market comply with the legislative requirements to which they were approved.

The VCA plays a significant role in providing expert engineering resource to support this work. This will continue in 2025 to 2026, ensuring that the right skills are available to support constantly evolving standards and technology.

## **Certification of Dangerous Goods Packaging**

The VCA also administers the operation of a scheme for the certification of packaging used for the carriage of dangerous goods in the UK. The dangerous goods team is also responsible for the appointment of suitable test and inspection bodies to conduct inspections of tanks and pressure receptacles in accordance

with the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009 and the UN Model Regulations on the Transport of Dangerous Goods. It also operates a telephone and email enquiry service on behalf of the Department and undertakes several technical and advisory functions in connection with the UN based dangerous goods transport regulations.

## **Civil Traffic Enforcement**

The VCA undertakes several certification schemes for organisations carrying out civil traffic enforcement activities using camera-based systems. The largest of these is a statutory scheme undertaken on behalf of DfT covering local authorities enforcing bus lane, parking and specified moving contraventions in England. This, and the other certification schemes mentioned below, involves a compliance assessment of the applicant's system design against the relevant requirements. The aim of the assessment is to ensure that the system can provide images of sufficient quality and integrity to act as the primary evidence in settling any appeal. The other schemes that the VCA undertake are for the Welsh Government, Clean Air Zones in England, Low Emission Zones in Scotland and two free flow tolling schemes including the Dartford Crossing.

## **Data Provision**

The VCA collects and publishes fuel consumption, CO<sub>2</sub>, noise and regulated pollutant data for new cars,

underpinning the Vehicle Excise Duty and Company Car Tax schemes. Accessed through GOV.UK, the data tools continue to be popular with consumers, with approaching half a million users over the last year alone. This supports Government's strategic drive to reduce exhaust emissions by providing consumers with the information they need to make informed choices.

## **Average Emissions Monitoring**

We have been nominated by the Secretary of State for Transport to manage the collection and processing of average CO<sub>2</sub> emissions data for both Light Duty Vehicles (LDVs) and Heavy-Duty Vehicles (HDVs). This supports the drive to improve the efficiency of new vehicles, and the Government's ambitions in transport decarbonisation.

## VCA in numbers



23,149

Type Approvals  
Certificates Issued



692

GB Conversion IVA  
Certificates Issued



86%

Customer Satisfaction Key  
Performance Indicator (KPI)  
Rating



58%

Of our vehicle fleet Electrified



118

New Dangerous Goods Packaging  
Certificates Issued



11,537

Tank certificates issued by  
Authorised Inspection Bodies  
(AIBs)

# VCA offices worldwide

VCA supports industry from 7 strategic locations globally



# Performance overview

Our Annual Report and Accounts set out our performance and achievements for the year 2024 to 2025.

The Performance Report section provides an overview of the agency, its purpose, main risks to achieving its objectives, and its performance during the year. It also highlights key activity in the areas of Information and Quality Assurance. It is followed by the Accountability Report, which meets accountability requirements to Parliament, and the Accounts.

## Certification activity

Demand for our core certification activities remained stable during the reporting period. The following table shows the number of vehicle approval certificates issued during 2024 to 2025, with a comparison against 2023 to 2024:

	2024-2025	2023-2024
Type Approvals Certificates	23,149	19,466

In comparison to the previous year, there is an increase of 19% (2023 to 2024: 11%) in the number of approval certificates issued.

In addition to type approval, we also issue certificates for vehicles built to a European specification and which are registered in Europe and subsequently imported

into the UK. During 2024 to 2025, we issued 692 certificates compared with 661 in 2023 to 2024.

For dangerous goods packaging certification in 2024 to 2025, we issued 118 new certificates compared with 94 in 2023 to 2024.

Additionally, 11,537 tank certificates were issued by Authorised Inspection Bodies (AIBs) this year, compared to 10,642 in 2023 to 2024.

AIBs are those organisations appointed to undertake various functions in connection with the inspection of tanks and/or pressure equipment under the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009 (as amended) and the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations (Northern Ireland) 2010 (as amended).

## **Conformity of Production (CoP)**

During the 2024 to 2025 reporting year, the agency issued a total of 1,998 compliance statements and conducted 1,188 audits, marking a significant operational milestone. While comparative data for the 2023 to 2024 period is unavailable, this year can serve as a foundational benchmark for future performance tracking.

In terms of industry coverage, the number of assembly plants under the Vehicle Certification Agency's Conformity of Production oversight increased to 4,287 by the end of the 2024 to 2025 reporting year.

This represents a 7% increase from the 3,990 plants recorded at the end of 2023 to 2024.

## Service excellence

### Digital, data and technology

We continued to make great progress in this area. During the 2024 to 2025 financial year, we focused a significant amount of effort on our transformation programme. As a result, our online portal can now handle applications for all the approval schemes that we deal with, which introduces efficiencies into the process. Throughout the year we have further enhanced the service to respond to feedback from staff and customers, and we will continue to listen and evolve. Customer satisfaction around this has been positive and we aim to build on that.

During the year we have also completed a lot of preparatory work for the next phases of our transformation programme, which will be looking at our finance and related systems. This will be a significant piece work but will help us retire many of our aging legacy systems for fewer, more unified products. This will also give us an opportunity to review how we do things and improve where we can.

And finally, work has been ongoing to build our own internal capacity and capability to ensure that we continue the great work the transformation programme has delivered. This will enable us to be agile, and

delivery focused as we build on new platforms and services.

## **Quality assurance**

Quality is at the heart of everything we do.

Technical Services appointed by the VCA are audited to the requirements of the relevant approval legislative framework including ISO 17020 and 17025. Additionally, our Central Quality team audits all internal departments to ensure adherence to the agency's quality management system. Any non-conformances raised through internal audit process are monitored by the executive team to ensure timely closure. Appropriate root cause analysis and corrective actions need to be implemented to close out any non-conformances.

To support our commitment to quality, we have maintained our formal accreditation against the requirements of ISO 17025 (requirements for the competence to carry out tests and/or calibrations) in our Midlands Centre test facility, ISO17020 (requirements for the competence of bodies performing inspections) for the VCA's Technical Service and ISO 17021 (accreditation for our Conformity of Production operations). In addition, we have also maintained ISO9001 certification with our South American office in Brazil.

ISO17065 for Product Certification will continue to be developed during the financial year. We plan to make

our application to the accreditation body by the end of the 2025 to 2026 financial year.

## The future

During this year, and indeed in future years, we have a number of ongoing areas of focus that will impact on the way in which we operate and the service we deliver.

### **Business Transformation**

We are now more than halfway through a significant programme that has already transformed the way in which we work. A new digital portal to process GB Vehicle Type Approval applications has been launched and extended to cover all approval schemes. We continue to enhance the portal to provide improvements and respond to user feedback. Having this service has allowed us to manage an increase in activity without the need to recruit significant numbers of additional staff. Further work is planned to replace aging legacy systems across the organisation, which will result in improvements for users, as well as building in efficiency. As the end of the process is in sight, we are also building our internal capacity and capability to ensure that we can continue to build on new systems, tools and processes to ensure optimum benefit going forward.

### **GB Vehicle Type Approval Scheme**

Over recent years, we have been working hard with policy colleagues within the DfT to implement a provisional, and now GB full scheme. As the full

scheme starts to take effect, we continue to work with industry to ensure the automotive industry has the right level of information to make their GB Type Approval applications. GB scheme preparations will continue throughout the 2025 to 2026 financial year to full adoption of the GB scheme for M (passenger transport) & N (goods transport) category vehicles.

## **Connected and Automated Vehicles**

We continue to work closely with colleagues from the Department of Transport (DfT) and Centre for Connected and Autonomous Vehicles (CCAV) to further the development of international and national legislation for Automated Driving Systems. This includes support for the implementation of the self-driving vehicles safety framework set out in the Automated Vehicles Act 2024, and includes new elements of authorisation, operator licensing and in-use regulation. Work in an international context has been to further the development of technical requirements for Automated Driving Systems in the upcoming UN Regulation. The Agency contributed to the development of the new Driver Control Assistance Systems (DCAS) Regulation and is now preparing the capability to certify vehicles under the 01 series of amendments, which entered into force in November 2025.

## **Future Skills**

Technology is evolving quickly, and we need to be ready for that. A significant amount of effort goes into

ensuring that we have the right skills at the right time, and this will continue. This means that we can not only provide the necessary certification to changes as they come along, but we can also feed into policy and wider approval scheme developments, as we have for instance in the case of Connected and Automated Vehicles.

## Performance analysis

Our Business Plan for 2024 to 2025 set out ambitious objectives in several important areas, including:

- Digital and Business Transformation
- Core service delivery
- Quality Assurance
- Emerging automotive technologies

As can be seen in the Performance Overview section, we have made excellent progress in all of these areas.

Additionally, our Business Plan outlined key performance measures agreed by the Secretary of State. The measures for the year ended 31 March 2025 are shown in the table below. They are quantitative measures designed to evaluate our performance against strategic delivery objectives.

Unfortunately, we could not achieve some of the measures in-year. We experienced variability in demand for certification, particularly in respect of the GB scheme. In a buoyant and competitive jobs market particularly, it has been a challenge to both recruit and

retain staff, particularly amongst staff with specialist engineering and other technical skills such as ICT. This has impacted on targets such as completing our operating model for digital, through to customer satisfaction and our financial target. During the year we have worked hard on recruitment and retention and have started to attract more staff, particularly in engineering disciplines. However, there is more work to do to address specialist areas where resources are in high demand.

### **Wider contribution:**

Our work also helps to underpin some of the transport commitments set out in the DfT Business Plan, particularly in the areas of vehicle safety, technology, security, and environmental impact.

## **Business objectives and key performance measures**

<b>Category</b>	<b>VCA Measure</b>	<b>Target</b>	<b>Actual</b>
<b>1. Changing our agency</b>	1.1a Delivering the next tranche of the Agency business transformation programme, with significant positive impact on our back-office functions. The next phase to be completed by the end of March 25.	31/03/2025	Missed – aim to complete 25/26.

Category	VCA Measure	Target	Actual
	<p>1.1b Actively progress the Government ICT and Digital strategies by using ICT to delivery of a wide-ranging programme of change, including:</p> <p>Align with the central Government Cybersecurity Strategy and implement Information Security tools in line with good practice. Fully deploy tools of choice to maximise investment and security posture.</p> <p>Build out the Digital Services &amp; Technology (DS&amp;T) Centres of Excellence and equip the team with the skills needed to deliver and support the new services as part of the transformation programme. Implement the operating model necessary to support this.</p>	31/03/2025	Missed – aim to complete 25/26.
	<p>Further align DS&amp;T ways of working with good practice, extending the use of the IT Service Management (ITSM) tool with effective problem management, change management and asset management.</p> <p>1.1c Continuing to diversify our recruitment and retention strategy by completing our current projects which implement several new initiatives.</p>	31/03/2025	Achieved

Category	VCA Measure	Target	Actual
<b>2. Our services</b>	2.1a VCA Type Approval Certificates to be issued no later than 10 working days from technical clearance and/or certification decision unless a longer period has been agreed to meet manufacturer’s expectations. Certificate issue is predicated on appropriate Conformity of Production (CoP) arrangements being in place.	92%	Achieved - 98%
	2.1b Compliance reviews for GB Type Approval Scheme applications to be completed within 10 working days of receipt of a valid work.	92%	Achieved - 92%
	2.2a All existing VCA type approval certificate holders are contacted at least 3 months prior to clearance expiry to review their ongoing Conformity of Production (in line with ISO 17021 accreditation as applicable).	100%	Achieved - 100%
	2.2b Certificates of Compliance to be issued no later than 10 working days following the completion of the audit and the appropriate closure of all non-conformances raised.	90%	Achieved 93%
	2.3 VCA customer satisfaction survey score to be 90% or higher.	90%	Missed 86%

Category	VCA Measure	Target	Actual
	2.4 2.5 VCA will continue to expand the scope of its ISO accreditation in line with operational requirements.	31/03/2025	Achieved
<b>3. Financial Responsibilities</b>	3.1 Sick Absence - Ensure average number of working days lost to sickness absence does not exceed 6 days per FTE.	6 days	Missed – 8.13 days

## Financial results

Our financial performance is summarised below.

	2024-25 Actual £'000	2023-24 Actual £'000	2024-25 Budget £'000
<b>Income</b>	22,252	22,009	25,430
<b>Expenditure</b>			
Staff costs	(17,338)	(15,684)	(19,379)
Other operating costs	(13,256)	(12,113)	(11,934)
Net finance costs	(436)	(348)	(156)
<b>Total Costs</b>	(31,030)	(28,145)	(31,469)
<b>Net deficit for the year</b>	(8,778)	(6,136)	(6,039)

The financial results for 2024 to 2025 show a net deficit of £8,778k (2023 to 2024: £6,136k deficit), against a budget of £6,039k deficit. Income was up 1.1% compared to the previous year with an increase

in new GB Vehicle Type Approval income being offset by lower demand for services from our operations in East Asia and Bristol. Income was down £3,178k against budget as GB Type approval take up was less than expected. Expenditure has increased by £2,885k against the previous year as our organisation is currently in a period of consolidation as we improve our infrastructure, transform our digital estate, build our skills base, and prepare for the implementation of the new GB Vehicle Type Approval Scheme. Expenditure is below plan by £0.4m as recruitment is behind schedule.

Total income was £22.3m (2023 to 2024: £22.0m).

Total costs after interest and foreign exchange movements were £31.0m (2023 to 2024: £28.1m).

The total impact of foreign exchange, included in net finance costs, was a £285k loss (2023 to 2024: £264k loss). This loss is due to the strengthening of sterling against all major currencies. The carrying value of the VCA's equity investment was written down by £384k to account for the in-year losses of the entity.

## **Product certification income**

The type approval income as a percentage share of our total income stands at 84% (2023 to 2024: 83%).

## **Activities for government**

This includes several discrete work areas for the DfT such as:

- Type Approval Policy Support to International Vehicle Standards (IVS)
- Market Surveillance technical support to DVSA
- Technical support for the Office for Zero Emission Vehicles (OZEV)
- Technical Support for the Centre for Connected and Autonomous Vehicles (CCAV) and
- Technical support on dangerous goods packaging.

In addition, we carry out bus lane and parking enforcement camera certification for the Traffic and Technology Division, and issue Vehicle Special Orders for International Vehicle Standards (IVS). During the year, we saw a small decrease in revenue (£70k). The overall percentage of total income from this activity centre was 12% in 2024 to 2025 (2023 to 2024: 12%).

## **Other activities**

This includes dangerous goods packaging certification, sales of point-of-sale environmental label software for car emissions data and sales of VISTA (VCA's Information System for Type Approval). The overall percentage of total income from this activity centre was 4% in 2024 to 2025 (2023 to 2024: 5%).

## **Costs**

After interest and foreign exchange movements, costs increased this year by £2,885k (2023 to 2024: £2,997k increase). There are several contributory

factors: an increase in staff costs in line with slightly higher FTE in post this year together with the pay award, an increase in travel costs on the prior year, increased accommodation and increased depreciation and amortisation costs as Business Transformation programmes are delivered. During the financial year, VCA impaired software development costs of £826k which are included in intangible assets in accordance with IAS 36.

## **Efficiencies**

Our continued focus during 2024 to 2025 has been on delivering our services as efficiently as possible, fully supporting where possible manufacturers in the UK and worldwide during the challenging economic conditions. We are committed to delivering a Business Transformation programme that will deliver services digitally, where possible, more efficiently and cost effectively than ever before.

## **Payments to creditors**

We adhere to the HM Treasury's Prompt Payment Initiative, copies of which can be obtained from our headquarters. It is our policy to pay undisputed invoices within 5 days of receipt. We measure our performance by reviewing all invoices paid within 5 days of receipt in 2024 to 2025 and achieved a performance of 98.2% (2023 to 2024: 99.4%) against a target of 80%.

# Delivering sustainability

The Vehicle Certification Agency is committed to the Sustainable development of all aspects of its business. The continued reduction of our carbon footprint and any other environmental impacts of our operations is and remains of considerable importance.

Whilst we continue to make great progress in this field our continuing aim is to continue to evolve and improve our sustainability credentials, even though the agency has been going through a continued period of growth and restructuring. We have used this period effectively to further enhance our environmental credentials whilst remaining 'on track' to meet the targets as defined in the Greening Government Commitments.

With the latest Greening Government Commitment (GGC) targets now set, we have made great moves towards provision of hybrid working, the upgrading of our vehicle fleet and buildings, introduction of new infrastructure to our estate and the removal of outdated and inefficient systems such as gas boilers and fluorescent lighting. There has also been significant further investment and efficiencies made by our Digital and Transformation teams. These have allowed the continued transition towards a digital business with minimal need for paper use and their associated processes.

We have invested substantially in our electrical vehicle fleet and the required infrastructure over recent years with our main sites now possessing more than 20

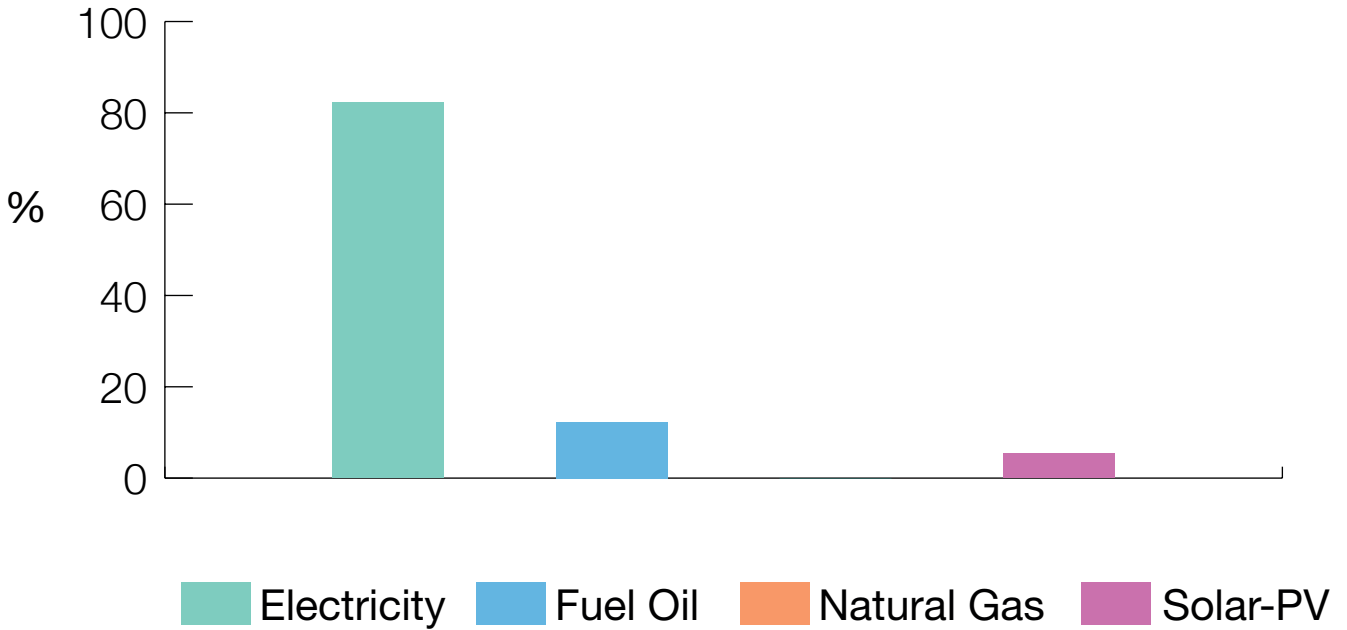
charging stations. Our electric fleet growth has also kept pace, and at 58% electrified we remain well on target to meet the government fleet commitments target of 100% electrification by 2027. Through this commitment the Agency has now covered over 350,000 miles of full EV travel and with it significantly reduced its emissions and carbon footprint.

As we make further progress towards the end of the current target period, we will continue to monitor our performance against the following parameters:

- Mitigating climate change by working towards net zero by 2050
- Minimising waste and promoting resource efficiency
- Reducing water use
- The sustainable procurement of products and services
- Nature recovery plans, biodiversity and green capital
- Adapting to climate change
- Reducing environmental impacts from ICT and Digital

We will endeavour to mitigate and reduce our environmental impacts using both recognised and innovative sustainable practices.

# Stationary Combustion and Electrical

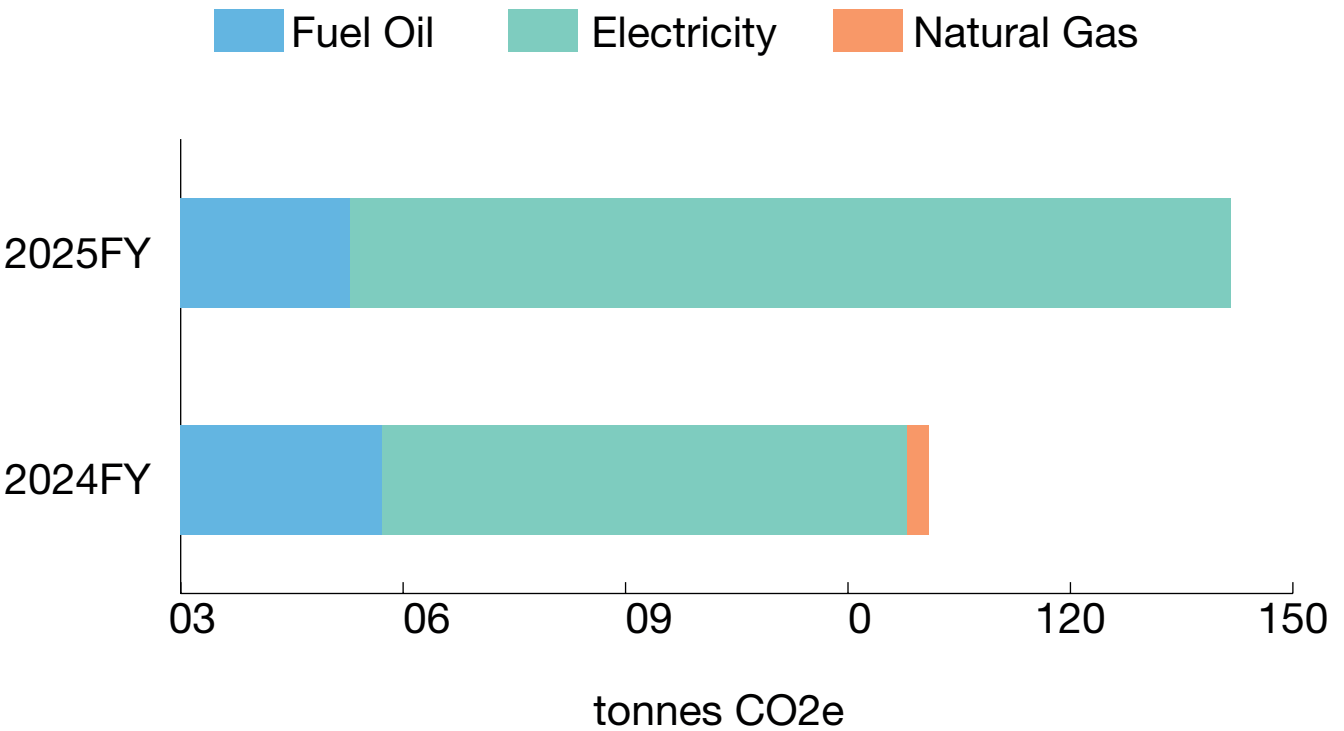


	% Share	Total kWh
Electricity	82.3	399,343
Fuel Oil	12.3	59,528
Natural Gas	-	-
Solar-PV	5.4	26,591
<b>Total</b>	<b>100.0</b>	<b>485,462</b>

The removal of natural gas heating systems also had a huge impact in use of generated electricity as the interim solutions and replacement equipment are operated electrically. This coupled with increasing staff numbers and the increase in numbers attending the office the use of electricity increased from 70.78 TCO<sub>2</sub> to 118.73 TCO<sub>2</sub>.

With electricity now accounting for 84% of VCA site emissions, the continued decarbonisation of the UK’s electricity supply and further efficiencies, the carbon

emissions produced by our electricity use should now fall significantly over the coming years.



Activity/ Input	2025FY tonnes CO2e	CO2e by %	2024FY tonnes CO2e	CO2e by %
Fuel Oil	22.87	16.2%	27.18	26.96%
Electricity	118.73 *	83.8%	70.78	70.20%
Natural Gas	-	-	2.86	2.84%
<b>Total CO2e</b>	<b>141.60</b>	<b>100%</b>	<b>100.82</b>	<b>100%</b>

Note: Gross expenditure on the purchase of energy in 2024 to 2025 was £129k (2023 to 2024: £99k).

\*This includes 4.577 TCO2e used to charge Electric Vehicles on site (EV's)

## Natural Gas

With the removal of all natural gas boilers and associated equipment during the summer months of

2023, the supporting figures show a marked fall in the emissions relating to natural gas. Although this change is one of the main factors that has directly led to the increase in electricity use, it has also had the effect of reducing our overall reportable CO<sub>2</sub>e. A trend which will continue with the decarbonisation of the UK electricity supply.

As natural gas use has now been removed from all VCA sites we will no longer be required to report on emissions from natural gas.

## **Fuel Oil**

This reporting period saw a return to expected values in the use of heating oil, a reduction of 22.87 tCO<sub>2</sub> in 2024 to 2025 when compared with the total of 27.18 tCO<sub>2</sub> in 2023 to 2024. There are several factors at work here. A long mild and wet winter, number of employees working on site and better control of workshop areas.

## **Electricity**

Over the current reporting period there has been an increase in CO<sub>2</sub> emissions attributed to electricity use: Up to 118.73 tCO<sub>2</sub> from 70.78 tCO<sub>2</sub>. The addition of the extra estate offices, fully operational vehicle charge point infrastructure, phased return to office working, increased staff numbers and removal of gas heating systems there has been a big increase in VCA electricity use.

Where possible, hybrid working practices, smarter working, the introduction of cloud-based IT services and energy efficient procurement have been employed to minimise this increase in emissions.

Although there is this significant increase in emissions from electricity use, it must be noted that the reduction in fossil fuel use that this has allowed far outweighs any negative impacts of this increase.

## **Water**

Water usage remains predominantly as domestic use only and as such use reflects the number of staff attending sites. All domestic fittings and fixtures on site have water efficiency controls added to reduce consumption wherever reasonable. It is not possible to track non direct water use at present.

Water use accounted for only 0.31 tCO<sub>2</sub> equivalent in this reporting period and remains roughly proportional to the VCA FTE numbers.

Water consumption in 2024 to 2025 was 902m<sup>3</sup> (2023 to 2024: 870m<sup>3</sup>).

## **Waste**

Since February 2018 all waste produced on our sites has been reported directly to DfT by our group Facilities Management (FM) provider as part of the DfT FM contract. This is monitored by our on-site team for accuracy; however, it should be noted that since the contract started in 2018 there has been little

direct access to accurate waste weights recorded from the service providers. Contractually, Mitie Facilities Management have had the duty of care imposed on them to eliminate waste from landfill where possible, maximise recycling and report on these factors to the group management board.

All waste across our sites continues to be segregated and disposed of in designated receptacles making the process of recycling easier. Although most of our waste is now either recycled or sent as 'waste to energy' current figures indicate that through the IFM contract, around 1.0% of all our waste is currently being sent to landfill.

## Travel

Travel still accounts for a large portion of carbon emissions produced by the VCA. With increased workloads and staff numbers, travel continues to grow back to pre-2020 levels. The increase in pool fleet EV's has had an immensely positive effect on our own vehicle emissions, however the inaccuracies and errors in reporting hire car data by Enterprise prove more troublesome and mean the emissions here are often over reported.

Throughout the 2024 to 2025 period there were no reportable journeys by bus, coach or taxi.

Total expenditure on official business travel for staff working in UK Offices in 2024 to 2025 was £1,435k (2023 to 2024: £1,559k).

## Air & Rail

Emissions from both domestic flights and rail travel have remained low since the pandemic. 65,196 Km were travelled by rail. 16,277 km were travelled on domestic flights during the year (5,549 km travelled in 2023 to 2024).

## Road Travel (Mobile Combustion)

Over the 2024 to 2025 reporting period Business travel has continued to increase to levels not seen since before 2020 and road travel has returned to being the single largest contributor to the VCA carbon footprint with total emissions of 98.4 TCO<sub>2e</sub>. This has been mainly driven up by the increases in pool fleet use to meet requirements.

	2024 to 2025 KWh TCO <sub>2e</sub>	2024 to 2025 km	2023 to 2024 KWh TCO <sub>2e</sub>	2023 to 2024 Km
Grey Fleet	29.75 TCO <sub>2e</sub>	146,184	27.10 TCO <sub>2e</sub>	162,614
Hire Fleet	47.75 TCO <sub>2e</sub>	210,774	46.52 TCO <sub>2e</sub>	269,725
Pool Fleet	20.90 TCO <sub>2e</sub>	204,895	14.36 TCO <sub>2e</sub>	198,933
<b>Total</b>	<b>98.40 TCO<sub>2e</sub></b>	<b>561,853</b>	<b>87.98 TCO<sub>2e</sub></b>	<b>631,272</b>

## Pool Fleet – Mobile Combustion

During the 2022 to 2023 reporting period the VCA added several fully electric powered vehicles to its

own fleet and invested in the required infrastructure to operate them.

EV use is the most popular and used form of travel when using pool fleet vehicles. 72.4% (87.2% 2023 to 2024) of travel in the VCA pool fleet was travelled in either electric or hybrid vehicles.

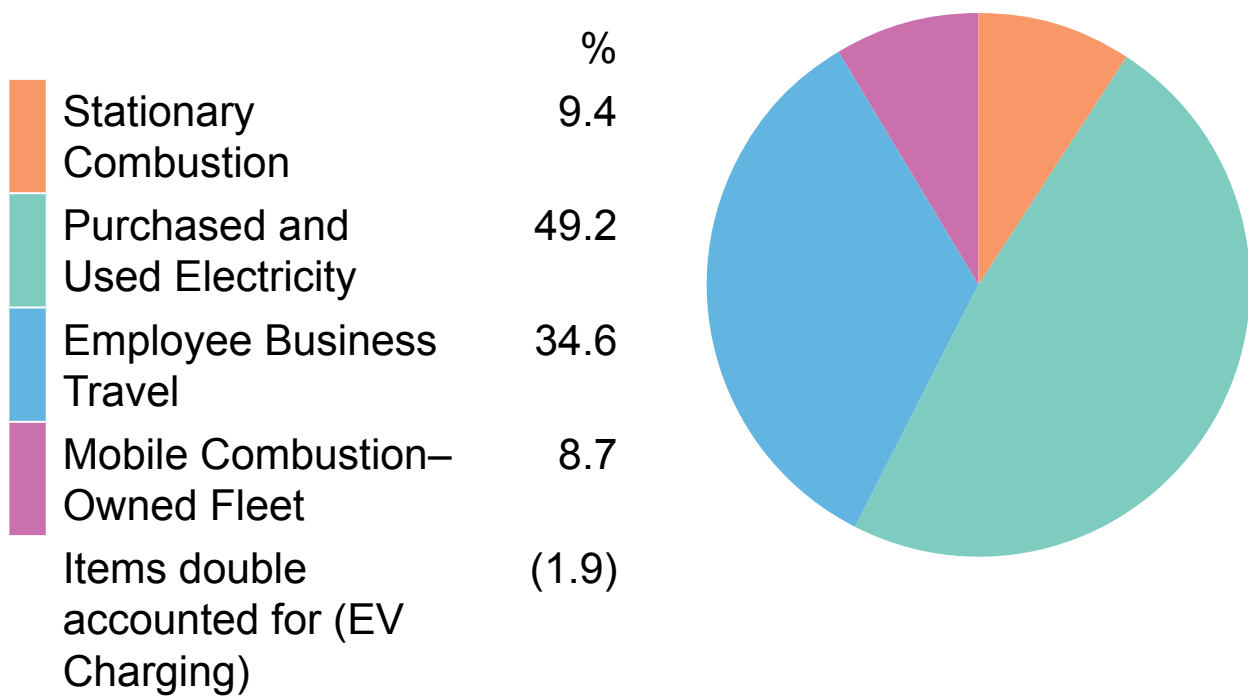
	2024 to 2025		2023 to 2024	
	kWh	km	kWh	km
Dual Purpose 4x4– Diesel	2,382	3,258	1,745	1,276
Medium Diesel Car	36,630	44,114	18,617	22,421
Mini– Diesel	6,653	9,151	10,838	14,907
Upper Medium– Electric Vehicle	52,193	148,372	56,794	161,453
<b>Total</b>	<b>97,858</b>	<b>204,895</b>	<b>87,994</b>	<b>200,057</b>

tCO2 produced by VCA pool vehicles by type

Activity/ Input	2024 to 2025		2023 to 2024	
	TCO2e	%	TCO2e	%
Duel Purpose 4x4– Diesel	0.98	4.69	0.27	1.83
Medium Diesel Car, from 1.7 to 2.0 litre	8.85	42.37	3.73	25.18
Mini– Diesel	1.64	7.87	2.04	13.77
Upper Medium– Battery Electric Vehicle	9.42**	45.09	8.78	59.23
<b>Total</b>	<b>20.90</b>	<b>100%</b>	<b>14.82</b>	<b>100%</b>

\*\* To prevent double reporting of emissions from electricity use 4.577 TCO2e of this figure can be omitted from the total VCA emissions.

# Return to BAU 2024 to 2025



Source Category	2024 to 2025		2023 to 2024	
	tonne CO2e	%	tonne CO2e	%
Stationary Combustion	22.87	9.4	28.686	15.6
Purchased and Used Electricity	118.73	49.2	70.770	38.5
Employee Business Travel	83.42	34.6	76.253	41.5
Mobile Combustion—Owned Fleet	20.90	8.7	14.381	7.8
Items double accounted for (EV Charging)	(4.577)	(1.9)	(6.322)	(3.4)
<b>Total</b>	<b>241.34</b>	<b>100%</b>	<b>183.77</b>	<b>100%</b>

Overall emissions have increased to 241.34 tCO<sub>2</sub>e in 2024 to 2025 compared with 183.77 T CO<sub>2</sub>e in 2023 to 2024 due to an increase in electricity due as a result of extra estate offices, fully operational vehicle charge point infrastructure, phased return to office working, increased staff numbers and removal of gas heating systems. It is not possible to estimate scope 3 indirect emissions and therefore they are not reported.

Although the VCA did not meet its overall target of 117 tCO<sub>2</sub>, overall the DfT met its 2025 Greening Government Commitments (GGC).

## **The future**

Planning to meet the 2027 fleet commitment target and net zero will mean targeting specific areas of identified emissions. By identifying the VCA's sources of emissions we can identify solutions to improve business practices to increase efficiencies and further reduce CO<sub>2</sub> emissions.

Breaking down current emissions, the top 5 groups of emissions show how the changes have affected the percentiles attributed to each category. This shows where efficiencies can be made, and which potential sources of emissions can be targeted for driving future reductions.

Activity Input	Tonnes CO2e 2025FY	% Total Emissions	Tonnes CO2e 2017/18FY	% Total Emissions
Energy	141.90	53.4%	133	43.04%
Transport	104.31	39.3%	174	56.31%
Waste	13.60	5.1%	1.4	0.45%
Water	5.82	2.2%	0.6	0.19%
<b>Total</b>	<b>265.63</b>	<b>100.0%</b>	<b>309.00</b>	<b>100.00%</b>

## Planning ahead and potential for improvements

- Move towards the 2027 fleet commitment target to have a 100% electric pool fleet. 58% of our pool fleet is now fully electric and good charging capabilities are in place on our sites. We are therefore well placed to further increase our electric fleet to reduce reliance on grey fleet and hire vehicles.
- Explore options of additional solar power generation to reduce reliance on imported electricity.
- Wherever possible and practical, further investigate how to increase the biodiversity of our sites and support green capital projects.
- Complete our net zero strategy and create a roadmap and timeline to achieve net zero as early as is practicable.

A handwritten signature in black ink that reads "Pia Wilkes". The signature is written in a cursive style with a large, stylized 'P' and 'W'.

**Pia Wilkes CBE** Chief Executive and Agency  
Accounting Officer

Date – 7 January 2026

# Accountability Report



## **Directors' report**

This accountability report is produced to comply with the requirements of the HM Treasury Financial Reporting Manual 2024 to 2025. It should be read in conjunction with the Governance statement, the Remuneration Report, and the Performance Report.

### **Accounts Direction**

The financial statements on pages 130 to 182 have been prepared in accordance with the direction given by the Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

### **Members of the Board**

Full disclosure of the serving directors is available in the Governance Statement on page 50.

### **Directorships**

Directors are required to disclose any other business interests in the Register of Interests that may conflict with their responsibilities. No director has declared any business interest that may conflict with their role. In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers.

## **Statutory framework**

Automotive Type Approval is our primary function, carried out under the Road Vehicles (Approval) Regulations 2020, which implements the assimilated GB framework Regulation (EU) 2018/858 (as amended), for cars, trucks, buses, and trailers. Similarly, there are GB framework Regulations for 2/3 wheeled vehicles and agricultural vehicles, which are implemented by the Motorcycles (Type-Approval) Regulations 2018 (as amended) and the Agricultural and Forestry Vehicles (Type-Approval) Regulations 2018 (as amended) respectively. Fees for type approval work are charged in accordance with the Motor Vehicles (Type Approval and Approval Marks) (Fees) Regulations 1999 (as amended).

Non-road mobile machinery (NRMM) requirements are outlined in the Non-Road Mobile Machinery (Type-Approval and Emission of Gaseous and Particulate Pollutants) Regulations 2018 (as amended), with approvals issued under the Road Traffic Act 1988.

Vehicle Special Orders are issued under Section 44 of the Road Traffic Act 1988.

Parking, bus lane use, and certain other moving traffic contraventions are increasingly being enforced by local traffic authorities which have sought and been granted civil enforcement powers. Changes to legislation introduced in May 2022 by The Civil Enforcement of Road Traffic Contraventions Approved Devices, Charging Guidelines and General Provisions) (England)

Regulations 2022 (“the 2022 Regulations”), made under Part 6 of the Traffic Management Act 2004 (“the 2004 Act”), harmonised the procedures for civil enforcement of road traffic contraventions in England outside London by bringing bus lane enforcement under the 2004 Act to create a new uniform civil enforcement regime as set out below for parking, bus lane and moving traffic enforcement.

## **Cost allocation**

The agency produces information in Note 2 to the accounts on the cost of its activities for fees and charging purposes using Treasury Guidance.

## **Personal data related incidents**

There were no breaches involving individuals’ records.

# Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury have directed me to prepare for each financial year a statement of accounts 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 state of affairs of the agency, the statement of comprehensive net expenditure, the statement of financial position, changes in taxpayer's equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular 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 financial statements on a going concern basis; and confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable;

The Permanent Secretary of the Department for Transport has appointed the Chief Executive Officer of the Vehicle Certification Agency as Accounting Officer of the agency.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Vehicle Certification Agency's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Vehicle Certification Agency's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

# Governance Statement

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

As Accounting Officer, the Chief Executive Officer has responsibility for the proper, effective, and efficient use of public funds, and may be required to appear before Parliamentary Select Committees. The Chief Executive Officer is accountable to the Secretary of State for Transport for our performance in accordance with the Framework Document, which sets out the accountability and key relationships between us and the DfT, which also sponsors us.

## Accounting Officer's introduction

The Permanent Secretary of the Department for Transport appointed me as the Chief Executive Officer (CEO) for the VCA from 14 November 2016.

As the Accounting Officer, I have responsibility for maintaining a sound system of internal controls, which supports the aims and objectives of the organisation, whilst safeguarding public funds and agency assets for which I am personally responsible. This is done in accordance with the responsibilities assigned to me in the HM Treasury Code of Good Practice for Corporate

## Governance in Central Government Departments and Managing Public Money.

Corporate Governance relates to the way in which organisations are directed and controlled. Good governance is vital to effective financial and risk management. HM Treasury's Managing Public Money and Financial Reporting Manual requires that I provide a statement on how I have discharged my responsibility during the year. I have provided details below of how our system of corporate governance has operated during 2024 to 2025.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Vehicle Certification Agency's assets, are set out in Managing Public Money published by the HM Treasury

## **Governance framework**

I ensure our governance framework complies with the good practice guidance laid down in HM Treasury's Corporate Governance in Central Government Departments: Code of Good Practice (updated April 2017).

We are managed by an executive team and the Board. The Board is advisory, chaired by a non-executive director, and it is supported by the Audit and Risk Assurance Committee (ARAC). The executive team

is responsible for the day-to-day management of the agency and for delivering our commitments to the government and the public as set out in our annual business plan.

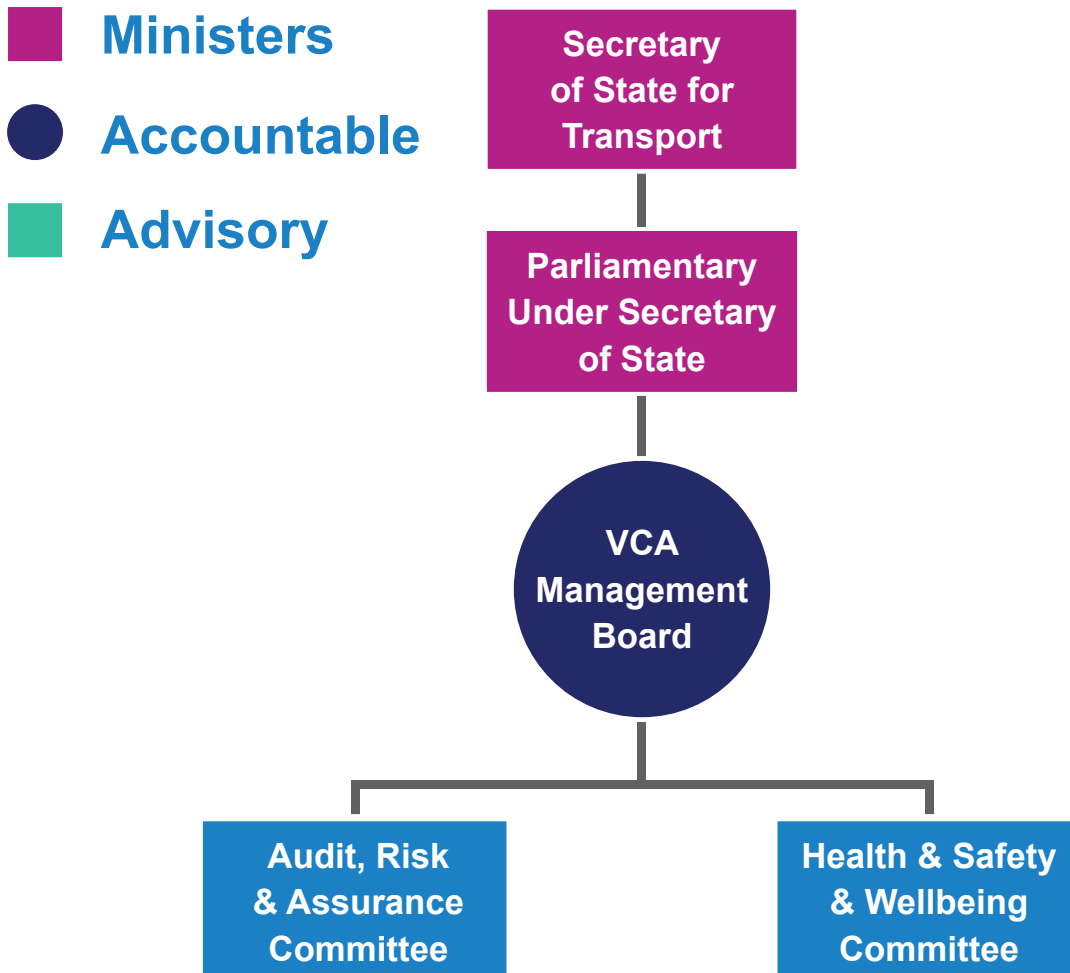
Our annual business plan for 2025 to 2026 was submitted to the Secretary of State for endorsement of the key performance measures at the beginning of the year and regular progress updates have been delivered to the Department's Director of Future Transport Systems through quarterly performance reviews (QPRs).

Our Board and executive team meetings are conducted in accordance with agreed terms of reference, which are reviewed on an annual basis. The high-level governance structure is shown below.

## **Our governance culture**

We recognise that our culture impacts our success in terms of good governance. Civil servants are bound by the Civil Service Code and adherence to the Nolan Seven Principles of Public Life. Our executive directors consider the agency's ongoing business needs and welcome the experience of the non-executive directors in providing the independent advice and external assurance required to ensure ongoing effective governance. The effectiveness of Board meetings is regularly reviewed to ensure the integrity of the process and the quality of decision-making.

# Governance structure



## The VCA Management Board

Our Board consists of a non-executive chair, me as the Chief Executive, four executive directors, and two additional non-executive directors. Its principal focus is on our strategic direction, but it also has business oversight responsibilities.

There is a clear demarcation between the responsibilities of the Board and the executive team.

Our Board provides the Secretary of State for Transport with assurance on the effectiveness with which we are run and are meeting our objectives. It holds the

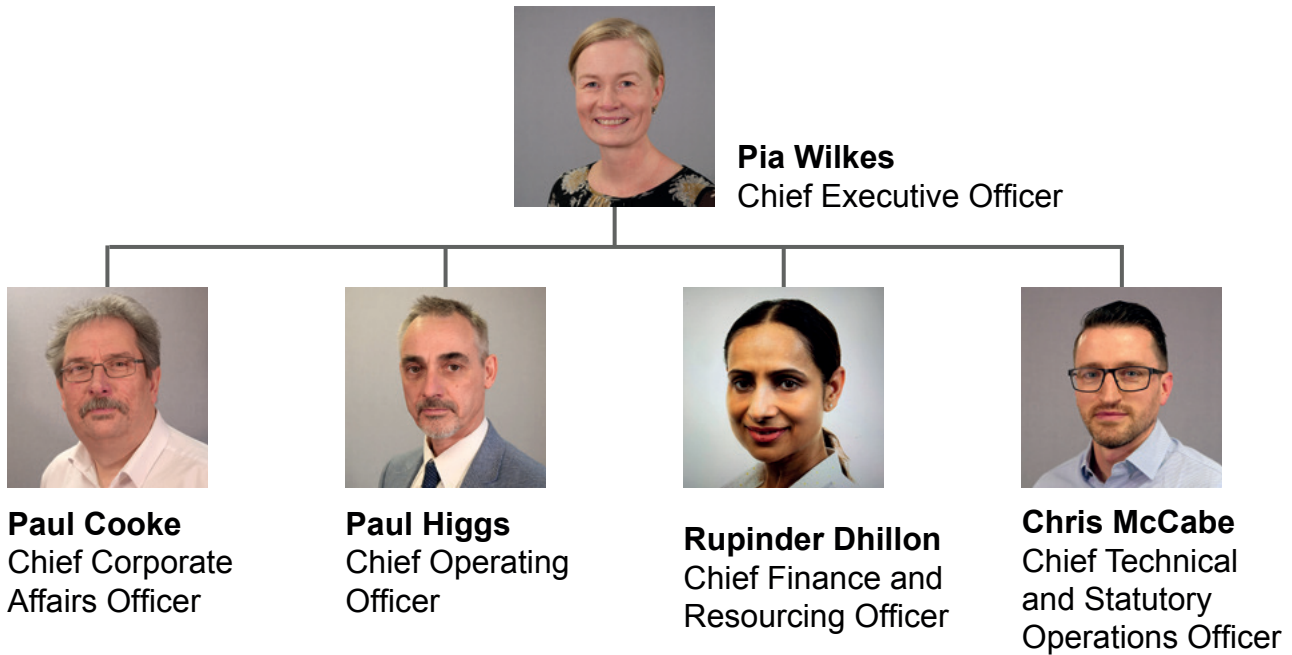
Chief Executive and executive team to account for the achievement of these objectives. The non-executive chair and myself as CEO, were appointed by the Secretary of State. As the CEO, I appoint the executive directors with approval from the Permanent Secretary.

Non-executive directors are recommended for appointment by the Chair to the Secretary of State for Transport, in partnership with myself and the Director General RT at DfT.

The Board meets regularly to consider:

- the strategic direction and plans, including oversight of our change agenda and progress against the Business Plan; and
- key risks and issues identified by our executive team and the effectiveness with which they are mitigated. The executive directors have specific areas of functional responsibility and accountability.
- the financial performance, including income and cost management, ensuring it is in line with expectations, this includes ensuring the quality of the data is consistent and accurate. This is assessed as part of the annual Board effectiveness review and was assessed as adequate in the last review.

# Executive team



## Richard Judge | Non-executive Director and Chair



Richard has extensive experience as a Non-executive Director, chair and former CEO of government agencies including the Health and Safety Executive and at the Insolvency Service. He has also worked with UK regulators and private sector businesses, delivering high value commercial and public services.

Operating at senior levels in government, Richard brings a strong track record of leading organisational transformation while embracing innovation and collaboration to improve how the Civil Service works.

## **Darran Messeem | Non-executive Director**



Darran Messeem is a consultant and Non-executive Director focused on energy, transport, the built environment and sustainable development. In the 2024 to 2025 financial year, in addition to serving the Board of the VCA, he served as a director of Shoreham Port Authority, also chairing the port's Audit & Finance Committee, and as chair of Net Zero Projects Limited.

Darran's previous board roles include Director and Chair of the Low Carbon Vehicle Partnership (now the Zero Emission Mobility Partnership), Senior Independent Director of Velocys PLC, Non-executive Director of BRE Group, and Chair of Iogen Energy. His previous executive roles include Managing Director of Carbon Trust Certification, International Director of the Carbon Trust, and Vice President Fuel Development at Shell. He also served on the Road Expert Panel of the Office for Rail and Road.

Since the end of financial year 2024 to 2025 Darran has left the board of Net Zero Projects Limited, and joined the boards of the Connected Places Catapult and FENSA Limited.

## **Jonathan Beasley | Non-executive Director**



Jonathan Beasley is a forward thinking, Business and Engineering professional with strong understanding of future Low Carbon

Propulsion opportunities and a successful career spanning more than 35 years, within the Automotive Industry. This includes Global Tier 1 experience with GKN and R&D public funding, technology road-mapping and realising Industry consensus through the Advanced Propulsion Centre on behalf of the UK Automotive Council.

Jonathan is a Fellow of the Institute of Mechanical Engineering, holds an Executive MBA from Warwick University and Diploma of Company Direction from the Institute of Directors. Jonathan holds additional Non-executive Director roles at Equipmake Plc and the Black Country Innovative Manufacturing Organisation, both of whom are focussed on developing and facilitating future mobility enabling technology.

## **Management Board changes**

There have been a number of changes to the Board in-year.

Clive Scrivener's term as Non-executive Chair came to an end in September 2024. I would like to thank Clive for all his support over the past seven and a half years; I wish him the very best for the future. Our new Non-executive Chair, Richard Judge was appointed in October 2024; we extend him a warm welcome and I look forward to working closely with him in the future.

Richard Brown, Chief Finance and Resources Officer resigned his position in-year and left the agency in April 2025.

Rupinder Dhillon joined the agency in August 2025 as Chief Finance and Resources Officer.

I thank all Board members for their support and hard work throughout the year.

## **Executive team**

The executive team also sets our values and standards and ensures obligations to customers and other stakeholders are understood and met. As the Accounting Officer, I retain the overall decision-making authority on matters for which I am responsible and may be subject to Parliamentary scrutiny.

During the 2024 to 2025 financial year, the Board met formally on nine occasions. The following table outlines meeting attendance for the year. At each meeting, all board members are required to give a verbal declaration of any related interests. This is recorded on a Register of Interests and is maintained by the Board Secretariat. It should be noted that colleagues from the department's Sponsorship Team have a standing invite to Board meetings and their attendance is again shown in the following table.

<b>Board member</b>	<b>Title</b>	<b>Number of Board meetings attended</b>
Pia Wilkes	Chief Executive Officer	9/9
Paul Higgs	Chief Operating Officer	9/9
Richard Brown	Chief Finance and Resources Officer	7/9 left Executive team as of 20 April 2025
Paul Cooke	Chief Corporate Affairs Officer	9/9
Chris McCabe	Chief Technology and Statutory Operations Officer	9/9
Clive Scrivener	Non-executive Chair	4/4 left Executive team as of 30 September 2024
Richard Judge	Non-executive Chair	5/5 joined Executive team as of 30 September 2024
Jonathan Beasley	Non-executive Director	9/9
Darran Messem	Non-executive Director	7/9
Members of the DfT Sponsorship Team	DfT Sponsorship Team	9/9

## **Audit and Risk Assurance Committee (ARAC)**

Our Board and ARAC oversee governance assurance processes and assist in their development. This ensures continual improvement of the systems remains a priority. A suitably qualified non-executive director chairs the VCA ARAC with one non-executive director as further member. In addition, one further independent member may be appointed to serve on the ARAC, whom may be appointed by DfT.

The Chair of the ARAC regularly updates the Board on the ARAC's views of the effectiveness of our governance, risk management, and internal control arrangements.

Our ARAC has agreed terms of reference which are reviewed on an annual basis. The Committee provides assurance, advice, and support to the Chief Executive in discharging her responsibilities as Accounting Officer. The Chair of the ARAC produces a formal Letter of Assurance in relation to audit and risk for the Accounting Officer each year.

Key areas of focus in 2024 to 2025 included:

- Risk assessment and mitigation
- Financial controls
- Resourcing to support ongoing technical business delivery
- Board Governance

- Business capacity and capability

I attend the Committee as the CEO, along with our Chief Finance and Resources Officer (CFRO) and the Financial Controller as observers.

Other attendees include the Government Internal Audit Agency (GIAA), the National Audit Office (NAO) and KPMG as sub-contracted auditors to the NAO. Executive team members can be invited to attend when the Committee has asked to discuss matters for which they are accountable. Representatives of DfT Finance have a standing invitation to attend every meeting.

The ARAC has access to all internal audit reports, major project assurance reports, external reviews, risk registers, and management reports. The agenda follows a cyclical pattern to support external financial reporting but considers the following at each of the meetings:

- progress against assurance plans, and adequacy of response to the risk register and that correct risks have been identified;
- management responses and progress against assurance reviews;
- response to fraud and bribery threats;
- ICT security and in addition protection of personal data.

The ARAC challenges the Agency's Management Assurance Statement (MAS)

The ARAC also recommends to the Agency Accounting Officer whether they should accept and sign the annual report and accounts

The ARAC members have completed an annual assessment of its effectiveness and concluded that all was working well, with improvements being made during the year. The Committee also focused on risk management, internal audits, and policy review.

## **Board Effectiveness**

The Chair meets regularly with the non-executive Directors and Chief Executive to discuss their performance and to provide insights from their external perspective and experience.

The Board undertakes an annual internal effectiveness review of its performance against Cabinet Office, National Audit Office (NAO) and external good business practice governance guidance, agreeing an annual action plan to respond to its conclusions.

The annual review of the effectiveness of our Management Board is required as part of our ongoing governance arrangements. The 2024 to 2025 exercise took place in July 2024, with all executive and non-executive members taking part. The outputs were constructive and positive, providing some opportunities to build on current best practice.

## **Risk management**

As Chief Executive, I am responsible for maintaining an effective risk management framework for the Agency. We follow HM Treasury guidance and The Orange Book, with the aim of managing risk to a reasonable level rather than to eliminate all risk from achieving policies, aims, or objectives.

Our positive culture of risk management is led by the Board, which ensures policy and strategy is in place and supported through the embedded risk processes at each level of the agency. Our Financial Controller is the Agency Risk Manager and is supported by myself, as Agency Risk Champion, and the CFRO. The Agency Risk Register is used by the GIAA to inform the annual audit programme.

The Board reviews high-level risks monthly. These are risks that have arisen either through a top-down review or through bottom-up reporting. The agency's Risk Manager attends the Department's Group Risk Management meetings and reports high-level risks to the Director of Roads Safety Standards and Services through the Group Monthly Report and regular agency performance meetings.

All risks are reviewed on a quarterly basis by the VCA risk owners, with the non-executive directors who form part of the ARAC also in attendance. The Board also assesses the overall appetite for risks, and during the year we have been 'open' to accepting a level of risk based on the current business climate. The Board

assess the risk profile each year and reviews the risk policy in line with the requirements of the Orange Book. In addition to the inherent risks that are always monitored, such as cyber and data security, reputational risk, and health and safety, the key areas of risk monitored by the agency in 2024 to 2025 were:

## **Retention and Succession Planning**

The risk that individuals leave the Agency, where some functions have no effective understudy, with the loss of experience in key roles potentially. VCA has implemented the best practice to both attract, recruit and retain staff, including an extensive overhaul of the induction process of all new starters. In addition, VCA has put in place a recruitment and allowance package with the support of DfT which has allowed onboarding of a significant number of engineers. Further mitigation includes preparation of a succession plan. Despite these countermeasures technical experts' recruitment continues to be a challenge which impacts VCA's ability to deliver key services in growth areas. To address this VCA is monitoring an additional related risk, attraction of deep specialist. This risk profile has increased to the highest risk given the challenges on technical expert's recruitment.

## **GB Type Approval Scheme**

The VCA is now responsible for issuing type approvals to all vehicle types on GB roads.

From 1st February 2026 all M & N category vehicle types must hold a full GB or UKNI type approval to be manufactured for sale in Great Britain. To deliver on this VCA are monitoring two related risks, one related to policy divergence and the other related to industry readiness.

To mitigate these risk VCA continues to work closely with policy colleagues at DfT to ensure the necessary forward planning is in place to operationally deliver the scheme and additionally the VCA also continues to engage regularly with the automotive industry to assist with their preparations to migrate from GB provisional approvals to GB full scheme approvals. Given the 1st February 2026 deadline both risk profiles have been on an increasing trajectory and are now at high risk.

## **Incident involving a vehicle with partial automation**

The risk that a vehicle with partial automation which has been approved by VCA is involved in an incident resulting in the death or serious injury of a pedestrian or other road user.

To mitigate this risk VCA is working closely with Department for Transport (DfT) & Centre for Connected and Autonomous Vehicles (CCAV) who are coordinating all elements of CAV deployment ensuring integration with central departments and other agencies processes as part of the DfT CCAV implementation board. Also, VCA has a created strategic capability paper that

maps out roles and areas of expertise that have been identified the agency will require to be able to deliver continuous automotive vehicles (CAV) certification in the future.

- The risk profile has been on an increasing trajectory and is now at the highest risk given the challenges on getting the regulatory framework in place and recruiting the technical experts required to deliver intime for this emerging technology.
- VCA also monitors risks of business interruption through disaster, health and safety, availability of critical digital services, cyber-attack on VCA systems, project benefit realisation and reputational risk. The risk profiles on these haven't changed over the year and remain low to moderate.

## **Government Internal Audit Agency (GIAA)**

The VCA internal audit service is provided by the Government Internal Audit Agency (GIAA) using a combination of its own staff and external suppliers under a number of framework agreements. The GIAA provides regular reports to the VCA Audit Risk and Assurance Committee (ARAC), as well as an overall independent opinion of the adequacy and effectiveness of the Agency's system of internal control, together with proposed actions for improvement which are agreed with management.

The 2024 to 2025 reporting period comprised of five audits:

## **Key Financial Controls (Moderate)**

Auditors provided Moderate (yellow) assurance, noting evidence of fundamentally robust Expenses and Cash and Banking processes.

## **E-Volve Programme (Moderate)**

Auditors provided Moderate (yellow) assurance, noting the governance structure and reporting were adequate and effective.

## **Equality, diversity and inclusion (EDI) (Moderate)**

Auditors provided Moderate (yellow) assurance, noting that VCA's approach to EDI reflects a positive commitment from the CEO to developing a diverse and inclusive working environment.

## **Recruitment effectiveness (Moderate)**

Auditors provided Moderate (yellow) assurance, noting that VCA has a structured recruitment process in place, involving collaboration between various internal departments.

## **Dangerous Goods Team (Limited)**

Auditors provided limited (amber) assurance, noting that an imminent recruitment exercise was due to result in DGO being fully staffed, however also noting that

there were opportunities for improvement in internal controls, in governance, risk and controls.

Overall, in the opinion of the Head of Internal Audit, the 2024 to 2025 assurance rating is assessed as 'Limited' which is a change from last year's opinion which was 'Moderate'.

The overall Opinion is also informed by the completed audit engagements in the year as above and findings from an advisory review of Commercial Controls which was commissioned by the Accounting Officer. This identified areas for improvement. Notwithstanding this opinion, it was noted good practice, and good governance arrangements are evident and that GIAA audit actions have been implemented effectively and proactively by management. Looking forward, it was noted that VCA's senior leadership team has already taken significant steps to improve the governance posture of the organisation. Those steps include strengthening internal controls, building commercial capability and transforming digital systems and tools. This effort and focus will continue into 2025 to 2026.

## **Assurance Mechanisms and Control**

There are several internal control processes in place which provide a framework for managers and staff to deliver our objectives successfully and efficiently.

The main assurance mechanisms are:

## **a) Internal control**

Our integrated assurance framework defines a process by which I, as the CEO, receive assurance on the management of risks associated with the achievement of the VCA's objectives and the meeting of performance measures (both financial and non-financial).

## **b) Financial control**

We produce a formal budget plan every year. Performance is monitored against this plan on a monthly basis by finance business partners, budget holders and the Board. The plan also includes non-financial performance measures which are also monitored on a monthly basis by the Board. During the year financial performance risks and opportunities were considered and reviewed.

Our Finance Team undertake a series of monthly routine checks to ensure the accuracy and validity of the financial records, reconciling account balances and ensuring control procedures have been applied. We operate a system of delegated authority on expenditure with defined approval limits for managers.

## **c) Management Assurance**

The Chief Finance and Resources Officer completes the DfT led Management Assurance report on the full range of delegations, policies and procedures laid down by the agency and the Department, the adequacy of the arrangements within their directorate and what remedial action is being taken where improvement is needed.

This is reviewed with me as CEO, prior to being reviewed by the NED's who attend the ARAC, before submission to the DfT.

#### **d) Fraud, bribery, and whistleblowing**

The management of fraud, error and debt is a critical part of good governance. Losses and recoveries are reported quarterly to the Cabinet Office via Department for Transport.

We have clear policies for anti-corruption, bribery and fraud and whistleblowing which are consistently applied in our UK and overseas offices. We are committed to managing this risk and require all staff to act honestly and with integrity.

We continue to focus our efforts on further raising fraud awareness through mandatory internal and external training and regularly providing staff with updates.

We fully align to the work of the Cabinet Office in improving counter-fraud capability across Government.

#### **e) Macpherson and Analytical Models**

We established an appropriate Quality Assurance framework that is used for all business-critical models, and this framework is under constant review.

#### **f) Project and Programme Management**

All government departments are required to have portfolio management in place, and our projects and

programmes are subject to external audits, as part of our ongoing audit cycle.

In managing successful programmes, PRINCE2 and the relevant government functional standards are inbuilt, and monitoring of project development against these is an integral element to project and programme management. All of our projects and programmes maintain risks, and issues registers which follow our reporting guidelines. Project and programmes are subject to business case approval.

We have worked hard to strengthen our project management capability further with additional delivery resource to support Digital Projects. We are also giving our staff the opportunity to develop skills by supporting projects alongside their existing responsibilities.

Additionally, we have a Portfolio Management Board structure in place. This Board is chaired by the Portfolio Owner (Chief Corporate Affairs Officer) and includes Portfolio Assurance Manager and Chief Information Officer (CIO). I also routinely attend Board meetings to ensure that there is a good overview of the portfolio.

The Board reviews progress against the plans, as well as project costs and risks to ensure that projects or programmes are delivering against the business case.

The Senior Responsible Officer (SRO) and Delivery Manager from each project and programme provide an update to the CEO and Portfolio Owner on progress and can raise any issues and request support if required.

The Portfolio Assurance Manager provides regular updates to the Management Board.

### **g) Data handling, security and information risk**

The agency's data and information handling procedures comply with the relevant statutory and regulatory requirements. This includes, amongst others, the Data Protection Act 2018 (DPA), General Data Protection Regulations (GDPR), Freedom of Information Act 2000, Environmental Information Regulations 2004, Computer Misuse Act 1990 and Protection of Intellectual Property Rights.

We work closely with the DfT on any issues relating to data handling, security and information risk. We are also continuing to improve our data security by ensuring our staff are aware of the requirements of the GDPR legislation and undertake regular training.

During the year one breach was reported to the Data Protection Officer at the DfT, and the Information Commissioner. The Information Commissioner confirmed that the breach reported did not meet the bar for a reportable case. They also confirmed that they were content with our response to the case and that no enforcement action was considered necessary.

### **h) Commercial Controls**

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015. This framework will transition to the Procurement Act 2023, which is now scheduled to

come into force on 24 February 2025, establishing a new legal foundation for public sector procurement.

Our controls are aligned to DfT and Cabinet Office governance and commercial controls. Control of commercial activity is administered by the commercial function and overseen by the Chief Financial Officer.

We are actively strengthening our commercial function to ensure the capacity and capability to support all VCA procurement and contract management activities.

We have completed a number of procurement activities, and where possible, Crown Commercial Services framework agreements were used, predominantly for ICT in support of Business Transformation and some to support CCAV activities. In all cases we utilized the support of the DfT commercial function for advice, guidance and approval.

### **i) Functional standards**

Where applicable, VCA staff strive to adhere to the mandated government functional standards in a way that aligns with VCA's business needs and priorities. GovS 001 (Government Functions) establishes expectations for the consistent management of all functions and functional standards across government. The subsequent standards, from GovS 002 onwards, define expectations for specific functional areas such as project delivery and commercial operations. These standards provide a stable foundation for assurance, risk management, capability development, and ensuring value for money

for the taxpayers. This work complements VCA's management assurance process, which provides the Management Board and ARAC assurance on compliance with process and controls.

## **Review of effectiveness of internal control**

As Accounting Officer, I have responsibility for reviewing the governance and effectiveness of the system of internal control within the VCA. My review is informed by the work of the internal auditors, managers, and the executive team within the agency, as well as the maintenance of the internal framework, comments made by external auditors in their management letter and other reports and the work of the VCA ARAC. I have been advised on the implications of the results of my review and plan to address any weaknesses identified, as well as ensure a programme of continuous improvement is in place.

## **Non-executive Directors' statement**

During 2024 to 2025, the non-executive directors have participated in discussions and decisions made by the executive team, as part of Board or the ARAC meetings. Based on this insight into the organisation, and having received management and other independent assurance, they are content that there are no material issues requiring disclosure in the annual governance statement.

## Conclusion

The above procedures provide me with reliable assurance that our procedures and internal controls have broadly been very effective throughout the year, recognising that some further development of our commercial capability and capacity is needed.



**Pia Wilkes CBE** Chief Executive and Agency  
Accounting Officer

Date – 7 January 2026

# Remuneration and Staff Report



## Remuneration policy

We have the authority to determine the terms and conditions relating to the remuneration (excluding pensions) of our staff below Senior Civil Service grades and the payment of allowances to all staff. The remuneration of senior civil servants (SCS) is outside the scope of the agency's authority and is set by the prime minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body considers the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's departmental expenditure limits; and
- the government's inflation target. The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

## **Service contracts**

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis, of fair and open competition.

The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

## **Remuneration (including salary, benefits-in-kind and pension entitlements)**

The following sections provide details of the remuneration and pension interests of the directors of the agency, which have been subject to audit. There were no benefits in kind received by any directors during the year.

## **Chief Executive Officer – Remuneration and Performance**

Mrs Pia Wilkes is the VCA's sole Senior Civil Servant (SCS) and is employed on contract terms. The contract

contains a fixed notice period of three months, which may be terminated by mutual consent. If the department chooses to terminate employment prior to the end of the fixed period, other than by mutual consent or termination due to inefficiency, misconduct or medical reasons, compensation may be paid in accordance with the relevant provisions of the Civil Service Compensation Scheme.

## **Non-executive directors (audited)**

Non-executive directors are appointed on merit, based on fair and open competition, and are appointed for up to a three-year period, with the option of serving a further two years should this be deemed appropriate by the Accounting Officer in consultation with the DfT. The non-executive chair receives an annualised salary within the £15k-20k range and other non-executive directors receive annualised salary within the £10-15k range. The following amounts were receivable by the non-executive directors of the Management Board for their services during the year.

<b>Non-executive Director</b>	<b>2024 to 2025 £000</b>	<b>FTE Salary– 2024 to 2025 £000</b>	<b>2023 to 2024 £000</b>	<b>FTE Salary– 2023 to 2024 £000</b>
Mr C Scrivener (resigned September 2024)	5-10	15-20	15-20	15-20
Mr R Judge (joined October 2024)	5-10	15-20	-	-
Mr J Beasley	10-15	10-15	0-5	10-15
Mr D Messem	10-15	10-15	0-5	10-15
Ms S Philbrick (resigned December 2023)	-	-	5-10	10-15
Mr G Dixon (resigned April 2023)	-	-	0-5	10-15

## Management Board: remuneration and performance

All other Management Board members have standard Civil Service employment contracts which govern their remuneration levels and performance conditions. All are permanent full-time employees. Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit based on fair and open competition but also includes the circumstances when appointments may otherwise be made. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the

Civil Service Compensation Scheme. The following sections provide details of the remuneration and pension interests of the Chief Executive and Board members employed by the agency.

## **Salary, bonuses, pension and benefits-in-kind (audited)**

The information below sets out the remuneration details of all the members of the Management Board, employed by the VCA, as of 31 March 2025. Salaries include gross salaries, overtime, and any other allowances subject to UK taxation, but exclude employer pension contributions. No additional fees were received in their capacity as Board members nor were any benefits in kind received.

	2024 to 2025				2023 to 2024 (*Restated)			
	Salary £000	Bonus Payments £000	Pension Benefits £000	Total £000	Salary £000	Bonus Payments £000	Pension Benefits £000	Total £000
Mrs P Wilkes	135 -140	-	65	200 - 205	130 -135	0-5	96	225 -230
Mr P Higgs	80-85	-	26	110 -115	80-85	0-5	31	115 -120
Mr R Brown	80-85	-	30	110 -115	80-85	-	29	110 -115
Mr P Cooke	80-85	-	52	130 -135	80-85	-	7	85-90
Mr C McCabe	70-75	0-5	48	120 -125	70-75	0-5	21	90-95

\*The pension benefit balances for the year ended 31 March 2024 have been restated as detailed below as they were included based on contributions paid instead of accrued pension benefits in the prior year financial statements:

	2023 to 2024 (as previously stated) £000	2023 to 2024 (adjustment) £000	2023 to 2024 (restated) £000
Mrs P Wilkes	39	57	96
Mr P Higgs	20	11	31
Mr R Brown	20	9	29
Mr P Cooke	20	(13)	7
Mr C McCabe	18	3	21

## Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the top to median, lower quartile and upper quartiles remuneration of the organisation’s workforce.

This calculation is based on the full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis.

The banded remuneration of the highest-paid director in the Agency in the financial year 2024 to 2025 was £135k-£140k (2023 to 2024: £130-135k).

Year	Banding of highest paid director £'000	25th percentile pay ratio	25th percentile pay remuneration of workforce	Median pay ratio	Median remuneration of workforce	75th percentile pay ratio	75th percentile pay remuneration of workforce
<b>Total remuneration</b>							
2024-25	135-140	4.65	£29,560	3.68	£37,350	2.73	£50,276
2023-24	130-135	4.71	£28,119	3.72	£35,663	2.79	£47,458
<b>Salary component only</b>							
2024-25	130-135	4.65	£29,560	3.68	£37,350	2.84	£48,417
2023-24	130-135	4.71	£28,119	3.72	£35,663	2.89	£45,834

The median, 25th and 75th percentiles are calculated on total remuneration which includes salary, allowances, non-consolidated performance-related pay and benefits-in-kind and also on the salary component only. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

In 2024 to 2025, there was a slight increase in median employee pay of 4.73%, however there have been no significant changes to pay policies for staff across the agency during the year.

Salary and allowances for the highest paid director increased by 4.92% in 2024 to 2025 when compared to 2023 to 2024. The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole was a 7.19% increase.

There was no performance related bonus for the highest paid director (2023 to 2024: £2k). The average percentage change for the VCA's employees for performance related pay increased by 40.11%. Performance pay is based on performance levels and is made as part of the appraisal process.

There was no bonus paid to the CEO in the financial year 2024 to 2025.

In 2024 to 2025, there were seven members of staff who on an annualised basis would be paid in excess of the highest paid director (2023 to 2024, seven members of staff). These staff members are on-payroll contractors and agency staff.

Remuneration ranged from £5,310 (overseas position) to £192,400 (2023 to 2024: £14,469 to £192,400). This highest remuneration figure is based on a full-time equivalent, annualised value for a contractor of the VCA.

The VCA believes the median pay ratio continues to be consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

## **Pension benefits**

Pension benefits are provided through the Civil Service pension arrangements.<sup>1</sup> From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme, or alpha, which provides benefits on a career-average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha:

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<sup>1</sup> <https://www.civilservicepensionscheme.org.uk/>

<b>Annual Pensionable Earnings (full-time equivalent basis)</b>	<b>Classic, Classic Plus, Premium, Nuvos and Alpha Scheme Contribution Rate % 2024-2025</b>
Up to £34,199	4.60
£34,200 – £56,000	5.45
£56,001– £150,000	7.35
Over £150,000	8.05

<b>Annual Pensionable Earnings (full-time equivalent basis)</b>	<b>Classic, Classic Plus, Premium, Nuvos and Alpha Scheme Contribution Rate % 2023-2024</b>
Up to £23,100	4.60
£23,101 – £56,000	5.45
£56,001– £150,000	7.35
Over £150,000	8.05

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos, and alpha are increased annually in line with Pensions Increase legislation.

The members who stayed in their original schemes (also known as Legacy schemes) in 2015 were transitioned across into the Alpha Scheme on 1 April 2022. This change followed a court judgment from 2018 and the introduction of 2015 Remedy Programme.<sup>2</sup>

From 1 April 2022 onwards, all members of Civil Service Pensions who continue in service have been part of the Alpha Scheme. Classic, classic plus, premium and nuvos (known as the Legacy pension schemes) were closed for service after 31 March 2022.

Eligible members were given a choice of benefits between the Alpha Scheme and their Legacy scheme for the Remedy period from 1 April 2015 to 31 March 2022. This choice has been available to members at retirement or after 1 October 2023. Any members who took their benefits before 1 October 2023 will be remedied at a later date.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider, Legal and General. The employee does not have to contribute, but where they do make age-related contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic age-related contribution – this

<sup>2</sup> <https://www.civilservicepensionscheme.org.uk/memberhub/memberhub-faqs/?searchfaqtxt=CAT-2015%20Remedy/>

varies from 8% for under 31s and up to 14.75% for 46s and over). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

## **Pension commitments**

The PCSPS is an unfunded multi-employer defined benefit scheme, but we are unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020.

For 2024 to 2025, normal employer's contributions of £2,402,989 (2023 to 2024: £2,035,461) were payable to the PCSPS at one of four rates in the range 26.6.% to 30.3% (2023 to 2024: 26.6% to 30.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years

following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Employer contribution rates for 2024 to 2025 remain unchanged and range from 26.6% to 30.3%.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. During 2024 to 2025, payments of £11,537 (2023 to 2024: £8,017) were made to this scheme.

Under the Automatic Enrolment Pensions Scheme rules the VCA offers their fee paid employees the opportunity to join the Concord Defined Contribution Pension Scheme with Legal and General. During 2024 to 2025, payments of £28,266 were made to this scheme (2023 to 2024: £23,168).

## **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because of their total

membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant on 31 March 2025. HM Treasury published updated guidance on 27 April 2024; this guidance will be used in the calculation of 2024 to 2025 CETV figures.

## **Real increase in CETV (audited)**

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

# Pension information for 2024 to 2025 of Chief Executive and Management Board Members (audited)

	Accrued pension at pension age at 31 March 2025 and related party lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2025	Cash Equivalent Transfer Value at 31 March 2024	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000
Mrs P Wilkes Chief Executive	40-45	2.5-5	758	672	50
Mr P Higgs Director	30-35	0-2.5	605	533	21
Mr R Brown Director	20-25	0-2.5	320	272	20
Mr P Cooke Director	40-45 (plus a lump sum of 100 – 105)	2.5-5 (plus a lump sum of 2.5 – 5)	960	875	46
Mr C McCabe Director	20-25	2.5-5	390	341	31

## Compensation for loss of office (audited)

There were no payments for compensation for loss of office in the year (2023 to 2024: £Nil).

## Staff Costs (audited)

	2024-2025 £'000	2023-2024 £'000
Wages and salaries	9,840	8,895
Social security costs	1,056	978
Other pension costs	2,411	1,980
Agency, temporary and contract staff	4,031	3,831
<b>Total net costs</b>	<b>17,338</b>	<b>15,684</b>

## Average numbers (audited)

Full-time equivalents	2024-2025		2023-2024	
	Permanent	Others	Permanent	Others
Senior Civil Servant	1	-	1	-
Senior Management	19	-	16	-
Professional and Technical	159	39	144	37
Administrative	44	13	40	25
<b>Total FTE's</b>	<b>223</b>	<b>52</b>	<b>201</b>	<b>62</b>

Permanent staff includes UK and overseas civil servants. Other staff includes locally engaged staff (overseas), on payroll contractors, non-executive directors and agency staff.

The staff turnover percentage for 2024 to 2025 is 9% (2023 to 2024: 17.4%). The staff turnover figure is

calculated as the number of leavers within the financial year divided by the average of staff in post over the financial year. Leavers reported are aligned to Cabinet Office guidelines, therefore include retirements and resignations, however, do not include transfer to another department.

## Gender analysis

Headcount	2024-2025 Male	2024-2025 Female	2023-2024 Male	2023-2024 Female
Senior Civil Servant	-	1	-	1
Senior Management	17	2	15	1
Professional and Technical	104	55	97	48
Administrative	16	28	13	27
<b>Total Headcount</b>	<b>137</b>	<b>86</b>	<b>125</b>	<b>77</b>

We all play an active role in developing an inclusive workplace. With science and engineering being a predominantly male industry, we continue to work on various initiatives to help promote gender diversity across the agency.

## Consultancy costs

There were £3,263k of consultancy costs incurred in year. £3,259k related to the ongoing implementation of IT projects; these included a business and digital transformation programme and the start-up of a three-to-five-year business transformation project. The

balance of costs related to legal fees for overseas operations and dangerous goods consultancy (2023 to 2024: £3,466k).

## Off-payroll arrangements

To meet demand, we employ contractors and agency workers who can be deemed off payroll engagements. They are employed for a variety of reasons across the business including DS&T, Conformity of Production consultancy, audit and finance.

## Off-payroll appointees

Off-payroll engagements as of 31 March 2025 for more than £245 per day and lasts for longer than 6 months	Number
Number of existing engagements as of 31 March 2025	5
Of which:	
Number that has existed for less than one year at time of reporting	0
Number that has existed for between one and two years at time of reporting	0
Number that has existed for between two and three years at time of reporting	3
Number that has existed for between three and four years at time of reporting	2
Number that has existed for four or more years at time of reporting	0

<b>New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2024 and 31 March 2025, for more than £245 per day and lasts longer than 6 months</b>	<b>Number</b>
Number of new engagements, or those that reached six months in duration, between 1 April 2024 and 31 March 2025	0
Of which:	
Number not subject to off-payroll legislation	0
Number subject to off-payroll legislation and determined in scope of IR35	0
Number subject to off-payroll legislation and determined as out of scope of IR35	5
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements whose IR35 status changed following reassessment	0

<b>Off-payroll engagements of Board members and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025</b>	<b>Number</b>
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals that have been deemed 'Board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both on- and off-payroll engagements	5

## Staff sickness absence

Staff absence has exceeded the target, of 6 days. 2024 to 2025 closed with an average figure of 8.13 days lost

due to sickness absence. This is an increase from the 2023 to 2024 figure of 6.61 days.

We have seen a rise in long term and short-term sickness. In such cases managers are supported with this by our local HR team and casework team. We support our employees by providing guidance through our Employee Wellness Hub, along with offering wellbeing sessions on a variety of topics, utilising occupational health where appropriate, stress risk assessments. As well as signposting to mental health first aiders and external resources. Flexible and hybrid working has also benefited the Agency and employees in providing a work life balance.

Long-term and persistent short term absence cases are referred to our occupational health provider, to ensure reasonable adjustments are in place to support employees' in returning and remaining in work. We also continue to promote the support available through our Employee Assistance Programme.

## **Staff training and development**

Throughout this year, we have continued to expand our offering in training and development, utilising online facilities such as Microsoft Teams. Training providers have covered a range of topics including job leadership, coaching and mediation wellbeing, and engineering.

We consider it extremely important that we invest in our employees' development, as this not only engages our staff but develops our future workforce. This year

we continued with the successful Operational Delivery Profession (ODP) career pathway for AO to SEO grades. This framework develops broad transferable skills in operational delivery across the Agency, facilitating a continuous learning mindset and providing greater opportunity for progression.

The LEAP programme has also been offered which supported many of our new leaders at the start of their journey. The programme assisted managers to develop an understanding of the role of a line manager and how to lead their teams to achieve high performance. The Agency is also in the process of rolling out line management training to support and upskill new and existing line managers.

We are committed to building our skills and capability in the Agency and our approach to apprenticeships is an important part of our strategy to achieve this. We offer a range of apprenticeship opportunities and currently have employees enrolled on Business Administration and engineering apprenticeships. We continue to support the 20% off the job time dedicated to apprentices and have mandated some essential learning for all staff.

We have also continued to mentor and support our current graduate intake, however given how fast paced the automotive sector is moving and progressing automated vehicles, we've extended our graduate campaign in the electrical engineering discipline.

Given our strong technical presence, we have maintained the IMeCHE (Institute of Mechanical Engineers) mentoring scheme, coaching, and progressing our engineers through the chartered framework, alongside their dedicated mentors.

## **Staff engagement**

Engagement with staff is essential to the success of an organisation. To develop as an Agency, we recognise that our staff need to feel engaged within the organisation, team and by their manager.

We consistently communicate with our staff to understand how they are feeling, to develop ideas, and this fosters strong working relationships and productive teams across the Agency. At the Agency, communication is two-way; we ensure our messaging is consistent and widespread and that staff have a platform to share their thoughts, concerns, and to celebrate their successes.

We have maintained and developed our Weekly Plug-In publication, a weekly newsletter which continues to be read by over 90% of our staff each week and includes updates from across the Civil Service and industry. We have also continued our successful monthly Team Brief, a hybrid monthly meeting, open to all our staff from across the world. Staff can now join our Team Brief in person at VCA HQ, VCA Midlands or join through Teams, where they can hear updates from teams all over the world. A recorded version of the Team Brief is

also available for those who are unable to attend in real time.

The Agency has introduced two new recognition schemes. These include Length of Service Awards which celebrate key milestones achieved in VCA employment and Celebration Awards which include a number of categories celebrating and recognising the hard work and dedication of our staff.

Our Communications team have continued to put significant effort into celebrating specific projects including our revamped recruitment role profiles.

Our intranet, the HUB, persists in being the go-to place for all the latest information, both corporate and social news, and active links to documents and other resources such as the Staff Handbook.

We constantly communicate with our staff to improve engagement, through a range of different platforms. We are consistently a strong performer in the Civil Service annual People Survey, as outlined on page 103.

Engagement is an area that requires regular review and can begin as early as a prospective candidate's interest in a role. We regularly update our careers information, which highlights the wide range of benefits and opportunities available to employees. We have continued the use of recruitment videos this helps to visually showcase the work of teams across the Agency, including with our teams in Technical and Statutory Operations, HR, and Finance.

## Human resource

We have continued to adapt to changes to maintain the service to our customers and keep our staff safe and well.

Employees split their working time between the office and their home. Our flexible working policy means that employees attend the office for at least 60% of their working week, allowing teams to work collaboratively whilst still maintaining a work/life balance.

The health and wellbeing of employees continues to be of a high priority for the VCA. We have developed an Employee Wellness Hub, highlighting all the services that employees are able to access, such as support with financial wellbeing and access to a wide range of counselling services through our employee assistance provider. We have also continued to promote a range of campaigns, initiatives, and support for both mental and physical wellbeing including raising awareness of issues our employees may face, such as a successful autism awareness and stress awareness week. We continue to provide key information on positive changes that can be made to improve health and wellbeing. Key information on how to look after our sleep, understanding burnout, male and female health, as well as pregnancy and baby loss awareness have been shared.

The HR team prides itself on providing a personal and professional service to our employees and stakeholders. We also continue to seek to improve our

service. Upon receiving a query through the HR inbox, an acknowledgement is sent confirming receipt within 24-48 hours and we aim to resolve queries within 5 working days.

We have maintained, and where necessary, grown our workforce. We continue to use a mixture of online and face to face interviews and assessment across all UK offices, ensuring a flexible, agile process. The HR team have also contributed to projects to improve our recruitment and induction processes, ensuring an efficient and well managed environment for candidates, and hiring managers.

**“Employees split their working time between the office and their home. Our flexible working policy means that employees attend the office for at least 60% of their working week, allowing teams to work collaboratively whilst still maintaining a work/life balance.”**



**60%**



**40%**

The HR team consistently support stakeholders across the organisation in using the Job Evaluation Grading System (JEGS) framework to ensure that new roles within the organisation are placed at the correct grade. The HR team have also continued to make effective use of and improve the HR Intranet pages to provide support and guidance to managers on key updates, policies and processes.

The HR team works closely with the DfT and other agencies on the Unity project (previously known as future of shared services project), helping to build,

test and prepare training for the new system. This will include internal change impact assessments, creation of process maps and cleansing of data.

We will also continue to support the VCA's business transformation programme, providing HR guidance and input where necessary.

## **Civil Service People survey**

The Civil Service People Survey remains a key channel for staff to share feedback with both our organisation and the Cabinet Office. It provides insight into how employees feel about their roles, the workplace, and highlights areas of strength as well as opportunities for improvement.

In 2024 to 2025, we achieved a response rate of 84%, up from 77% in 2023 to 2024. This increase reflects strong staff engagement and a clear willingness to contribute to organisational development.

Our employee engagement index also rose from 58% in 2023 to 2024 to 60% in 2024 to 2025, despite external challenges such as the ongoing Cost of Living crisis. This improvement signals a resilient and committed workforce.

We recognise that employee engagement is fundamental to organisational performance. By acting on staff feedback, we aim to continue enhancing the employee experience and strengthening our culture.

For 2025 to 2026, our local question blocks will focus on:

- Safe to Challenge
- Change Management
- Collaboration and Team Performance

These themes will help us better understand staff perspectives and guide meaningful improvements across the Agency.



## Our Vision:

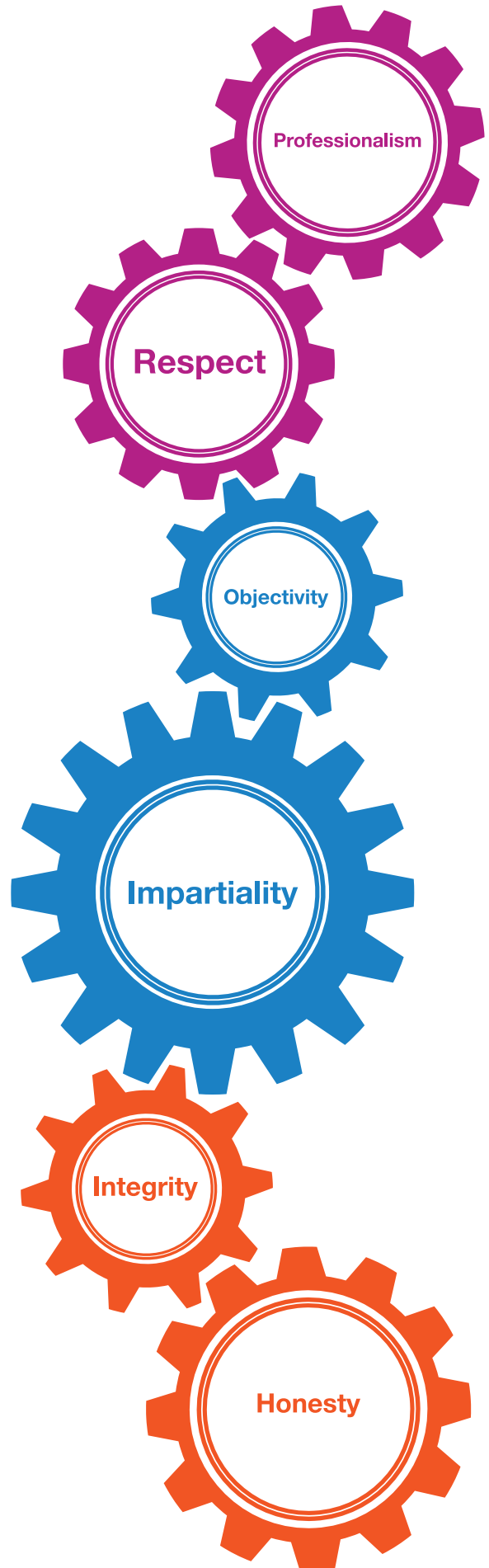
Is to be an organisation that is admired and respected for our people, their professionalism and impartiality.

## Our Mission:

Safe, Clean, Secure – Inspiring confidence in vehicle standards through impartial testing and certification.

## Our Values:

Professionalism, Respect, Objectivity, Impartiality, Integrity, Honesty.



## **Policy on Employment of Disabled Persons**

As part of the Civil Service, we are an equal opportunity employer. This means:

- A. giving full and fair consideration to applications for employment by the agency made by disabled persons, having regard to their aptitudes and abilities; ensuring that when reasonable adjustments are requested to interview, these are implemented to the best of the agency's ability.
- B. continuing the employment of, and for arranging appropriate training for, employees of the agency who have become disabled persons during the period when they were employed by the agency, and;
- C. providing for the training, career development and promotion of disabled persons employed by the agency.

## **Diversity Issues and Equal Treatment in employment and occupation**

Creating an inclusive culture is the most sustainable way of helping people feel safer, happier, and more productive in work. We want to ensure that every line manager has the skills, knowledge, and behaviours they need to build inclusive teams that allow everyone to thrive.

We value equality and diversity in employment and actively build on work already done to develop an

inclusive workplace. We are committed to developing an organisation in which fairness and equality of opportunity are central to our business and working relationships; ensuring the organisational culture reflects and supports these values.

In August 2024 the VCA became a Disability Confident Employer demonstrating our commitment to equality of opportunity for all.

As an organisation we adhere to the DfT Group diversity, inclusion, and wellbeing strategy 2022-2025. The main objectives have been outlined as:

- representing the communities we serve – recruiting from a diverse pool that reflects the various communities we serve and providing opportunities to progress locally
- being confidently inclusive – fostering a healthy and supportive culture where colleagues feel confident bringing the full range of their background, experiences and skills to work
- maximising potential for all – creating an empowering environment where everyone feels a sense of connection with the DfT and sees opportunities to thrive and develop their careers

We provide information via the VCA's intranet hub on staff network groups that staff can access as part of the Department for Transport Community.

Information on mental wellbeing and the support for employees have been published on the HR intranet page.

We will also be working to provide training to all staff on neurodiversity awareness and have trained additional Mental Health First Aid training and facilitated refresher training to existing VCA Mental Health First Aiders.

## **Employment issues including employee consultation and/or participation and recruitment practice**

All our staff and job applicants have the right to be treated equally and fairly in all aspects of employment including recruitment, promotion, and training, regardless of their sex, gender identity, disability, marital status, race, ethnic or national origin, sexual orientation, age, religion or belief, employment status, working patterns, caring responsibilities and trade unions memberships, union office or trade union activities.

We understand that within an ever-developing industry, comes the need to expand and grow our teams. To sustain this growth, over the past year we have concentrated on improving our recruitment process for candidates and hiring managers.

We have built great working relationships with our resourcing partners, giving them a deep insight into our organisation, workplace culture, strategic and diversity objectives. In doing so, our recruitment adverts are

more accessible, diverse, and attractive to potential candidates.

The HR team offers dedicated support to all hiring managers throughout the recruitment process, and we have worked hard to enhance and streamline our job descriptions, to help strengthen and widen candidate pools. Given the nature of our work our roles can be quite specialist, however, we recognise that transferable skills are valuable, and, in many cases, we can offer development and training opportunities to employees and perspective candidates.

Prior to the sift and interview stage, we ensure all panel members have completed their mandatory Civil Service Learning. To support diversity in recruitment we always ensure our panels are gender diverse. When required by candidates, reasonable adjustments are put in place, an example of this could be providing a written copy of interview questions, to support neurodiverse candidates.

## **Trade union relationships**

Trade union relationships have been developed locally and within the wider DfT. The DfT Industrial Relations team has been set up to provide a consistent approach, to share and implement best practice and to effectively manage and resolve any conflicts between the trade unions and departmental/agency objectives.

## **Trade union facility time**

Information relating to the Trade Union Facility Time between 1 April 2024 and 31 March 2025 is included in the Department for Transport's figures in their published annual accounts.

## **Career management, employability and pay policy**

Our Local HR work closely with DfT Group HR leads to ensure that Agency policy and procedures align with central governance. Areas include onboarding, payroll and benefits and performance management. Our team is represented at all DfT group meetings and have input into the design and implementation of any policy changes.

## **Health and safety**

At the VCA we fully recognise the importance of Health and Safety, and we are committed to both its legal and moral H&S obligations. Our Management Board supports this and demonstrates top-level commitment to H&S as outlined in the agency's Health and Safety Statement of Intent. The Board sees the development and maintenance of a positive safety culture across the agency as an essential part of our success and ensures that H&S is represented at Board meetings as an agenda item.

Our Senior Estates, Health and Safety Manager holds day-to-day responsibility for internal health and safety

and legal compliance and assurance. Compliance with legislative standards and industry best practice is continually monitored across all our sites. We do this by using several tools available to us and includes but is not limited to:

- The use of systems of regular auditing (both internal and external).
- A strict regime of Pre Planned Maintenance (PPM) and regular equipment inspections.
- Staff safety walks.
- Regular and appropriate training provision.
- Collaboration with other H&S Teams across Government.
- Continuous Professional Development (CPD)

These are undertaken by qualified auditors, external professionals, our own H&S team, and other competent experts in related fields of legislation as required.

All activities with known risks are thoroughly assessed, controlled, and reviewed. Wherever required, this includes assessments in key areas such as those involving hazards and risks, the Control of Substances Hazardous to Health (COSHH) Regulations 2002 and the Health and Safety (Display Screen Equipment) Regulations 1992. We use effective systems to continually evaluate the effectiveness of our policies, procedures, and safety systems that we have in place and strive to make improvements wherever identified. Further to this, we have a Health and Safety Committee

that is chaired by our H&S champion who is a senior member of the VCA Board.

The committee meets every four months as set out in its Terms of Reference (ToR) and is made up of a diverse range of staff. Committee members represent a broad cross section of staff grades, levels of seniority, and departments to reflect the structure of our organisation. Union representatives are also invited to attend these meetings.

Our on-site H&S team, led by our Senior Estates, Health and Safety Manager, also monitors all contractors and visitors who access our sites. This is to ensure that they are made aware of H&S requirements on our sites to give assurance that they operate in a manner where legal compliance can be demonstrated, is always maintained, and that any business is carried out using the appropriate legal standards required of them. The on-site team also advises visitors to the VCA of any specific requirements during their visit and of their responsibilities whilst attending our sites.

Good use is also made of our HUB intranet. Numerous items of related self-help information such as risk assessments, policies, forms, news articles and other related H&S materials are now easily accessible to all staff working for the agency.

We also work in close partnership with other agencies within the DfT and the Environment Agency to monitor the compliance of our joint Facilities Management contract and H&S across our sites. To aid with this, the

Senior Estates, Health and Safety Manager regularly attends events and forums held across the DfT family to discuss any issues that may be affecting the wider department, collaborate and to share best practices. Working this way allows us to develop new exemplar systems and processes that can be used within the VCA and/or across the wider department.

Working with our HR team, the VCA has an active wellbeing committee. Through this, regular activities and events are arranged and provided for all employees. Other provisions such as workplace ergonomic assessments, health checks and eye tests are also offered as part of our commitment to this. Members of the Health and Safety team are available to help line managers and Local HR where required. We also have an internal support network of colleagues who are trained and qualified to deal with specific topics. This support network acts as a point of reference for staff members concerned or needing help with issues such as bullying and harassment, mental health, reasonable adjustments, fire, and first aid.

# Parliamentary Accountability and Audit Report



# Parliamentary Accountability Disclosures (audited)

This section on Parliamentary Accountability Disclosures is produced to comply with the requirements as required by the HM Treasury Government Financial Reporting Manual 2024-25

## Regularity of expenditure

The VCA has complied with the regularity of expenditure requirements as set out in HM Treasury Guidance.

## Losses, special payments and exit packages

This table has been subject to audit

Losses	2024-2025 Volumes	2024-2025 Values £000's	2023-2024 Volumes	2023-2024 Values £000's
Constructive losses	1	826	-	-

In accordance with Managing Public Money (A4.10.8) total losses over £300k should be disclosed.

The VCA has recognised a constructive loss of £826k in relation to the impairment of the Vista replacement system.

During the financial year, the VCA terminated its contract for the delivery of the Vista replacement

system, having incurred capitalised development costs of £826k with one supplier.

Following the termination, the VCA commenced a review into the viability of the system developed to date. However, as of the reporting date, it remains uncertain to what extent any part of the development can be utilised.

In accordance with IAS 36 – Impairment of Assets, the VCA assessed the recoverable amount of the intangible asset. Due to the uncertainty surrounding future use and the inability to determine a reliable value in use, the VCA has recognised an impairment loss of £826k.

There were no special payments or exit packages that are required to be disclosed per HM Treasury Guidance.

## **Fees and charges**

Full disclosure of the fees and charges can be found in note 2a.

## **Remote contingent liabilities**

There are no remote contingent liabilities.

## **Parliamentary Accountability Disclosures (Unaudited)**

### **Charitable donations**

The agency made no charitable donations in the year.

## **Political donations and expenditure**

As a government organisation, the agency acts for the elected government of the day and is non-political. It made no political expenditure or donations.



**Pia Wilkes CBE** Chief Executive and Agency  
Accounting Officer

Date— 7 January 2026

# The Certificate and Report of The Comptroller and Auditor General to The House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Vehicle Certification Agency for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Vehicle Certification Agency's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended;
- and the related notes including the significant accounting policies.
- The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Vehicle Certification Agency's affairs as at 31 March 2025 and its deficit for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## **Opinion on regularity**

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

## **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Vehicle Certification Agency in accordance with the ethical requirements that are relevant to my audit of the

financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Vehicle Certification Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Vehicle Certification Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Vehicle Certification Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is

anticipated that the services which they provide will continue into the future.

## **Other information**

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Vehicle Certification Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- adequate accounting records have not been kept by the Vehicle Certification Agency or returns adequate

for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Vehicle Certification Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Vehicle Certification Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Vehicle Certification Agency will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

considered the nature of the sector, control environment and operational performance including the design of the Vehicle Certification Agency's accounting policies.

- inquired of management, the Vehicle Certification Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Vehicle Certification Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Vehicle Certification Agency's controls relating to the Vehicle Certification Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation, employment law and relevant statutes pertaining to delivery of services.
- inquired of management, Vehicle Certification Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,

- discussed with the engagement team and the relevant internal specialists, including IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Vehicle Certification Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and significant and unusual transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Vehicle Certification Agency's framework of authority and other legal and regulatory frameworks in which the Vehicle Certification Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Vehicle Certification Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law, tax legislation and the relevant statutes pertaining to the delivery of services.

## **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial

Reporting Council's website at:  
[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## **Other auditor's responsibilities**

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**      **Date 11 January 2026**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# The accounts



# Statement of comprehensive net expenditure: for the year ended 31 March 2025

	Notes	2024-2025 £'000	2023-2024 £'000
<b>Revenue</b>	<b>2</b>	<b>22,252</b>	<b>22,009</b>
Staff costs	4	(17,338)	(15,684)
Other operating costs	3	(10,258)	(10,418)
Depreciation and impairment charges	7	(2,998)	(1,695)
<b>Total operating expenditure</b>		<b>(30,594)</b>	<b>(27,797)</b>
Net operating (loss)/profit		(8,342)	(5,788)
Finance income		77	96
Finance expense		(228)	(180)
Foreign exchange translation (loss)/gain		(285)	(264)
<b>Deficit for the year</b>		<b>(8,778)</b>	<b>(6,136)</b>
<b>Net (loss)/gain on:</b>			
- revaluation of intangibles	12	24	(13)
- revaluation of property, plant and equipment	12	36	(59)
<b>Total comprehensive expenditure for the year</b>		<b>(8,718)</b>	<b>(6,208)</b>

All income and expenditure relates to continuing activities

The notes on pages 138 to 182 form part of these accounts.

# Statement of financial position:

## As at 31 March 2025

	Notes	31 March 2025	31 March 2024
<b>Non-current assets:</b>			
Intangible assets	5	11,444	9,384
Property, plant and equipment	6	4,172	4,520
Investment in Italian Legal Entity	18	2,371	1,255
Right of use assets	7	2,247	2,223
<b>Total non-current assets</b>		<b>20,234</b>	<b>17,382</b>
Current assets:			
Trade and other receivables	8	11,102	10,924
Cash and cash equivalents	9	5,078	4,550
<b>Total current assets</b>		<b>16,180</b>	<b>15,474</b>
<b>Total assets</b>		<b>36,414</b>	<b>32,856</b>
Current liabilities:			
Trade and other payables	10	(5,432)	(4,795)
Lease Liabilities	14	(461)	(399)
<b>Total current liabilities</b>		<b>(5,893)</b>	<b>(5,194)</b>
Non-current liabilities:			
Lease Liabilities	14	(1,925)	(1,946)
Provisions	11	(275)	(275)
<b>Total non-current liabilities</b>		<b>(2,200)</b>	<b>(2,221)</b>
<b>Assets less liabilities</b>		<b>28,321</b>	<b>25,441</b>
Taxpayers' equity:			
General fund		26,655	23,835
Revaluation reserve	12	1,666	1,606
<b>Total taxpayers' equity</b>		<b>28,321</b>	<b>25,441</b>



**Pia Wilkes CBE** Chief Executive and Agency  
Accounting Officer

Date - 7 January 2026

The notes on pages 138 to 182 form part of these  
accounts.

# Statement of cash flows for the year ended 31 March 2025

	Notes	2024-2025 £'000	2023-2024 £'000
<b>Cash flows from operating activities</b>			
Deficit for the year		(8,778)	(6,136)
Adjustments for non-cash transactions			
Amortisation charges	5	912	549
Depreciation charges	6,7	1,260	1,146
Impairment of intangible asset	5,7	826	-
Recognition of losses in equity investment	18	384	352
Notional charges	3	98	95
<b>Cash flows adjusted for non-cash transactions</b>		<b>(5,298)</b>	<b>(3,994)</b>
(Increase) in trade and other receivables	8	(178)	(1,652)
Increase in trade and other payables	10	843	477
Increase in provisions	11	-	18
<b>Cash flow from operating activities adjusted</b>		<b>(4,633)</b>	<b>(5,151)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	5	(3,968)	(3,894)
Purchase of property, plant and equipment	6	(487)	(770)
Investment in Italian Legal Entity	18	(1,500)	-

	Notes	2024-2025 £'000	2023-2024 £'000
<b>Net cash outflow from investing activities</b>		<b>(5,955)</b>	<b>(4,664)</b>
<b>Cash flows from financing activities</b>			
Payments of lease principal	14	(384)	(326)
Parliamentary funding		11,500	10,000
<b>Net cash inflow from financing activities</b>		<b>11,116</b>	<b>9,674</b>
<b>Net increase/(decrease) in cash and cash equivalents in period</b>	<b>9</b>	<b>528</b>	<b>(141)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9</b>	<b>4,550</b>	<b>4,691</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>5,078</b>	<b>4,550</b>
<b>Net increase/(decrease) in cash and cash equivalents in period</b>		<b>528</b>	<b>(141)</b>

The notes on pages 138 to 182 form part of these accounts.

# Statement of changes in taxpayers' equity for the year ended 31 March 2025

	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Taxpayers' equity at 1 April 2024</b>	<b>23,835</b>	<b>1,606</b>	<b>25,441</b>
Loss for the year	(8,778)	-	(8,778)
Notional charges in the year (note 3)	98	-	98
Parliamentary funding	11,500	-	11,500
Gain/loss on revaluation of non-current assets (note 12)	-	84	84
Depreciation of re-valued non-current assets (note 12)	-	(24)	(24)
<b>Taxpayers' equity at 31 March 2025</b>	<b>26,655</b>	<b>1,666</b>	<b>28,321</b>

## For the year ended 31 March 2024

	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Taxpayers' equity at 1 April 2023</b>	<b>19,876</b>	<b>1,534</b>	<b>21,410</b>
Loss for the year	(6,136)	-	(6,136)
Notional charges in the year (note 3)	95	-	95
Parliamentary funding	10,000	-	10,000
Gain/loss on revaluation of non-current assets (note 12)	-	87	87
Depreciation of re-valued non-current assets (note 12)	-	(15)	(15)
<b>Taxpayers' equity at 31 March 2024</b>	<b>23,835</b>	<b>1,606</b>	<b>25,441</b>

The notes on pages 138 to 182 form part of these accounts.

# Notes to the financial statements

## 1. Accounting policies

### A. Basis of accounting and going concern

The financial statements have been prepared under the going concern assumption and in accordance with the 2024 to 2025 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

International Accounting Standard 1 (IAS1) requires the Board to assess, as part of the process of preparing the Accounts, the agency's ability to continue as a going concern. In the context of entities in the public sector, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The Accounts should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency

without the transfer of its services to another entity within the public sector.

In preparing the Accounts, the Board has considered the agency's overall financial position against the requirements of IAS1.

We have continued to receive funding from the DfT to support the ongoing business— in 2024 to 2025 we received £5.5m of cash funding. We also received £4.1m of capital funding to support the Business Transformation Project, along with £0.4m for the Connected and Autonomous Vehicles Project and £1.5m of working capital funding to support VCA Europe, a separate legal entity owned by the Secretary of State through the VCA.

VCA is an Executive Agency of the DfT, and the DfT's commitment to support the VCA in the delivery of services will continue for the foreseeable future. DfT has indicated its intention to ensuring VCA has adequate resources to continue to discharge its statutory functions on behalf of the Secretary of State going forwards, including ensuring that the VCA is able to meet its liabilities as they fall due in support of these functions. DfT will also continue to assist with funding to enable the VCA to complete its business transformation project and upgrade of digital services.

Consequently, the VCA Management Board are confident that the agency will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial

statements and consequently have prepared the financial statements on a going concern basis.

## **B. Impending application of newly issued accounting standards not yet effective**

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FreM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

IFRS 17 requires insurance contracts, including reinsurance contracts, to be recognized on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM).

The fulfilment cashflow consists of the present value of future cash flows calculated using the best estimate assumptions with an explicit risk adjustment for non-financial risk.

The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract as insurance services are provided. Where an insurance contract is onerous, it will have no CSM, and the onerous element of the insurance contract will be recognized immediately in the SoCNE. It is not expected to have any material impact.

## C. New accounting standards effective in the year

There are no new accounting standards effective in the year.

## D. Revenue

The agency is mainly funded from sales of services provided to the private sector and income is shown in net of VAT where applicable. Income is derived from a number of elements including accrued income.

## Product certification

In line with IFRS 15, income from type approval work is predominantly recognised as hours are worked and rechargeable expenses are incurred, in line with IFRS 15's requirement to consider performance obligations satisfied over time where the performance creates no alternative asset for the entity, and an enforceable right to payment completed to date exists. This policy applies up to and including the completion of technical work; the only exception is the final 'certification' stage where income is recognised at a point in time in line with the provision of a certificate since no IFRS 15 'over time' indicators apply. This element comprises the minority of overall product certification income since costs are dominated by the technical certification stage. For unbilled work, all unbilled hours and expenses charged to the project or job at the year-end are accrued where the revenue recognition point above is satisfied.

## Other income

For all other types of revenue, income is recognised at a point in time in line with the point at which the performance obligation has been satisfied. This is typically the point of completion and invoicing. When invoices are issued in advance, these are treated as deferred income until the chargeable stage of the job is completed; and income is accrued if the performance obligation for the particular agreement has been satisfied and work remains unbilled, in which case invoices issued post year end will state they are for work undertaken within the accounting period. Other revenue is typically received from the DfT for regulatory and enforcement work.

### E. Non-current assets:

Intangible assets

#### Capitalisation

Intangible non-current assets, which are defined as non-financial assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, are capitalised if they meet the following criteria;

they are capable of being used for a period which exceeds one year; and

they have a cost equal to or greater than £1,000; or

they comprise applications software and licences with a cost of £1,000 or more;

intangible non-current assets are amortised over the estimated useful lives of the assets.

Intangible non-current assets are stated at their cost, revalued to fair value using appropriate indices published by the Office for National Statistics and amortisation on such revalued amounts is provided on a straight-line basis over the estimated useful lives of the assets.

In 25/26 VCA will no longer be revaluing intangibles in line with the 25/26 FREM.

## **Property, plant and equipment**

### **Capitalisation**

Tangible non-current assets, which are defined as non-financial assets that have physical substance and are identifiable and are controlled by the entity through custody or legal rights, are capitalised if they meet the following criteria and are valued on an existing use basis;

they are capable of being used for a period which exceeds one year; and

they have a cost equal to or greater than £1,000, either singly or when multiple or complementary items are purchased.

Plant and Equipment are stated at their cost, revalued using appropriate indices published by the Office for National Statistics and depreciation on such revalued amounts is provided on a straight-line basis. Property

is subject to professional valuation at least every five years in accordance with RICS guidance. In the years between professional valuations the VCA’s Management Board reviews the valuation to ensure there has not been a material change. Depreciation is charged in the month of acquisition and not in the month of disposal. Estimated useful lives are:

Plant and machinery	5-10 years
Furniture and fittings	10 years
Information technology and office equipment	3-5 years
Transport equipment	4 years
Buildings	50 years
Land	Land is not depreciated

Right of use assets are depreciated on a straight-line basis until the end of the contractual lease term.

All non-current assets are tested for impairment annually, including assets under construction. Their carrying value is compared with their recoverable amount. This is deemed to be the higher of the value in use and the fair value, less selling costs.

**F. Notional charges: Audit fee**

The Vehicle Certification Agency is not charged a cash audit fee by the National Audit Office. A notional audit fee is charged to the Statement of comprehensive net expenditure based on the cost of the audit of the financial statements and results in a credit to the statement.

## G. Foreign exchange

Transactions in foreign currencies during the year are recorded in sterling at the average rate of exchange ruling in the month prior to the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at rates ruling at the Statement of Financial Position date. The resulting exchange differences are taken to the Statement of comprehensive net expenditure (SoCNE).

## H. Leases

Costs of leases are charged to the Statement of comprehensive net expenditure as they are incurred unless they fall under the scope of IFRS16.

This standard requires that “right of use” assets are recognised when the following criteria are met under the definition contained in IFRS 16:

*A contract that ‘conveys the right to control the use of an identified asset for a period of time in exchange for consideration.*

*At the commencement of a lease, a right-of-use asset and a lease liability is recognised.*

The lease liability is measured as the payments, net of VAT, for the remaining lease term, discounted either by the rate implicit in the lease, or where this cannot be determined, the incremental cost of borrowing is the rate advised by HM Treasury. The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the commencement

date, lease incentives received, incremental costs of obtaining the lease, and any disposal costs at the end of the lease. However, where the lease requires nominal consideration (an arrangement often described as a 'peppercorn' lease), the asset is measured at its existing use value.

The lease liability is subsequently measured:– to reflect changes in the lease term; assessment of a purchase option; the amount expected to be payable under residual value guarantees; future lease payments resulting from a change in an index, or a rate used to determine those payments.

Remeasurements are treated as adjustments to the right of use asset. Lease modifications may also prompt remeasurement of the lease liability unless they are treated as a separate lease.

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications.

Leases which are considered to be low value, below the value of £1,000, or that have an expected length of less than a year, are not recognised under IFRS 16, and the related costs are shown in the SoCNE.

## **I. Pension costs**

Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit elements of the schemes are unfunded. The classic scheme is non-contributory except in respect of dependent's benefits, under the premium scheme a contribution is made for which enhanced

benefits are derived. Both the classic and premium schemes attract the same employer's contributions as a percentage of pensionable pay. The VCA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the VCA recognises the contributions payable for the year.

## **J. Financial assets and liabilities**

Trade receivables and accrued income are classified as financial assets held at amortised cost in accordance with IFRS 9.

Receivables are recognised initially at fair value, plus transactional costs. Fair value is usually the contractual value of the transaction. Thereafter, receivables are held at amortised cost.

The impairment of receivables for doubtful debts and debts written off are treated as an expense in the statement of revenue, other income, and expenditure. In accordance with IFRS9, lifetime expected credit losses are applied to determine the impairment of receivables. The complete life cycle of receivables including all possible default events and associated debt recovery arrangements will be assessed when making the impairment judgement

Financial liabilities are any contractual obligations to deliver cash or other financial assets to a third-party including trade and other payables (current and non-current).

The company values liabilities initially at fair value: the transaction value is considered to be the fair value at the date of recognition. Thereafter, where the time value of money is considered to be material, they are held at amortised cost using the effective interest rate to discount cash flows.

Derecognition occurs when the liability has been settled.

### **K. Holiday pay**

An individual employee's holiday pay year commences from their start date under employee contracts of employment and as a consequence an accrual is required for the unused portion of that entitlement as at the year-end in accordance with IAS19 Employee Benefits.

### **L. Cash and cash equivalents**

Cash and cash equivalents represent the balance of cash held in commercial banks and accounts held within the Government Banking Service.

### **M. Provisions**

Provisions are recognised in respect of legal or constructive obligations expected to result in an economic outflow, where there is uncertainty around the valuation, or the timing of the settlement. These have

been calculated using the best information available at the time of these accounts.

## **N. General fund**

This reserve contains all cumulative reserve balances that do not arise from the revaluation of fixed assets, these items being the subject of dedicated reserves. The majority of the balance is composed of retained profits and losses, notional charges, a grant reserve, payments and receipts via the Paymaster General's Office and fund movements to and from the Department for Transport.

## **O. Revaluation reserve**

This is the reserve in which revaluation gains on fixed assets are recognised. It therefore reflects the balance of revaluation gains, net of any revaluation losses, which offset previous gains on the same asset.

## **P. Investments**

The agency has one investment in an overseas legal entity, owned by the Secretary of State (VCA Europe S.r.l.). The purpose is to ensure the continuation of technical services and to comply with EU requirements for technical service designations.

The VCA's 100% equity investment in the entity is accounted for using the IAS 28 equity method, following the FREM adaptation of IAS 28 for subsidiaries classified to Rest of the World by ONS.

The VCA recognises any initial investment in the entity at cost and records the 100% share of the entity's

profit or losses for the year in the VCA's Statement of Comprehensive Net Expenditure.

The recognition of losses is not capped at the point the investment value is reduced to £Nil.

Under normal conditions, Italian law requires equity-holders to accept a legal obligation towards a subsidiary's losses. Given this, and the 100% shareholding by the Secretary of State, VCA assesses in relation to IAS 28 paragraph 39 that it has a constructive obligation towards VCA Europe S.r.l.'s losses. Accordingly, losses not yet recognised at the point the investment value is reduced to £Nil are provided for in full.

## **Q. Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set out below.

The useful economic lives of intangible assets are based on management's judgement of assets of a similar nature and historical trends and are revised where appropriate.

Accrued income is recognised at the VCA's best estimate of the billable costs for all projects where in principle, the VCA recognises that there is a basis for goods to be transferred to a customer for a consideration. To the greatest extent possible, this is based on actual invoicing. Where this is not possible, unbilled hours, expenses and disbursements are used in conjunction with standard charge-out rates.

The VCA has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

VCA tests all non-current assets for impairment annually, including assets under construction,

Their carrying value is compared with their recoverable amount. During the year VCA has recognised an impairment loss of £826k.

## 2. Revenue

Revenue is derived entirely from continuing operations.

### Fees and charges

The following information summarises the final report to the agency's management team for the period ending 31 March 2025. (Full cost is total costs net of foreign exchange translation gain and interest receivable). Unit costs are charged in accordance with the Statutory Instruments price list.

Work relating to Activities for Government include continued support for CAV which does not generate an income.

2024-2025	Actual Revenue £'000	Actual Full Cost £'000	Actual Operating Surplus/(Deficit) £'000
Product Certification	18,708	24,209	(5,501)
Activities for Government	2,627	5,662	(3,035)
All other segments	917	1,159	(242)
<b>Total</b>	<b>22,252</b>	<b>31,030</b>	<b>(8,778)</b>
<b>Deficit for the year as per statement of comprehensive net expenditure</b>			<b>(8,778)</b>

<b>2023-2024</b>	<b>Actual Revenue £'000</b>	<b>Actual Full Cost £'000</b>	<b>Actual Operating Surplus/(Deficit) £'000</b>
Product Certification	18,319	21,815	(3,496)
Activities for Government	2,697	4,906	(2,209)
All other segments	993	1,424	(431)
<b>Total</b>	<b>22,009</b>	<b>28,145</b>	<b>(6,136)</b>
<b>Deficit for the year as per statement of comprehensive net expenditure</b>			<b>(6,136)</b>

Total revenue in respect of external customers (non-government) relates to product certification and all other segments which contains sales in relation to Dangerous Goods, Vista and Point of Sale licences totals £19,625k (2023 to 2024: £19,312k). Income was at a similar level to the previous year with an increase in new GB Vehicle Type Approval income being offset by lower demand for services from our operations in East Asia and Bristol

Activities for Government are analysed in the related party note (note 16) and account for 11.8% (2023 to 2024: 12.2%) of total revenue. Government in normal circumstances would not be regarded as a major group of customers.

## **Geographical analysis by office**

The agency receives no grant income funding from Central Government, instead deriving all its income from services to External Customers and Government Departments.

2024-2025	Revenue £'000	Costs £'000	(Deficit) / surplus £'000
UK	13,334	25,216	(11,882)
Europe	1,644	100	1,544
Americas	2,131	1,666	465
Asia	1,773	1,083	690
China	1,873	1,649	224
India	1,497	1,316	181
<b>Total</b>	<b>22,252</b>	<b>31,030</b>	<b>(8,778)</b>

2023-2024	Revenue £'000	Costs £'000	(Deficit) / surplus £'000
UK	13,077	22,401	(9,324)
Europe	1,631	104	1,527
Americas	2,201	1,602	599
Asia	2,116	1,101	1,015
China	1,430	1,565	(135)
India	1,554	1,372	182
<b>Total</b>	<b>22,009</b>	<b>28,145</b>	<b>(6,136)</b>

The Asia region includes Japan and Australia, and the Americas covers North America and Brazil. No individual customers make up more than 10% of total revenue.

### 3. Operating costs

	2024-2025 £'000	2023-2024 £'000
Travel and subsistence	2,434	2,657
Overseas operational expenses	2,651	2,298
Outsourced services	594	823
Computer running costs	2,518	2,603
Accommodation	924	835
Postage, printing and stationery	113	91
Personnel costs	123	187
Training	129	116
Office running costs	23	26
DfT charges	64	61
Legal and consultancy	209	212
Other costs	21	26
<b>Total operating costs</b>	<b>9,803</b>	<b>9,935</b>
Administrative expenses – non-cash		
Amortisation of intangible assets	912	549
Impairment of intangible assets	826	-
Bad debt provision	(27)	36
Depreciation charges	1,260	1,146
Loss/(gain) on disposal of non-current assets	-	-
Loss in respect of VCA EU Srl (note 18)	384	352
Notional audit fee	98	95
<b>Total non-cash items</b>	<b>3,453</b>	<b>2,178</b>
<b>Total operating and administrative costs</b>	<b>13,256</b>	<b>12,113</b>

The notional audit fee of £98k (2023 to 2024: £95k) reported above relates to the annual audit of the agency's Financial Statements by the Comptroller and Auditor General.

## 4. Staff costs

	2024-2025 £'000	2023-2024 £'000
Wages and salaries	9,840	8,895
Social security costs	1,056	978
Other pension costs	2,411	1,980
Locally engaged, agency, temporary and contract staff	4,031	3,831
<b>Total net costs</b>	<b>17,338</b>	<b>15,684</b>

## 5. Non-current assets: intangible assets

	Assets Under Construction £'000	Software Licences £'000	Software Applications £'000	Total £'000
<b>Cost or Valuation</b>				
As at 1 April 2024	<b>2,974</b>	<b>224</b>	<b>9,049</b>	<b>12,247</b>
Additions	2,868	-	894	3,762
Disposals	-	-	-	-
Impairments	(826)	-	-	(826)
Reclassification	(714)	-	714	-
Revaluations	-	-	44	44
<b>As at 31 March 2025</b>	<b>4,302</b>	<b>224</b>	<b>10,701</b>	<b>15,227</b>

	<b>Assets Under Construction £'000</b>	<b>Software Licences £'000</b>	<b>Software Applications £'000</b>	<b>Total £'000</b>
<b>Amortisation</b>				
As at 1 April 2024	-	211	2,652	2,863
Charge for year	-	10	902	912
Disposals	-	-	-	-
Revaluations	-	-	8	8
<b>As at 31 March 2025</b>	<b>-</b>	<b>221</b>	<b>3,562</b>	<b>3,783</b>
<b>Net Book Value</b>				
<b>As at 31 March 2025</b>	<b>4,302</b>	<b>3</b>	<b>7,139</b>	<b>11,444</b>
As at 1 April 2024	2,974	13	6,397	9,384

Assets under construction 2024 to 2025; we are currently investing in a business transformation project which will be brought into use over the next two years.

Indexation is to the latest reliable indices in accordance with the requirements of the FReM. The indices used are obtained from the Office of National Statistics.

These indices are unique to each type of asset.

Where it is considered that there has been permanent impairment to assets at the end of the financial year, they have been written off to the Statement of comprehensive net expenditure. Any surpluses on revaluation are credited to the revaluation reserve unless they reverse previous impairments that were taken to the Statement of comprehensive net expenditure.

Software licences and software applications are measured at amortised cost (Level 2) and fair value (Level 3, due to indices being provided by the Valuation Office Agency) respectively.

During the financial year, the VCA terminated its contract for the delivery of the Vista replacement system, having incurred capitalised development costs of £826k with one supplier.

Following the termination, the VCA commenced a review into the viability of the system developed to date. However, as of the reporting date, it remains uncertain to what extent any part of the development can be utilised.

In accordance with IAS 36 – Impairment of Assets, the VCA assessed the recoverable amount of the intangible asset. Due to the uncertainty surrounding future use and the inability to determine a reliable value in use, the VCA has recognised an impairment loss of £826k.

	<b>Assets Under Construction £'000</b>	<b>Software Licences £'000</b>	<b>Software Applications £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>				
As at 1 April 2023	<b>4,472</b>	<b>224</b>	<b>3,585</b>	<b>8,281</b>
Additions	3,361	-	533	3,894
Disposals	-	-	-	-
Reclassification	(4,859)	-	4,859	-
Revaluations	-	-	72	72
<b>As at 31 March 2024</b>	<b>2,974</b>	<b>224</b>	<b>9,049</b>	<b>12,247</b>
<b>Amortisation</b>				
As at 1 April 2023	-	<b>196</b>	<b>2,105</b>	<b>2,301</b>
Charge for year	-	15	534	549
Disposals	-	-	-	-
Revaluations	-	-	13	13
<b>As at 31 March 2024</b>	<b>-</b>	<b>211</b>	<b>2,652</b>	<b>2,863</b>
<b>Net Book Value</b>				
<b>As at 31 March 2024</b>	<b>2,974</b>	<b>13</b>	<b>6,397</b>	<b>9,384</b>
As at 1 April 2023	<b>4,472</b>	<b>28</b>	<b>1,480</b>	<b>5,980</b>

## 6. Non-current assets: property, plant and equipment

	Assets Under Construction £'000	Buildings £'000	Transport Equipment £'000	Furniture and Fittings £'000	Information Technology and Office Equipment £'000	Plant and Machinery £'000	Total £'000
<b>Cost or Valuation</b>							
As at 1 April 2024	304	2,737	119	503	1,372	2,918	7,953
Additions	86	68	-	77	212	44	487
Disposals	-	-	-	-	-	-	-
Reclassifications	(390)	390	-	-	-	-	-
Revaluations	-	(10)	2	26	(2)	24	40
<b>As at 31 March 2025</b>	<b>-</b>	<b>3,185</b>	<b>121</b>	<b>606</b>	<b>1,582</b>	<b>2,986</b>	<b>8,480</b>
<b>Depreciation</b>							
As at 1 April 2024	-	496	70	302	959	1,606	3,433
Charge for year	-	242	12	42	179	384	859

	Assets Under Construction £'000	Buildings £'000	Transport Equipment £'000	Furniture and Fittings £'000	Information Technology and Office Equipment £'000	Plant and Machinery £'000	Total £'000
Disposals	-	-	-	-	-	-	-
Revaluation	-	(2)	1	10	(5)	12	16
<b>As at 31 March 2025</b>	-	<b>736</b>	<b>83</b>	<b>354</b>	<b>1,133</b>	<b>2,002</b>	<b>4,308</b>
<b>Net Book Value</b>							
<b>As at 31 March 2025</b>	-	<b>2,449</b>	<b>38</b>	<b>252</b>	<b>449</b>	<b>984</b>	<b>4,172</b>
As at 1 April 2024	304	2,241	49	201	413	1,312	4,520

	Assets Under Construction £'000	Buildings £'000	Transport Equipment £'000	Furniture and Fittings £'000	Information Technology and Office Equipment £'000	Plant and Machinery £'000	Total £'000
<b>Cost or Valuation</b>							
As at 1 April 2023	525	1,827	120	450	1,311	2,935	7,168
Additions	518	131	-	62	56	3	770
Disposals	-	-	-	-	-	-	-
Reclassifications	(739)	739	-	-	-	-	-
Revaluations	-	40	(1)	(9)	5	(20)	15
<b>As at 31 March 2024</b>	<b>304</b>	<b>2,737</b>	<b>119</b>	<b>503</b>	<b>1,372</b>	<b>2,918</b>	<b>7,953</b>
<b>Depreciation</b>							
As at 1 April 2023	-	298	58	274	783	1,229	2,642
Charge for year	-	192	12	32	172	381	789
Disposals	-	-	-	-	-	-	-
Revaluation	-	6	-	(4)	4	(4)	2

	Assets Under Construction £'000	Buildings £'000	Transport Equipment £'000	Furniture and Fittings £'000	Information Technology and Office Equipment £'000	Plant and Machinery £'000	Total £'000
<b>As at 31 March 2024</b>	-	496	70	302	959	1,606	3,433
<b>Net Book Value</b>							
<b>As at 31 March 2024</b>	304	2,241	49	201	413	1,312	4,520
As at 1 April 2023	525	1,529	62	176	528	1,706	4,526

Property, plant and equipment are carried at fair value (Level 3) and indexed annually using indices provided by the Valuation Office Agency.

Indexation is to the latest reliable indices in accordance with the requirements of the FReM. The indices used are obtained from the Office of National Statistics.

These indices are unique to each type of asset.

Where it is considered that there has been permanent impairment to assets at the end of the financial year, they have been written off to the statement of comprehensive net expenditure. Any surpluses on revaluation are credited to the revaluation reserve unless they reverse previous impairments that were taken to the Statement of comprehensive net expenditure.

Non-dwelling land and buildings are carried at professional valuation on the basis of depreciated replacement cost. The valuation was carried out as at 31 March 2021 by the District Valuer Services, a specialist property arm of the Valuation Agency for the public sector. The valuer was a RICS registered valuer. Non-dwelling land and buildings are professionally valued every five years with indexation taking place annually using BCIS indices obtained from the Valuation Office Agency.

All assets are currently held for use within the business. All assets are held at fair value and indexed annually. Included in the figures above is one significant asset; the Watling Building which has a net book value of

£728k. Last year valued at £759k and revalued at 31 March 2021.

## 7. Right of use assets

Right of use assets are depreciated on a straight-line basis until the end of the contractual lease term.

	Land and Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
As at 1 April 2024	3,072	25	240	3,337
Additions	404	-	21	425
Disposals	-	-	(26)	(26)
Revaluations	-	-	-	-
<b>As at 31 March 2025</b>	<b>3,476</b>	<b>25</b>	<b>235</b>	<b>3,736</b>
As at 1 April 2024	980	25	109	1,114
Charge for year	341	-	60	401
Disposals	-	-	(26)	(26)
Revaluation	-	-	-	-
<b>As at 31 March 2025</b>	<b>1,321</b>	<b>25</b>	<b>143</b>	<b>1,489</b>
<b>As at 31 March 2025</b>	<b>2,155</b>	<b>-</b>	<b>92</b>	<b>2,247</b>
As at 1 April 2024	2,092	-	131	2,223

	Land and Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
As at 1 April 2023	3,044	25	240	3,309
Additions	28	-	-	28
Disposals	-	-	-	-
Revaluations	-	-	-	-
<b>As at 31 March 2024</b>	<b>3,072</b>	<b>25</b>	<b>240</b>	<b>3,337</b>
As at 1 April 2023	676	25	56	757
Charge for year	304	-	53	357
Disposals	-	-	-	-
Revaluation	-	-	-	-
<b>As at 31 March 2024</b>	<b>980</b>	<b>25</b>	<b>109</b>	<b>1,114</b>
<b>As at 31 March 2024</b>	<b>2,092</b>	<b>-</b>	<b>131</b>	<b>2,223</b>
As at 1 April 2023	2,368	-	184	2,552

Valuations are also carried out as part of the legal process when negotiating new lease contracts using suitably qualified professionals holding RICS accreditation. Management assesses the value annually in the interim five-year period.

Right of use assets are carried at amortised costs (Level 2).

Included in the figures above are a number of Right of Use assets, two of which are material; the lease for the

Nuneaton site, which has a net book value of £356k at 31 March 2025 (£398k at 31 March 2024) and an extension and additional building lease at Bristol Head Office which has a net book value of £1,193k (£1,595k at 31 March 2024)

## Depreciation, amortisation, impairments and profit/loss on disposal

	Note	2024-2025 £'000	2023-2024 £'000
Depreciation of property, plant and equipment	6	859	789
Amortisation of intangible assets	5	912	549
Depreciation of right of use assets	7	401	357
Impairment of intangible assets	5	826	-
Loss on disposal of non-current assets	6	-	-
Loss on disposal of right of use assets	7	-	-
<b>Total</b>		<b>2,998</b>	<b>1,695</b>

## 8. Trade and other receivables

	At 31 March 2025 £'000	At 31 March 2024 £'000
Trade receivables	3,158	3,649
Other receivables	99	195
Prepayments	1,241	1,202
Accrued income	6,604	5,878
<b>Total</b>	<b>11,102</b>	<b>10,924</b>

## 9. Cash and cash equivalents

	At 31 March 2025 £'000	At 31 March 2024 £'000
Government Banking Service Balance	721	881
UK current account	1,665	690
Cash at other banks	2,692	2,979
<b>Total</b>	<b>5,078</b>	<b>4,550</b>

## 10. Trade and other payables

	At 31 March 2025 £'000	At 31 March 2024 £'000
<b>Amounts falling due within one year</b>		
Trade payables	346	572
Other payables	2,282	1,716
Accruals	2,483	2,086
Deferred income	321	421
<b>Total amounts falling due within one year</b>	<b>5,432</b>	<b>4,795</b>
<b>Included in other payables are:</b>		
Deposits from manufacturers	13	20

At the year end, trade payables included costs of £222k (2023 to 2024: £428k) which related to purchases for the business transformation project. All deferred income is derived from contracts with customers in line with IFRS15.

The accruals balance at 31 March 2025 includes £533k (2023 to 2024: £469k) in respect of the VCA's March 2025 payroll cost due to Cabinet Office. Also included in

accruals as at 31 March 2025 is the holiday pay accrual of £374k (2023 to 2024: £265k) as required by IAS19.

## 11. Provisions

	Total Provision £'000
Balance at 1 April 2024	275
Provisions added in the year	-
<b>Balance at 31 March 2025</b>	<b>275</b>

Provisions consist of a dilapidation provision of £275k (2023 to 2024: £275k) due after more than one year. The provisions have been calculated in accordance with IAS 37.

	31 March 2025 £'000	31 March 2024 £'000
<b>Of which:</b>		
- within one year	-	-
- in second to fifth years inclusive	275	275
<b>Total</b>	<b>275</b>	<b>275</b>

## 12. Reconciliation of revaluation reserve

	Land and Buildings £'000	Equipment £'000	Vehicles £'000	IT Hardware £'000	IT Software £'000	IT Licences £'000	Total £'000
As at 1 April 2024	1,126	61	159	30	186	44	1,606
Revaluation of non-current assets	(10)	50	2	(2)	44	-	84
Backlog depreciation of non-current assets	2	(22)	(1)	5	(8)	-	(24)
As at 31 March 2025	1,118	89	160	33	222	44	1,666

## 13. Capital commitments

As at 31 March 2025, the agency has capital commitments for intangible non-current assets of £320k (31 March 2024: £1,931k) and property, plant and equipment of £15k (31 March 2024: £292k).

## 14. Lease liabilities

The agency's lease contracts comprise leases of operational land and buildings and motor vehicles (see note 7).

Movements in lease liabilities are described below.

Lease Liabilities	Land and Buildings £'000	Vehicles £'000	Total £'000
Balance at 1 April 2024	2,214	131	2,345
Additions / Derecognition	404	21	425
Interest accrued in year	54	2	56
Payments	(378)	(62)	(440)
<b>Balance at 31 March 2025</b>	<b>2,294</b>	<b>92</b>	<b>2,386</b>

## Maturity analysis

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below.

<b>Lease Liabilities</b>	<b>2024-2025 £'000</b>	<b>2023-2024 £'000</b>
<b>Amounts falling due:</b>		
Not later than one year	461	399
Later than one year not later than five years	1,358	1,246
Later than five years	764	853
Unaccrued interest	(197)	(153)
<b>Balance at 31 March 2024</b>	<b>2,386</b>	<b>2,345</b>

## Amounts recognised in the statement of comprehensive net expenditure

<b>Amounts Recognised in Expenditure</b>	<b>2024-2025 £'000</b>	<b>2023-2024 £'000</b>
Depreciation	401	357
Interest expense	56	44

## Amounts recognised in the statement of cash flows

<b>Cash Flows</b>	<b>2024-2025 £'000</b>	<b>2023-2024 £'000</b>
Repayments of principal on leases	384	326

## 15. Contingent liabilities

There are no contingent liabilities identified for 2024 to 2025 (2023 to 2024: £Nil).

## 16. Related party transactions

The VCA is an executive agency of the DfT.

The DfT is regarded as a related party. During the year, the VCA has had a number of material transactions with the Department. Income in 2024 to 2025 from the Department was £2,607k (2023 to 2024: £2,682k). The VCA also received sales income from other government departments and trading funds of £25k (2023 to 2024: £32k). In addition, charges made to the VCA by the DfT amounted to £156k (2023 to 2024: £115k) and other government departments £3,160k (2023 to 2024: £2,671k).

The total amount due at the year end from related parties is £657k (2023 to 2024: £544k). The total amount due at the year end to related parties is £21k (2023 to 2024: £18k). During the year, none of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the VCA. Remuneration is disclosed within the remuneration report on page 80.

£11.5M was also received from the DFT. Broken down as follows, we received £5.5M of cash funding to support the ongoing business. We also received £4.1M of capital funding to support the Business Transformation Project, along with £0.4M for the Connected and Autonomous Vehicles Project. We also received £1.5M of working capital funding to support VCA Europe, a separate legal entity owned by the Secretary of State through the VCA.

## 17. Financial instruments

### Nature and extent of risks arising from financial instruments

The VCA does in many respects face the same degree of exposure concerning receivables that many commercial businesses do; however, it does not face the same level of financial risk in respect of loans as it holds only low-risk salary advances with staff. In addition, financial assets and liabilities generated by day-to-day operational activities are not linked to long-term credit facilities. The short-term liquidity and interest rate risks are therefore slight.

<b>Financial assets measured at amortised cost:</b>	<b>Note</b>	<b>At 31 March 2025 £'000</b>	<b>At 31 March 2024 £'000</b>
Cash and cash equivalents	9	5,078	4,550
Trade receivables	8	3,158	3,649
Other Receivables	8	99	195
<b>Total</b>		<b>8,335</b>	<b>8,394</b>
<b>Financial liabilities measured at amortised cost:</b>	<b>Note</b>	<b>At 31 March 2025 £'000</b>	<b>At 31 March 2024 £'000</b>
Trade payables	10	346	572
Other payables	10	2,282	1,716
<b>Total amounts falling due within one year</b>		<b>2,628</b>	<b>2,288</b>
Included in other payables are:			

Financial assets measured at amortised cost:	Note	At 31 March 2025 £'000	At 31 March 2024 £'000
Deposits from manufacturers		13	20

## Credit risk

Credit risk is the risk of suffering financial loss, should any of the agency's customers or counterparties fail to fulfil their contractual obligations to the agency.

The majority of debtor balances with bodies external to government relate to balances with entities in the automotive industry for Product Certification.

With all debtor accounts, the customer is requested to complete an Agency Application Form. Prior to providing the service credit checks are obtained from an external agency by the VCA's Credit Control Section which carries out the monitoring and chasing of outstanding balances on a regular basis as part of the agency's credit control procedures.

The agency has no significant prepayment arrangements in place. Extending credit and making prepayments places funds at risk, and therefore, stringent controls on the formal writing-off of debts are required, to ensure that all effort is made to collect debts from the counterparty.

For the purposes of the agency's disclosures regarding credit quality, its financial assets have been analysed as follow

## Financial assets subject to credit risk at 31 March 2025

	Note	Neither overdue nor individually impaired £'000	Overdue but not individually impaired £'000	Individually impaired £'000	Total carrying value £'000
Cash and cash equivalents	9	5,078	-	-	5,078
Trade receivables	8	2,949	32	177	3,158
Other receivables	8	99	-	-	99
Accrued income	8	6,604	-	-	6,604
<b>Total</b>		<b>14,730</b>	<b>32</b>	<b>177</b>	<b>14,939</b>

The agency has £564k intra-departmental account receivable balances included in Financial Assets and with other government departments. Assets subject to insolvency procedures or on an age basis against specific debts are overdue for payment by at least 180 days, across all the sales ledgers are fully provided.

Financial assets that are overdue but not individually impaired	At 31 March 2025			
	Overdue >1 months £'000	Overdue >2 months £'000	Overdue >3 months £'000	Total £'000
Trade receivables	555	200	(723)	32
	2024-2025 £'000	2023-2024 £'000		
Balance at 1 April 2024	296	262		
UK (reductions) / additions	(152)	54		
USA (reductions) / additions	9	-		
Japan (reductions) / additions	3	-		
Australia (reductions) / additions	-	-		
Brazil (reductions) / additions	-	-		
China (reductions) / additions	-	-		
Europe (reductions) / additions	12	-		
India (reductions) / additions	9	(20)		
<b>Balance at 31 March 2025</b>	<b>177</b>	<b>296</b>		

## **Foreign currency and exchange translation risk**

The agency is subject to exposure on the translation of the assets and liabilities of its overseas operations into its reporting currency, sterling. The agency's translation exposures on the Statement of Financial Position are to US dollar, Japanese yen, Australian dollar, Chinese renminbi, Brazilian real, Indian rupee and the Euro. These exposures are kept under continuous review by management. The agency's policy is to broadly match the currency of payables and receivables with the currency of cash flows arising from the agency's underlying operations. Within this overall policy, the agency aims to minimise all translation exposure where it is practicable and cost-effective to do so through matching currency assets with currency liabilities.

The agency faces currency exposures arising from the translation of profits earned in foreign currency operations; these exposures are not hedged, in line with Managing Public Money principles, but the exposure to the agency is not considered to be material given that we regularly repatriate money from the bank accounts held in foreign currencies when rates are favourable, thus crystallising and mitigating the exposure.

## Sensitivity analysis

A 10% strengthening/weakening of sterling against the foreign currencies the agency is exposed to would have decreased/increased the year-end net assets by £619k and £757k respectively. The table below shows how this is comprised.

£000s	USA	Japan	Australia	China	Brazil	Europe	India	Total
Net Assets at 31 March in GBP	1,260	829	43	1,025	1,152	992	1,514	<b>6,815</b>
Impact if GBP strengthens 10%	(115)	(75)	(4)	(93)	(105)	(90)	(138)	<b>(620)</b>
Impact if GBP weakens 10%	140	92	5	114	128	110	168	<b>757</b>

## 18. Investments

In 2018, the VCA established a legal entity in Italy (VCA Europe Srl) on behalf of the Secretary of State for Transport. The purpose of the entity was to ensure that industry continues to be supported worldwide following the EU exit. The Italian entity is an appointed technical service for EU standards for European type approval authorities.

VCA Europe Srl is incorporated under Italian law, wholly owned and controlled by the Secretary of State. It operates from Italy and has been classified to the rest-of-the-world sector by the ONS.

In the year 2024 to 2025, VCA injected capital for £1.5M to further the entity's activities, this has been used to cover the losses of the fiscal Year and give cash availability to the entity; total losses made in this fiscal Year is £384k (2023 to 2024: £352k). The VCA has accounted for its full share of the loss for the year in the Statement of Comprehensive Net Expenditure.

For the year ended 31 March 2025	Investment Value £'000
<b>Balance as at 31 March 2024</b>	<b>1,255</b>
In-year investment	1,500
Share of loss for the year	(384)
<b>Balance as at 31 March 2025</b>	<b>2,371</b>

<b>For the year ended 31 March 2024</b>	<b>Investment Value £'000</b>
<b>Balance as at 31 March 2023</b>	<b>1,607</b>
In-year investment	-
Share of loss for the year	(352)
<b>Balance as at 31 March 2024</b>	<b>1,255</b>

## Financial results of VCA Europe S.r.l.

	At 31 March 2025		At 31 March 2024	
	€'000	£'000	€'000	£'000
Non-current assets	299	250	334	286
Current assets	5,025	4,207	4,912	4,206
Current liabilities	2,580	2,160	3,802	3,255
<b>Net assets</b>	<b>2,744</b>	<b>2,298</b>	<b>1,444</b>	<b>1,237</b>
<b>Profit/(loss) for the year</b>	<b>(459)</b>	<b>(384)</b>	<b>(411)</b>	<b>(352)</b>

\*€1.1943 /£1 (net assets variance due to roundings)

VCA Europe S.r.l. is in the early years of its existence and expects opportunities to grow and improve over the next 12 months. We are continually looking to explore ways of growing our share of the local market. The primary objective of the SRL is to support UK PLC and global manufacturers to continue to supply products seamlessly into chosen markets, following the UK's exit of the EU market.

No fair value is disclosed in respect of the investment since a quoted market price is not available.

## 19. Events after the reporting period

There have been no significant events between the 31 March 2025 and the date of authorising these financial statements.

The Accounting Officer has authorised these financial statements to be issued on the same day as the Comptroller and Auditor General signs the audit certificate.



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