



Vehicle
Certification
Agency

Annual Report and Accounts 2023 to 2024

HC 284

Vehicle Certification Agency

An Executive Agency of the
Department for Transport

Annual Report and Accounts 2023 to 2024

For the period 1 April 2023 to 31 March 2024

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Accounts Act 2000

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| Foreword





“It’s been great to be part of an organisation with such a critical role, one that is respected for its expertise and competence. The team has continued to evolve and ensure that it is at the forefront of change.”

Introduction from Clive Scrivener Non-executive Chair (Outgoing)

It is my pleasure to introduce the 2023 to 2024 Annual Report and Accounts for the Vehicle Certification Agency (VCA).

Over the duration of the year, the Board has remained committed to investing in skills and technology to ensure the VCA meets its exacting standards, confidently leading the way in vehicle testing and certification in the UK and overseas. Identifying areas where we can utilise our expertise and apply this knowledge has been extremely beneficial. Nowhere is this more evident than in our response to developing technology. Our position as an internationally respected certification body has been further cemented through us having the expertise and knowledge to support the development of frameworks to ensure that new technology can be deployed safely. As a nation we have a proud history of innovation and we have an

important role in supporting that, whilst ensuring that the very highest standards are met.

The Board and I are delighted to see at firsthand how the organisation has continued to meet its Business Plan commitments. Our people are central to this, so it is essential that we attract the right skills and develop our existing team to equip ourselves for the future. Despite the challenges of a competitive labour market, we have made significant steps forward in our recruitment process by working closely with internal and external stakeholders to make some key improvements. As a result, we have been able to attract a number of new staff across a range of professions, all of whom bring fresh ideas and perspectives to the VCA. The team has been further enhanced by those joining us through other routes, including our successful graduate, apprenticeship, and trainee schemes. And of course, attracting new people is only half of the story. Developing existing staff is also incredibly important and to support this, a lot of work is going into defining clear career paths and putting measures in place to support them.

It has also been very satisfying to see the ongoing campaigning to digitalise processes and transforming ways of working, which is starting to deliver improvements to staff and customers alike. Implementing change on this scale can be challenging so it has also been great to see how the organisation has evolved and adapted to this. Our recently launched online application portal is something of a step change in the service we

offer, and feedback suggests that the changes are welcome and that they are resulting in efficiencies and improved visibility of the end-to-end application process.

As I come to the end of my tenure as Non-executive Chair, I reflect with a great deal of satisfaction on what the organisation has achieved, not just in the last year but during the whole time that I have been involved with it. It's been great to be part of an organisation with such a critical role, one that is respected for its expertise and competence. The team has continued to evolve and ensure that it is at the forefront of change. It is no surprise to me that industry trusts the VCA with innovative firsts and I feel sure that it will continue to do so. I would like to thank Pia Wilkes, the rest of the Executive Team and my Non-executive colleagues for their support during my term with the VCA; it has been a pleasure.

**Clive Scrivener | Non-executive Chair
(Outgoing)**





“It is great to see that we have exceeded our performance measure on customer satisfaction.”

Introduction from Pia Wilkes Chief Executive Officer

Welcome to our Annual Report and Accounts for the 2023 to 2024 financial year.

It is my pleasure to share what we have achieved throughout the year, and I’d like to recognise the efforts of my team, who continue to go above and beyond to deliver.

This year, we have worked incredibly hard to deliver against our Business Plan commitments, focusing on several critical areas and utilising our technical expertise and knowledge to best effect. The plan focused on four key areas including delivering of our core activities, digital and business transformation, developing automotive technologies and assuring the quality of everything we do.

In terms of our core activity, it is great to see that we achieved all but one of our key performance measures. It is particularly pleasing to see the

progress we have made on certificate turnaround times from the point of technical clearance. A combination of digital transformation, incredible hard work by the team, improved processes and procedures has not only seen us meet target but exceed it by some measure. This is even more notable given the introduction of a Great Britain (GB) specific approval scheme, which has seen the increase in approval volumes and our customer base.

As referenced above, our digital and business transformation continues at pace and during the year we released a number of updates to our digital application portal. This allows those wishing to use our service to apply for work online and to track progress. This is a great step forward and is already introducing efficiency into the process.

An ongoing challenge and indeed opportunity is the rate at which automotive technology is advancing. We are supporting this by using our class leading expertise and knowledge to support the development of a framework to allow the approval of new technologies as they come into effect. Upskilling of our team also continues at pace to ensure that we are ready for change in good time and are able to support both manufacturers and the core department on this journey.

Quality rightly underpins everything we do. We continue to maintain our quality accreditations, which provide independent assurance that we have the right processes in place to deliver a quality product. As part of this we are working towards

an additional accreditation against ISO 17065 for Product Certification, we will achieve this by 2025-26.

As well as delivering on a challenging agenda, I would also like to take a moment to recognise the progress we have made on recruitment and retention. Like others we have experienced issues in this area, particularly in professions where skills are in high demand. However, I am pleased to say that the work we have done to address this is paying dividends as we welcome new talent to our team as well as developing our existing workforce to achieve their potential. These and other measures are helping us to provide the service we are known for and again, it is great to see that we have exceeded our performance measure on customer satisfaction.

In closing I want to address our financial deficit. This is clearly disappointing but is certainly no reflection on the hard work of our teams in the UK and overseas. This position is largely because our organisation has been 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. All these things have added to our cost base. During the 2024-25 financial year we will continue downward pressure on our financial deficit through a combination of additional income and efficiencies through our transformation work and new ways of working.

And finally, I would like to welcome two new non-executive directors to the team. Jonathan Beasley and Darran Messeem, joined the agency in December 2023 and bring a significant level of experience and insight. I know this will provide invaluable support to the executive team as we take a challenging agenda forward. I would also like to thank our outgoing Chair, Clive Scrivener for his incredible support during his time with us. Our new Chair, Richard Judge joins us in October 2024, and I look forward to working with him.

We have another challenging delivery agenda for the 2024-25 financial year, and I look forward to leading the organisation through this.

Pia Wilkes CBE | Chief Executive



| Performance Report



I Introduction

Who are we?

The Vehicle Certification Agency (VCA) is an Executive Agency of the Department for Transport (DfT) and part of the Roads and Local 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



“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.”



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 and Environment 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.



“We recognise the importance of a robust regime, which ensures that all new vehicles are safe, reliable and that they deliver the expected environmental performance.”



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 the non-conformance 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-conformance 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 2024 to 2025, 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 international agreement on the carriage of dangerous goods by road (“ADR”) and the UK carriage regulations. 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, CO₂, 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 CO₂ 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

19,466

Type Approvals
Certificates Issued



91%

Customer Satisfaction
Key Performance
Indicator (KPI) Rating



66%

Of our vehicle fleet
Electrified



661

GB Conversion IVA
Certificates Issued



94

New Dangerous Goods
Packaging Certificates
Issued



10,642

Tank certificates
issued by Authorised
Inspection Bodies
(AIBs)





VCA offices worldwide



I Performance overview

Our Annual Report and Accounts sets out our performance and achievements for the year 2023 to 2024.

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 2023 to 2024, with a comparison against 2022 to 2023:

	2023-2024	2022-2023
Type Approvals Certificates	19,466	17,470

In comparison to the previous year, there is an increase of 11% (2022 to 2023: 17%) 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 2023 to 2024, we issued 661 certificates compared with 1,058 in 2022 to 2023.

For dangerous goods packaging certification in 2023 to 2024, we issued 94 new certificates compared with 105 in 2022 to 2023. The decrease in activity for packaging certificates was due to operating in a fairly mature market.

Additionally, 10,642 tank certificates were issued by Authorised Inspection Bodies (AIBs) this year, compared to 10,631 in 2022 to 2023.

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).



“Our business transformation programme will continue to replace historical systems and tools with exemplary digital services, which will ensure we continue to deliver our statutory obligations to the highest standard.”



Service excellence

Digital, data and technology

In 2023 to 2024 we hit a significant milestone on our business transformation journey with all type approval applications moving to our digital portal.

We have worked with VCA Europe, overseas offices and partner operations to ensure a single, streamlined process for approvals globally. Customers can register for a digital portal, update addresses, manage access to their portal accounts and get access to their certification packs and progress status.

We have continued to develop the service supporting Great Britain (GB) and United Kingdom Northern Ireland (UKNI) schemes.

By the end of March 2024, we had processed over 12,000 applications using the digital portal. Feedback from customers has been positive with customers valuing the transparency of progress on applications and the direction VCA is moving in.

This year we also launched a strategic reporting platform to enhance the organisation's business intelligence to enable data driven decision making.

Our business transformation programme will continue to replace historical systems and tools with exemplary digital services, which will ensure we continue to deliver our statutory obligations to the highest standard.

Quality assurance

Quality is at the heart of everything we do.

All our technical services, both internal and external, are audited to the requirements of the relevant approval framework directives and the principles of ISO 17020 and 17025. Additionally, our Central Quality function audits all internal departments and branches to ensure adherence to the quality operating system. Any non-conformances are monitored by the executive team to ensure timely closure and that adequate root cause analysis has taken place and corrective actions implemented.

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 and ISO 17020 (requirements for the competence of bodies performing inspections) for the VCA's Technical Service.

In March 2023, we gained our ISO 17021 accreditation for our Conformity of Production operations for the GB Type Approval Scheme. Our South American office in Brazil also gained certification to ISO 9001.

Our preparations are ongoing for the voluntary accreditation to ISO 17065, which will encompass product certification.

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 delivery.

Business Transformation

We are in the early stages of a significant programme that will be truly transformational in terms of working practices. A new digital service to process GB Vehicle Type Approval applications has already been launched and further enhancements are planned to extend this to wider activities.

The net result will be significant improvements to customer and staff experience, as well building in efficiencies into much of what we do.

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 full scheme. As the full scheme starts to take effect, we continue to work to ensure that industry is ready, and this will continue throughout the 2024 to 2025 financial year.

Connected and Automated Vehicles

We continue to work closely with colleagues from the DfT to further the development of international and national legislation for Automated Driving Systems. This includes support for the development and implementation of the self-driving vehicles safety framework set out in the Automated Vehicles Bill, and includes new

elements of authorisation, operator licencing and in-use regulation. Work in an international context has been to further the development of technical requirements, based on the work of the Functional Requirements for Automated and Autonomous Vehicles (FRAV) and Validation Methods for Automated Driving (VMAD), into a future UN regulation for Automated Driving Systems. The Agency has also supported the development of the new Driver Control Assistance Systems (DCAS) Regulation and will be working to put in place the capability to perform these certifications after it enters into force in September 2024.

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





VCA supports industry from 7 strategic locations globally



- VCA Headquarters, Bristol
- VCA Midlands
- VCA Millbrook



Performance analysis

Our Business Plan for 2023 to 2024 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 despite a challenging backdrop.



“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.”



Additionally, our Business Plan outlined key performance measures agreed by the Secretary of State. The measures for the year ended 31 March 2024 are shown in the table below. They are quantitative measures designed to evaluate our performance against strategic delivery objectives.

Unfortunately, we were not able to achieve some of the measures in-year. We experienced variability in demand for certification, particularly coming out of the pandemic. 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.

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

Category	VCA Measure	Target	Actual
1. Changing our agency	1.1a Delivering the second tranche of the Agency Business Transformation programme, drawing on the proof-of-concept work completed as part of the first tranche.	31 March 2023	Complete 31 March 2023
	1.1b “Build on the initial implementation of our new IT Service Management (ITSM) toolset, with the overall aim of improving the internal service offering by establishing new and improved: <ul style="list-style-type: none"> a. Service Level Agreements (SLA’s) b. Service Tiers c. Automated Joiners, Movers, Leavers (JML)” 	31 March 2023	Missed – aim to complete 24/25.
	1.2 Continuing to diversify our recruitment and retention strategy by publishing an apprenticeship scheme for the required skills needed by the agency over the coming years. We will aim to recruit 5 apprentices by the end of March 2024.	31 March 2024	Achieved 31 March 2024

Category	VCA Measure	Target	Actual
<p>2. Our services</p>	<p>2.1 (a) 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.</p>	<p>92%</p>	<p>Achieved - 94.7%</p>
	<p>2.1 (b) Compliance reviews for GB Type Approval Scheme applications to be completed within 10 working days of receipt of a valid work order and documentation.</p>	<p>92%</p>	<p>Achieved – 95.6%</p>
	<p>2.2 Externally audited test reports deemed to have no critical defects.</p> <p>2.3 (a) 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).</p>	<p>99%</p> <p>100%</p>	<p>Achieved – 100%</p> <p>Achieved – 100%</p>

Category	VCA Measure	Target	Actual
<p>2. Our services continued</p>	<p>2.3 (b) Certificates of Conformity to be issued no later than 10 working days following the completion of the audit and the appropriate closure of all non-conformances raised.</p> <p>2.3 (c) Conformity of Production Audit reports to be issued no later than 3 working days following the completion of the audit.</p> <p>2.4 VCA customer satisfaction survey score to be 90% or higher.</p> <p>2.5 VCA will continue to expand the scope of its ISO accreditation in line with operational requirements.</p>	<p>90%</p> <p>90%</p> <p>90%</p> <p>31 March 2024</p>	<p>Missed - 87.9%</p> <p>Achieved - 94.7%</p> <p>Achieved - 91%</p> <p>Achieved 31 March 2024</p>
<p>3. Financial responsibilities</p>	<p>3.1 Sick Absence - Ensure average number of working days lost to sickness absence does not exceed 6 days per FTE.</p>	<p>6 days</p>	<p>Missed – 6.60 days</p>



Financial review

Financial results

The financial results for 2023 to 2024 show a net deficit of £6,136k (2022 to 2023: £3,367k deficit), against a budget of £4,666k deficit. Although revenue performed better than expected (£294k over budget), this was offset by an increase in expenditure (£1,763k over budget) due to costs relating to travel and subsistence and the ongoing Business Transformation project. 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; this has also had an impact.

Total income was £22.0m (2022 to 2023: £21.8m).



“Our continued focus during 2023 to 2024 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.”



Total costs after interest and foreign exchange movements were £28.1m (2022 to 2023: £25.2m).

The total impact of foreign exchange was a £264k loss (2022 to 2023: £34k gain). 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 £352k 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 83% (2022 to 2023: 82%).

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 (£118k). The overall percentage of total income from this activity centre was 12% in 2023 to 2024 (2022 to 2023: 13%).

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 5% in 2023 to 2024 (2022 to 2023: 5%).

Costs

After interest and foreign exchange movements, costs increased this year by £2,997k (2022 to 2023: £3,283k increase). There are several contributory factors: an increase in staff costs in line with slightly higher FTE in post this year as well as the cost of living payment and increased pay rise offer for staff, an increase in travel costs on the prior year, increased accommodation and IT costs, as well as a loss on currency movements – the previous year was a gain.

Efficiencies

Our continued focus during 2023 to 2024 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 2023 to 2024 and achieved a performance of 99.43% (2022 to 2023: 99.7%) 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 ongoing aim is 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.



“The continued reduction of our carbon footprint and any other environmental impacts of our operations is and remains of considerable importance.”



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 66% 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 250,000 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:

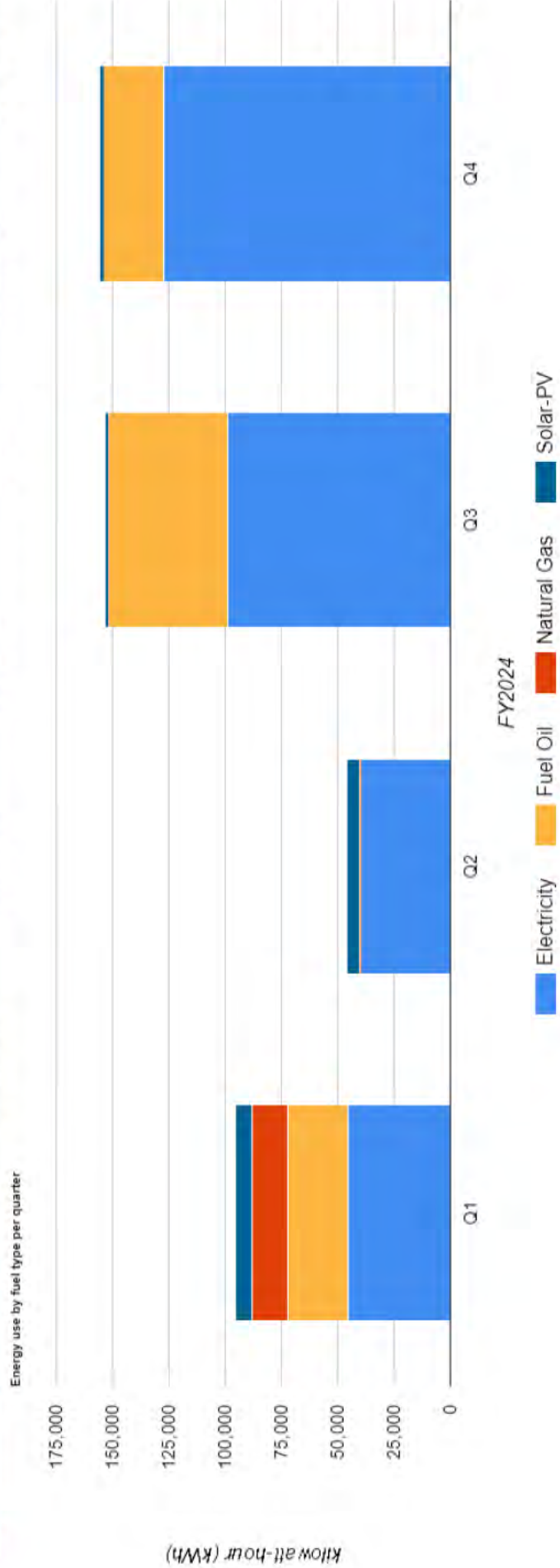
- Mitigating climate change by working towards net zero by 2050
- Minimising waste and promoting resource efficiency

- 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

	kWh	% Share	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023
Electricity	311,479	69.1%	45,469	39,759	98,743	127,508
Fuel Oil	106,086	23.5%	26,910	0	52,784	26,392
Natural Gas	16,057	3.6%	15,567	490	0	0
Solar-PV	17,258	3.8%	7,596	5,875	1,803	1,984
Total	450,880	100.0%	95,542	46,124	153,330	155,884



The 2023 to 2024 reporting year is the first to consider fully the increased size of the VCA estate and the increased running costs both financially and environmentally of the VCA.

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, business travel requirements and the increase in numbers attending the office the use of electricity increased from 37.93 TCO2 to 70.78TCO2.

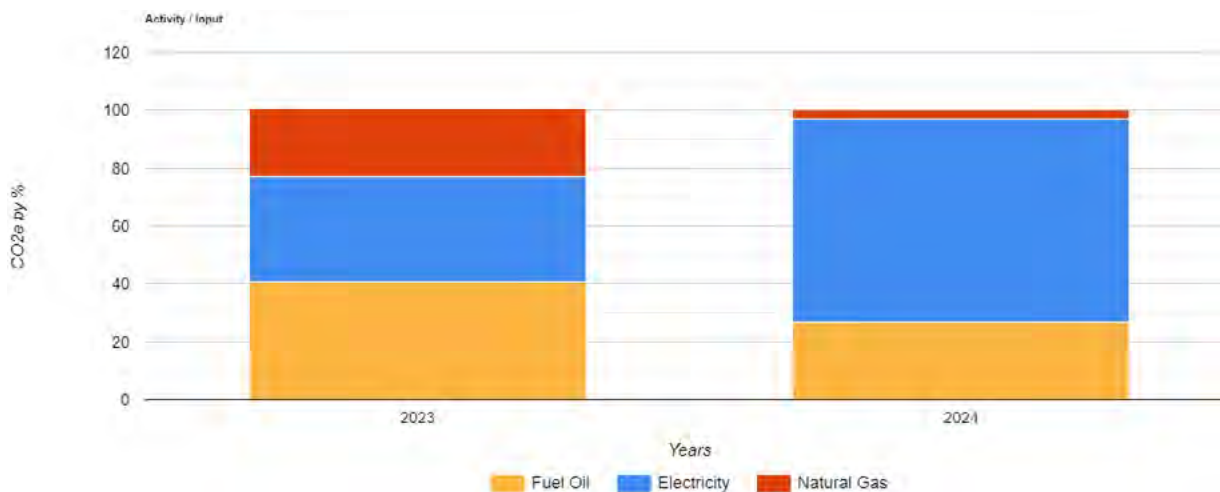
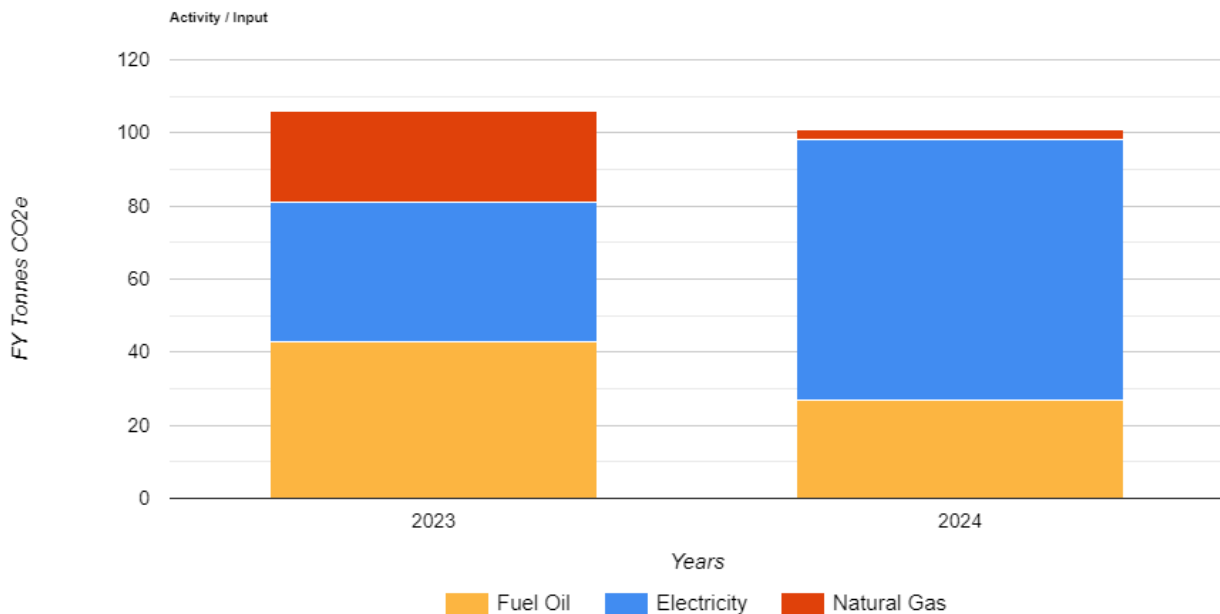
The increase in efficiency however has contributed to a significant drop in the total kWh's. From 490.8k kWh to 424.6k kWh – A drop of 13.5%

With electricity now accounting for 70% 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	2023FY tonnes CO2e	CO2e by %	2024FY tonnes CO2e	CO2e by %
Fuel Oil	42.23	40.29%	27.18	20.29%
Electricity	37.93	36.19%	70.78*	70.20%
Natural Gas	24.66	23.53%	2.86	2.84%
Total	104.82	100%	104.82	100%

Note: Gross expenditure on the purchase of energy in 2023 to 2024 was £97k (2022 to 2023: £86k).

*This includes 6.322 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 CO2e. 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 15.05 tCO₂ in 2023 to 2024 when compared with the total of 42.230 tCO₂ in 2022 to 2023. 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 CO₂ emissions attributed to electricity use: Up to 70.82 tCO₂ from 37.93 tCO₂. 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.

Water use accounted for only 0.295 tCO₂ equivalent in this reporting period and remains roughly proportional to the VCA FTE numbers.

Water consumption in 2023 to 2024 was 870m³ (2022 to 2023: 1,151m³).

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 the majority of our waste is now either recycled or sent as 'waste to energy' current

figures indicate that through the IFM contract, around 13.0% of all our waste is currently being sent to landfill.

It is also worth noting that due to the small amounts of waste produced it remains impractical for the service providers responsible for our waste disposal to give accurate figures by breaking down weights for landfill, recycled and waste to energy.

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 2023 to 2024 period there were no reportable journeys by bus, coach or taxi.

Total expenditure on official business travel in 2023 to 2024 was £1,505k (2022 to 2023: £1,206k).

Air & Rail

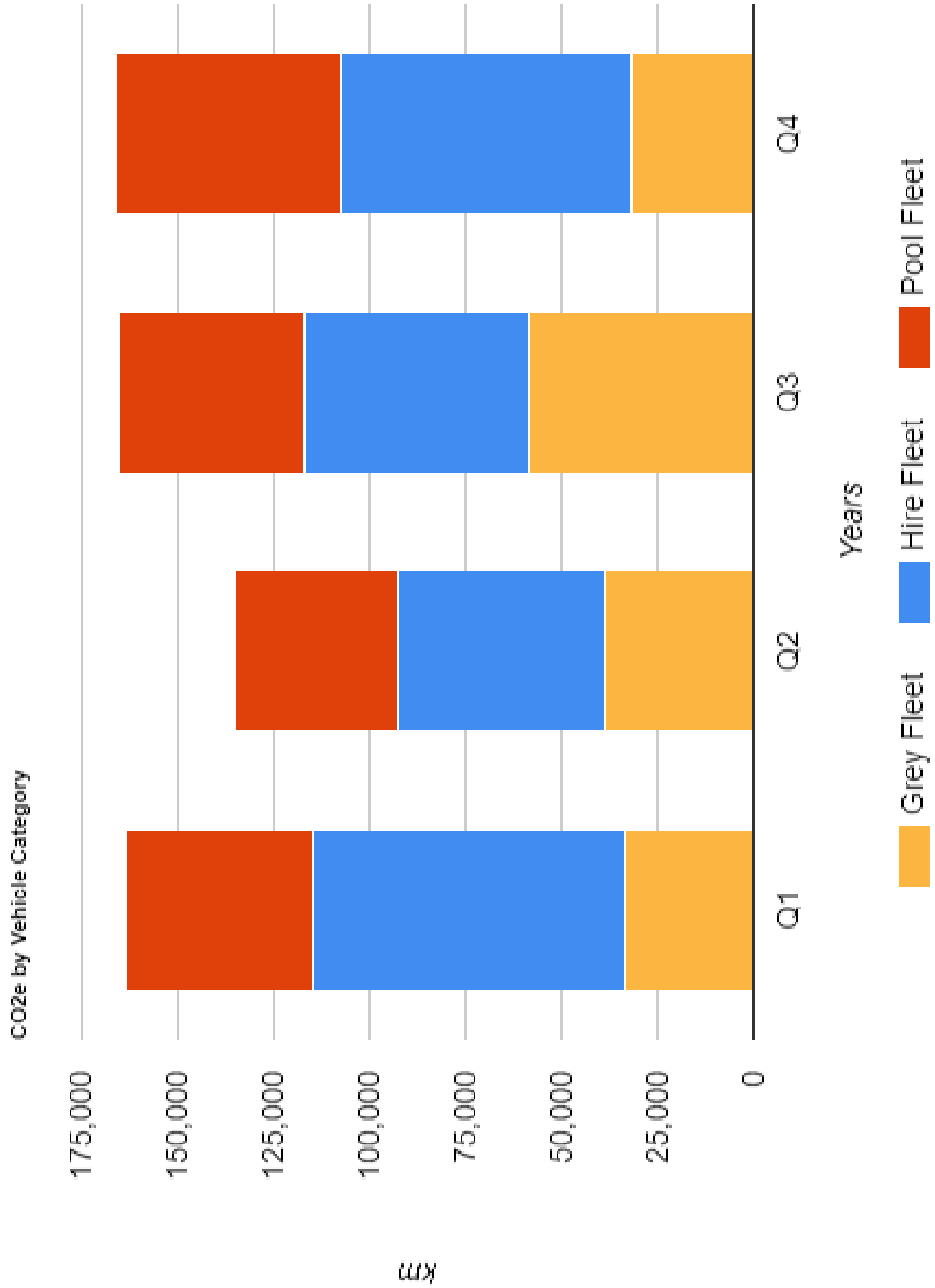
Emissions from both domestic flights and rail travel have remained low since the pandemic. Rail travel has been particularly affected by new ways of working such as the widespread use of digital technology with only 4km travelled. There has also been a prolonged period of widespread disruption to the rail network from industrial action over a

sustained period. Domestic flights have remained low for several years due to internal restrictions with only 5,459km travelled (9,753km travelled in 2022 to 2023).

Road Travel (Mobile Combustion)

Over the 2023 to 2024 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 89.975TCO₂e. This has been mainly driven up by the increases in Grey and Hire fleet use to meet requirements.

	kWh TCO2	km	Q1	Q2	Q3	Q4
Grey Fleet	170,799 27.098TCO2e	162,614	33,397	38,784	58,388	32,045
Hire Fleet	304,300 46.516TCO2e	269,725	81,129	53,713	59,585	75,298
Pool Fleet	91,609 14.361TCO2e	198,933	49,217	42,520	48,487	58,709
Total	566,708 87.975TCO2e	631,272	163,743	135,017	166,460	166,052

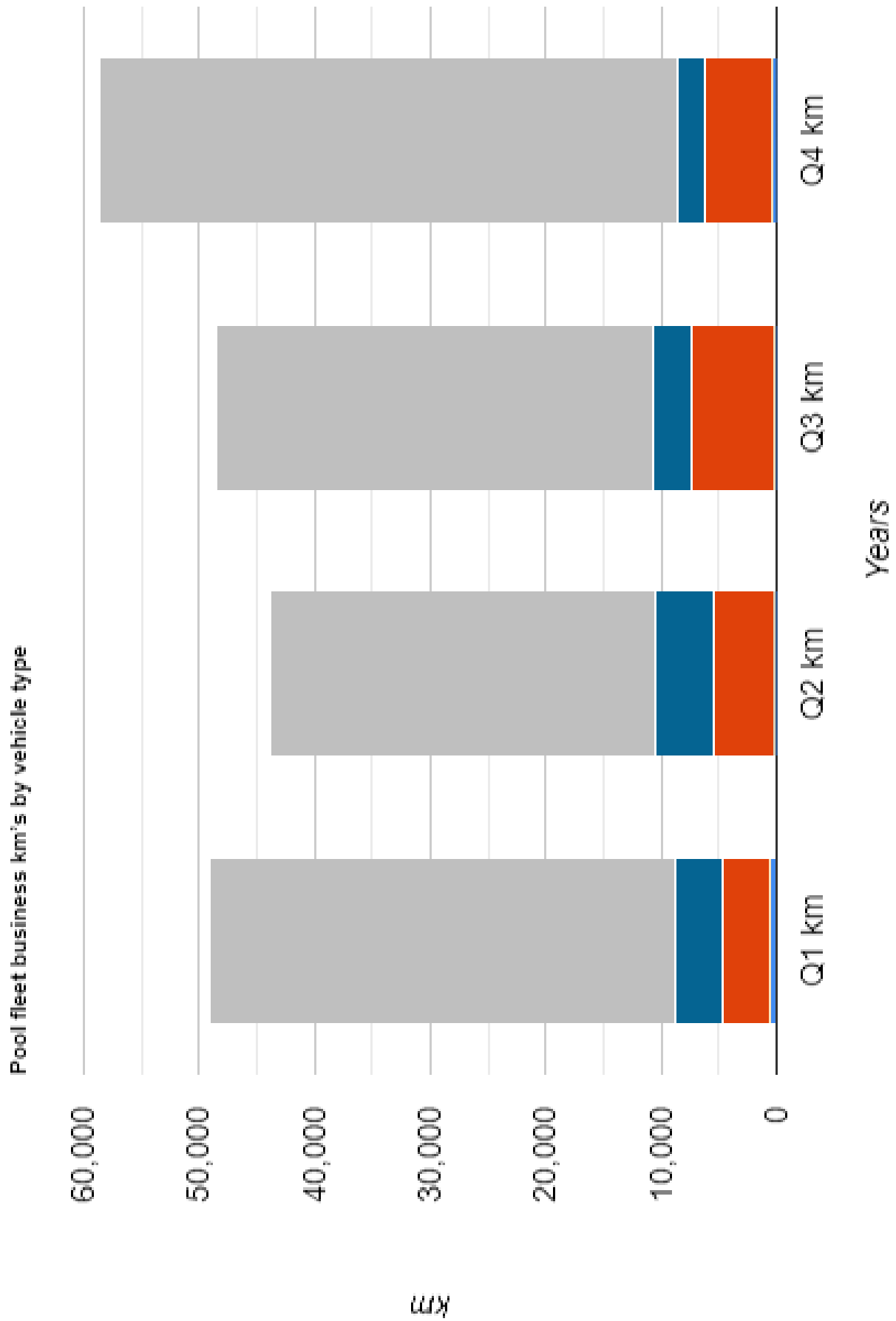


Pool Fleet – Mobile Combustion

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 now proving to be by far the most popular and used form of travel when using pool fleet vehicles. 87.2% of travel in VCA pool fleet was travelled in either electric or hybrid vehicles. This has had a huge impact on our CO₂ emissions with our pool fleet emissions accounting for only 14.824 tCO₂ in the reporting period despite accounting for 31.5% of all road travel (87.97 tCO₂).

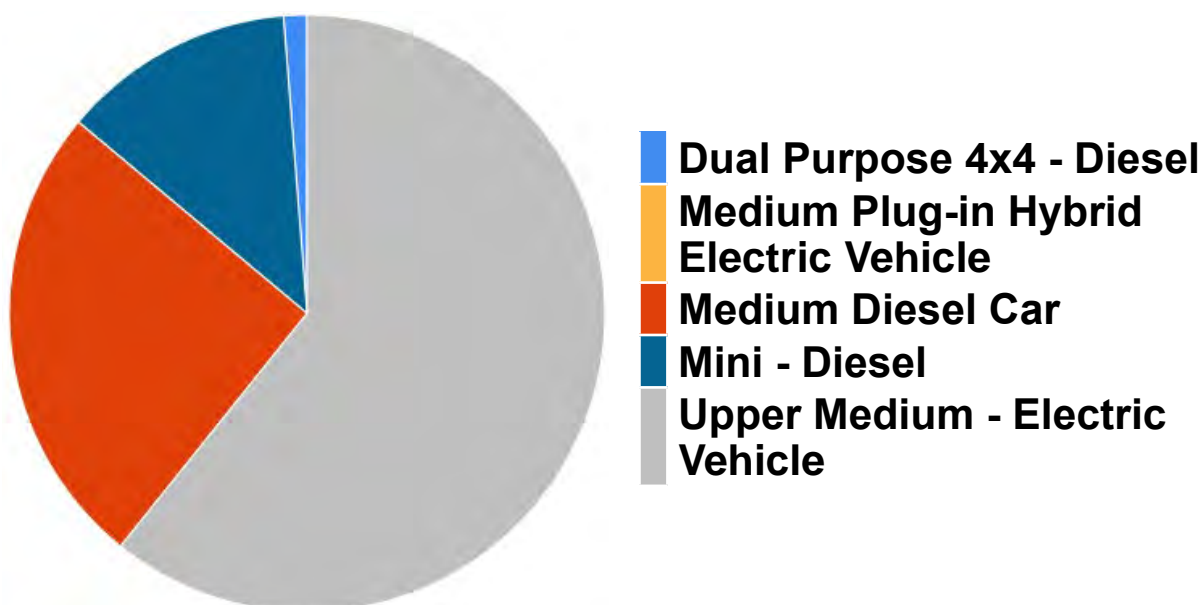
	kWh	km	Q1	Q2	Q3	Q4
Dual Purpose 4x4 - Diesel	1,745	1,276	593	187	116	380
Medium Plug-in Hybrid Electric Vehicle	-	-	-	-	-	-
Medium Diesel Car	18,617	22,421	4,160	5,232	7,194	5,835
Mini - Diesel	10,838	14,907	4,064	5,137	3,418	2,288
Upper Medium - Electric Vehicle	56,794	161,453	40,216	33,272	37,760	50,205
Total	87,994	200,057	49,033	43,828	48,488	58,708



tCO2 produced by VCA pool vehicles by type

Activity/Input	tonne	%
Upper Medium - Battery Electric Vehicle	8.777**	59.23%
Medium Diesel Car, from 1.7 to 2.0 litre	3.731	25.18%
Mini - Diesel	2.040	13.77%
Medium car Plug-In Hybrid Electric Vehicle	-	-
Dual Purpose 4x4 - Diesel	0.271	1.83%
	Total tonne: 14.819	100%

**To prevent double reporting of emissions from electricity use 6.322TCO2e of this figure can be omitted from the total VCA emissions.



General Emissions and next steps

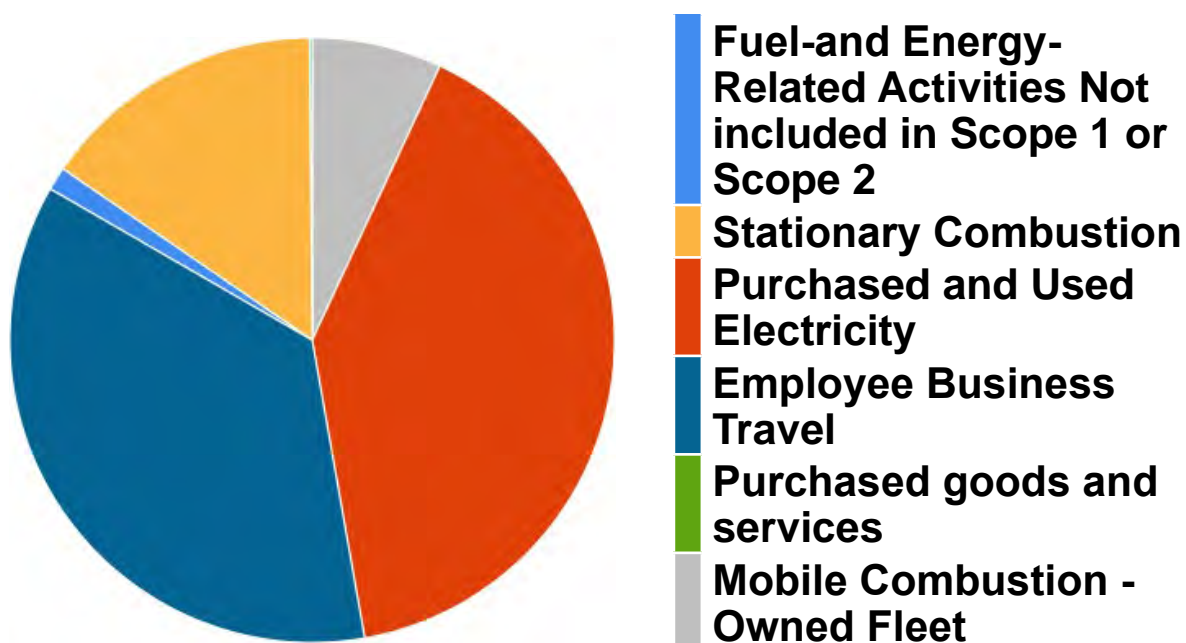
Over the last few reporting years there has been some marked change in the way we work. Some of this is down to changes in working practice as identified during the Covid 19 pandemic, some by advances in digital technologies and by markets being driven by the threats faced from climate change. The effect of these changes is evident when breaking down the sources of emissions generated by the VCA and how they have changed since 2019 to 2020 as highlighted in previous reports. The 2023 to 2024 reporting year has seen some of the old normal behaviours return. Particularly when relating to vehicle use and the increase in grey fleet utilisation.

Return to BAU 2023 to 2024

Source Category	tonne CO2e	%
Stationary Combustion	28.686	15.4
Employee Business Travel	76.253	41.1
Purchased and Used Electricity	70.770	38.2
Mobile Combustion - Owned Fleet	14.381	7.8
Fuel-and Energy-Related Activities Not included in Scope 1 or Scope 2	1.435	0.8
Purchased goods and services	0.157	0.1
Items double accounted for (EV Charging)	-6.322	-3.4
	Total tonnes CO2e: 171.27	100

Overall emissions are now showing as up slightly against the 2022 to 2023 total of 171.27 tCO₂. There are a number of factors that have contributed to this but primarily this has been due to the increase in Grey and hire fleet vehicles. There are also some significant issues in the quality of data being reported by Enterprise for hire vehicles with huge anomalies regularly being reported.

Despite this, we remain on target to meet and surpass the Greening Government Commitments (GGC) target of 117 tCO₂ by 2025.



The future

Planning to meet the 2025 GGC target, 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 CO₂ 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 2023FY	% Total Emissions	Tonnes CO2e 2023FY	% Total Emissions
Fuel Oil	42.23	24.66%	27.18	14.66%
Electricity	37.93	22.15%	70.82	38.21%
Average car (Hire Vehicles)	27.94	16.31%	46.52	25.10%
Natural Gas	24.66	14.40%	2.94	1.59%
Average car (Grey Fleet)	18.95	11.07%	27.10	14.62%

Planning ahead and potential for improvements

- Moving towards the 2027 fleet commitment target to have a 100% electric pool fleet. With 66% of our pool fleet now fully electric and good charging capabilities are in place on our sites. We are well placed to further increase our electric fleet to reduce reliance on grey fleet and hire vehicles.
- As part of the ongoing improvements of the Bristol HQ site, the inefficient gas heating systems were removed completely and replaced with sustainable and efficient electric powered alternative. The interim option to heat the workspace was energy intensive so we should see a general reduction in electricity use over the coming winter period.
- To look at alternatives to the current fuel oil boilers used for heating the workshops at our Midlands site. Then to plan for their replacement as they reach planned life end.
- Explore options of additional solar power generation to reduce reliance on imported electricity.
- There may be an opportunity during this reporting period to look at the potential of creating a new net zero workshop as part of planned activity to build new infrastructure on the Midlands site. Options will be investigated as the planning progresses.

- Wherever possible and practical, further investigate how to increase the biodiversity of our sites and support green capital projects.
- To complete our net zero strategy and create a roadmap and timeline to achieve net zero as early as is practicable.





I Estates

Led by our Senior Estates, Health and Safety (H&S) Manager, our Estates Team cover several key areas of the business. These include but are not limited to: Health & Safety, Facilities Management (FM), Sustainability, Fleet, and Physical Security. The team ensures that the running of our estate provides a safe working environment, supports operational delivery, is fit-for-purpose and is sustainable and efficient. It also provides the best facilities possible for anyone attending our estate to ensure that their occupational health, wellbeing, and mental health needs are catered for. This is achieved by providing specific information, staff consultations, trained support and specialist equipment as is required.



“The team has also been leading on an ongoing program of refurbishments and new facilities across the Agency. The aim of which is to provide top class facilities for our people whilst providing and managing new ways of working such as hybrid, training and specialist workspaces.”

The team has also been leading on an ongoing program of refurbishments and new facilities across the Agency. The aim of which is to provide top class facilities for our people whilst providing and managing new ways of working such as hybrid, training and specialist workspaces.

We currently lease our building in Bristol and the land at the HORIBA/Mira site for the Midlands Centre and have recently added a new facility for our Dangerous Goods team based in Leatherhead. All overseas offices are leased.

We work in partnership with the rest of the DfT agencies to manage a DfT estate-wide Total Facilities Management Contract. Following an extended period of preparation work, the 3rd generation of this contract has now been awarded. The aim of this is to have a working contract that allows all parties involved a degree of flexibility so as to support efficiency savings over any previous arrangements in place and to provide a cost effective and timely management service of our facility management requirements.



Pia Wilkes CBE
Chief Executive and Agency Accounting Officer
Date 22 November 2024



Accountability Report



I Directors' report

This accountability report is produced to comply with the requirements of the HM Treasury Financial Reporting Manual 2023 to 2024. It should be read in conjunction with the Governance statement, the Remuneration Report, and the Performance Report.

Accounts Direction

The financial statements on pages 158 to 209 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 72.

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.

Asset values

As assets are revalued annually in line with the accounting policy, the directors consider there is no

significant difference between the market value and carrying value of assets in the accounts.

Financial Instruments

Please refer to Note 1 in the financial statements, which details our position in relation to financial instruments.

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 2009 (as amended).

Non-road mobile machinery (NRMM) approvals are issued in accordance with assimilated GB Regulation (EU) 2016/1628, (as amended) under powers in The Non-Road Mobile Machinery (Type-Approval and Emission of Gaseous and Particulate Pollutants) Regulations 2018 (as amended).

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

Certification of parking and bus lane civil enforcement camera systems is issued on behalf of DfT under the Civil Enforcement of Parking Contraventions (Approved Devices) (England) Order 2007 and the Bus Lanes (Approved Devices) (England) Order 2005 respectively.

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.

I 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 support 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 2023 to 2024.

I confirm that I take personal responsibility for the annual report and accounts, and for the judgements required to determine that they are fair, balanced, and understandable. I am satisfied that this is the case for this year's annual report and accounts.

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 2023 to 2024 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 Roads, Places and Environment (RPE) 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 on 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



Ministers



Accountable



Advisory

Secretary of State for Transport

Parliamentary Under Secretary of State

VCA Management Board

Audit, Risk & Assurance Committee

Health & Safety & Wellbeing Committee



I 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



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



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 RLG at DfT.

The Board meets each month 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



Pia Wilkes
Chief Executive
Officer



Paul Cooke
Chief Corporate
Affairs Officer



Paul Higgs
Chief Operating
Officer



Richard Brown
Chief Finance and
Resources Officer



Chris McCabe
Chief Technical
and Statutory
Operations Officer

“The executive team sets our values and standards and ensures obligations to customers and other stakeholders are understood and met.”



Clive Scrivener

Non-executive Director and Chair

Clive is a professional chair who specialises in mobility and clean technology sectors. He leads the boards of several high-profile industry disruptors in autonomy software, hydrogen fuel cells, and battery systems technology.



Clive built his career from a finance background, in roles including Chief Executive, Chief Operating Officer, and Finance Director. His industry experience includes automotive engineering, vehicle assembly, composite materials, batteries, software, and industrial gasses.

Darran Messeem

Non-executive Director

Darran Messeem is a consultant and Non-Executive Director focused on energy, transport and sustainable development. He is a director of Shoreham Port Authority, where he chairs the Audit & Finance Committee, and Net Zero Projects, where he is chair. He is a Fellow of the Chartered Institute of Marketing and the Royal Geographical Society.



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

logen 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.

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

Jon Beasley and Darran Messemer were appointed as non-executive directors in December 2023. Sarah Philbrick stepped down from the Board in December 2023. I'd like to thank Sarah, whose support and guidance has been invaluable to myself and the executive team. I'd also like to welcome Jon and Darran who bring significant experience to the table, they will add real value to the board and I look forward to working with them.

Clive Scrivener's term as Non Executive Chair came to an end at the 30th September 2024, I would like to thank Clive for all his support over the past seven and a half years, and wish him the very best wishes for the future. Richard Judge joined the VCA as Non Executive Chair, we extend him a warm welcome and look forward to working closely with him in the future.

I thank all the non-executive directors for their support during 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 2023 to 2024 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.

Board member	Title	Number of Board meetings attended
Pia Wilkes	Chief Executive Officer	8/9
Paul Higgs	Chief Operating Officer	9/9
Richard Brown	Chief Finance and Resources Officer	9/9
Paul Cooke	Chief Corporate Affairs Officer	9/9
Chris McCabe	Chief Technology and Statutory Operations Officer	9/9

Board member	Title	Number of Board meetings attended
Clive Scrivener	Non-executive Chair	9/9
Sarah Philbrick	Non-executive Director	5/6* left Executive team as of 31st December 2023
Gary Dixon	Non-executive Director	1/1* left Executive team as of 25th April 2023
Jonathan Beasley	Non-executive Director	4/4 joined the Executive team as of 20th December 2023
Darran Messem	Non-executive Director	4/4 joined the Executive team as of 20th December 2023
Members of the DfT Sponsorship Team	DfT Sponsorship Team	8/9

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 member. In addition, two further independent members are appointed to serve on the ARAC, one of 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 2023 to 2024 included

- Succession Planning and Staff Retention
- 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 four 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 advises the agency Accounting Officer on her acceptance and signing of 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 2023/4 exercise took place in July 2023, with all executive and non-executive members taking part. The outputs were very positive with only minor opportunities for improvement being identified.

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 2023 to 2024 were:

Retention and Succession Planning

We are continuing to keep an eye on how we retain and attract technical skills. We cannot compete with the wider private sectors on pay alone, we continue to present the wide benefits to working at the VCA. Whilst pay increases lag the headline rates, this does cause problems retaining and attracting employees into the VCA, especially with regards to specialist roles within the VCA, particularly Engineering, ICT and other professions.

We are looking at ways in which we can improve our attraction and retention strategy, which aligns with our future workforce plans and skills agenda.

We have significantly improved the way we recruit people into the VCA. We ran a specific pilot this year for engineering roles, this included how and where we advertise the roles, how we onboard staff and how we sell the long-term benefits to working with the VCA. We saw a significant uplift in applications and the quality of candidate was significantly higher than previous campaigns. We will be implementing the lessons learned to all recruitment going forward.

We have also looked at how we can improve our attraction and retention, which aligns with our future workforce plans and skills agenda. We have introduced a structured learning and development pathway for our engineering grade from HEO to SEO, this is linked to the Government Science and Engineering framework.

Alongside the above mitigation we have also put in place an experience recruitment and retention allowance, this was put in place with the support of the DfTC, ensuring that we remained within our overall pay envelope.

GB Type Approval Scheme

The VCA is now responsible for issuing type approvals to all vehicle types on GB roads, these approvals will migrate from GB provisional approvals to full approvals over a defined period of time. This will approximately double the volume

of approvals that the VCA is required to issue from historic levels. The VCA has been working closely with policy colleagues at DfT to ensure the necessary forward planning is in place to operationally deliver the scheme. 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.

We have achieved significant benefit from our business transformation program, by automation of applications and processing of approvals, this has resulted in the avoidance of not hiring an additional 30 FTE to cope with the additional volumes.

Cyber Security Attack

As we continue to rely on IT as an enabler in our business, and we adopt new ways of interacting with our manufacturers, we are constantly monitoring the potential for cyber-attacks. The threat is one which continues to evolve, and we are seeing an increase in cyber-attacks across the globe on a more frequent basis. As part of our assurance, GIAA completed an audit of our readiness, with a focus on our compliance with the appropriate standards of best practice.

The audit received a moderate score, with some areas for improvement. We are adopting the GovAssure cyber security assurance standard. The GovAssure assurance approach meets the requirements for an objective understanding of government cyber security

as set out in the [Government Cyber Security Strategy](#). GovAssure uses the [National Cyber Security Centre's Cyber Assessment Framework \(CAF\)](#).

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. 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 Head of Internal Audit presented his annual report to the ARAC in June 2024 for the 2023-24 audit program. This report was accepted and approved in its entirety.

Overall, in the opinion of the Head of Internal Audit, the 2023 to 2024 assurance rating is assessed as 'Moderate' indicating that some improvements are required to enhance the adequacy and effectiveness of the framework of our governance, risk management and control.

The 2023 to 2024 reporting period comprised of four audits:

Key Financial Controls (Moderate)

Auditors provided Moderate (yellow) assurance, noting evidence of an effective internal control framework governing VCA's financial operations.

Integrated Assurance (Moderate)

Auditors provided Moderate (yellow) assurance, noting evidence that Central Quality Function (CQF) assurance processes were robust and well-documented.

Cyber Security (Moderate)

Auditors provided Moderate (yellow) assurance, noting evidence of a thorough and methodical approach to defining, documenting and delivering the Information Security Management System (ISMS) used to protect VCA's systems and information assets.

Market Surveillance (Moderate)

Auditors provided Moderate (yellow) assurance for this shared review (also including another DfT ALB, DVSA), noting evidence that arrangements were thorough, effective and adequate, with well-designed controls in place.

Overall, in the opinion of the Head of Internal Audit, the 2023 to 2024 assurance rating is assessed as 'Moderate' indicating that some improvements are required to enhance the adequacy and effectiveness of the framework of our governance, risk management and control.

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 routine monthly 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 myself as CEO, prior to being reviewed by the NED's who attend the ARAC, before submission to the DfT.

d) Fraud, Bribery and Whistleblowing

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 have a published Counter Fraud Strategy for 2022 to 2025 and continue to develop and utilise a detailed counter fraud action plan. 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. We previously identified two models: a Finance Budget Model and Technical Test Reports Model. In discussion with the DfT we have removed them from the critical model register as they do not meet the level of criticality materiality threshold.

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, if requested.

In managing successful programmes, PRINCE2 and Major Project Authority 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 the agency's risk reporting guidelines. Project and programmes are subject to business case approval.

Significant projects are subject to 'gateway reviews', an external peer review to assess the management of the project and the probability of successful implementation.

We have worked hard to strengthen our project management capability further with additional specific resource to support ICT Projects, and 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).

The Board reviews progress against the plans, project costs and risks to ensure that the project or programme is on track for delivery, as outlined in the business case.

Each project and programme provide an update to the CEO and Portfolio Owner on progress and is able to raise any issues and request support if required.

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 on our data security by ensuring our staff are aware of the requirements of the GDPR legislation and undertake regular training.

During the year there were no instances reported to the Data Protection Officer at the DfT, or the

Information Commissioner regarding any data breached or security breaches.

h) Procurement and Contract Management Functional standards

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

We have recently brought an experienced commercial resource into the VCA to support all procurement and contract management activities.

The Government is committed to eradicating modern slavery from the domestic and global economy. Section 54 of the Modern Slavery Act 2015 established the UK as the first country in the world to require businesses to report on how they are tackling modern slavery in their organisation and supply chains.

It was announced in June 2019 that ministerial departments will begin publishing annual departmental modern slavery statements from 2021. We worked closely with the DfT on the production of the departmental statement, and this was published in September 2021.

In March 2020, the UK became the first country to publish a government modern slavery statement setting out the steps central government has taken

and laying the foundations for departments to build on. In his introduction the Prime Minister was clear – ‘if we are serious about tackling this increasingly pervasive evil then words alone are not enough – we have to take active steps to drive it out of our supply chains’.

i) Functional Standards

Following the issuing of Functional Standards from Cabinet Office, which support standardisation of internal controls in line with best practice, the VCA completed a self-assessment of alignment to the Functional Standards.

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 2023 to 2024, 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 been effective throughout the year.

A black and white image of a handwritten signature, which appears to be 'Pia Wilkes', written in cursive on a dark background.

PIA WILKES

Chief Executive and Agency Accounting Officer

Date 22 November 2024



I 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 <https://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.

Non-executive Director	2023 to 2024	FTE Salary - 2023 to 2024	2022 to 2023	FTE Salary - 2022 to 2023
	£'000	£'000		
Mr C Scrivener (left September 2024)	15-20	15-20	15-20	15-20
Ms S Philbrick (resigned December 2023)	10-15	10-15	10-15	10-15
Mr G Dixon (resigned April 2023)	0-5	10-15	10-15	10-15
Mr J Beasley (joined December 2023)	0-5	10-15	-	-
Mr D Messem ((joined December 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 2024. 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.

	2023-2024				2022-2023			
	Salary £000	Bonus Payments £000	Pension Benefits £000	Total £000	Salary £000	Bonus Payments £000	Pension Benefits £000	Total £000
Mrs P Wilkes	130-135	0-5	39	170-175	120-125	0-5	47	170-175
Mr P Higgs	80-85	0-5	20	105-110	80-85	-	31	110-115
Mr R Brown	80-85	-	20	100-105	75-80	-	28	105-110
Mr P Cooke	80-85	-	20	100-105	75-80	-	(23)	50-55
Mr C McCabe	70-75	0-5	18	90-95	65-70	-	14	80-85

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 2023 to 2024 was £130k-£135k (2022 to 2023: £125-130k).

Year	Banding of highest paid director £'000	25 th percentile pay ratio	25 th percentile remuneration of workforce	Median pay ratio	Median remuneration of workforce	75th percentile pay ratio	75th percentile remuneration of workforce
Total remuneration							
2023-24	130-135	4.71	£28,119	3.72	£35,663	2.79	£47,458
2022-23	125-130	4.79	£26,628	3.65	£34,971	2.73	£46,741
Salary component only							
2023-24	130-135	4.71	£28,119	3.72	£35,633	2.89	£45,834
2022-23	120-125	4.77	£25,665	3.50	£34,971	2.76	£44,373

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 2023 to 2024, there was a slight increase in median employee pay of 1.98%, 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 6.50% in 2023 to 2024 when compared to 2022 to 2023. The average percentage change from the previous financial year in respect of the employees of the entity taken as a whole was a 3.80% increase.

There was a performance related bonus of £2k for the highest paid director (2022 to 2023: £5k) and the average percentage change for the VCA's employees for performance related pay decreased by 21.98%. Performance pay is based on performance levels and is made as part of the appraisal process.

The CEO was awarded one bonus for performance during 2022 to 2023 which was paid in the financial year 2023 to 2024. Consistent with the previous years, the bonus is recognised in these tables in the year of performance to which it relates.

In 2023 to 2024, there were seven members of staff who on an annualised basis would be paid in

excess of the highest paid director (2022 to 2023, four members of staff). These staff members are on-payroll contractors and agency staff.

Remuneration ranged from £14,469 (overseas position) to £192,400 (2022 to 2023: £13,117 to £180,375). 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.¹ 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.

¹ <http://www.civilservicepensionscheme.org.uk/>

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

Annual Pensionable Earnings (full-time equivalent basis)	Classic, Classic Plus, Premium, Nuvos and Alpha Scheme
	Contribution Rate % 2023-2024
Up to £34,199	4.60
£34,200 – £56,000	5.45
£56,001 - £150,000	7.35
Over £150,000	8.05

Annual Pensionable Earnings (full-time equivalent basis)	Classic, Classic Plus, Premium, Nuvos and Alpha Scheme
	Contribution Rate % 2022-2023
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 moved across into the Alpha Scheme on 1 April

2022. This is following a court judgment from 2018 and introduction of 2015 Remedy Programme.²

All members of Civil Service Pensions who continued in service from 1 April 2022 onwards did so as members of Alpha. Classic, Classic Plus, Premium, and Nuvos (known as the Legacy pension schemes) were closed in relation to service after 31 March 2022.

In scope, members will be given a choice of benefits between alpha and their Legacy scheme for the Remedy period 1 April 2015 to 31 March 2022. This choice will be 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 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

² <https://www.civilservicepensionscheme.org.uk/employers/2015-remedy/>

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 2023 to 2024, normal employer's contributions of £2,035,460.87 (2022 to 2023: £1,901,820) were payable to the PCSPS at one of four rates in the range 26.6.% to 30.3% (2022 to 2023: 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 2023 to 2024, payments of £8,017 (2022 to 2023: £6,849) 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 2023 to 2024, payments of £23,168 were made to this scheme (2022 to 2023: £19,414).

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 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023 to 2024 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 2023 to 2024 of Chief Executive and Management Board Members (audited)

	Accrued pension at pension age at 31 March 2024 and related party lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2024	Cash Equivalent Transfer Value at 31 March 2023	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000
Mrs P Wilkes Chief Executive	35-40	5-7.5	672	454	78
Mr P Higgs Director	25-30	0-2.5	533	395	25
Mr R Brown Director	15-20	0-2.5	272	190	19
Mr P Cooke Director	35-40 (plus a lump sum of 95 –100)	0-2.5	875	749	(2) ³
Mr C McCabe Director	20-25	0-2.5	341	228	9

3 Negative values reflect the impact of high inflation on classic scheme pensions.

Compensation for loss of office (audited)

There were no payments for compensation for loss of office in the year (2022 to 2023: £Nil).

Staff Costs (audited)

	2023-2024	2022-2023
	£'000	£'000
Wages and salaries	8,895	8,185
Social security costs	978	881
Other pension costs	1,980	1,928
Agency, temporary and contract staff	3,831	2,972
Total net costs	15,684	13,966

Average numbers (audited)

Full-time equivalents	2023-2024 Permanent	2023-2024 Others	2022-2023 Permanent	2022-2023 Others
Senior Civil Servant	1	-	1	-
Senior Management	16	-	17	-
Professional and Technical	144	37	138	31
Administrative	40	25	43	30
Total FTE's	201	62	199	61

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 2023 to 2024 is 17.4% (2022 to 2023: 12.8%). 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	2023-2024 Male	2023-2024 Female	2022-2023 Male	2022-2023 Female
Senior Civil Servant	-	1	-	1
Senior Management	15	1	16	1
Professional and Technical	97	48	101	45
Administrative	13	27	16	32
Total Headcount	125	76	133	79

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 £3,466k of consultancy costs incurred in year. £3,426k 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. (2022 to 2023: £3,505k)

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 and Conformity of Production consultancy, audit and finance.

Off-payroll appointees

Off-payroll engagements as of 31 March 2024 for more than £245 per day and lasts for longer than 6 months	Number
Number of existing engagements as of 31 March 2024	10
<i>Of which:</i>	
Number that has existed for less than one year at time of reporting	2
Number that has existed for between one and two years at time of reporting	4
Number that has existed for between two and three years at time of reporting	2
Number that has existed for between three and four years at time of reporting	0
Number that has existed for four or more years at time of reporting	2

New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2023 and 31 March 2024, for more than £245 per day and lasts longer than 6 months	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2023 and 31 March 2024	10
<i>Of which:</i>	
Number not subject to off-payroll legislation	2
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	10
Number of engagements reassessed for consistency/assurance purposes during the year	3
No. of engagements whose IR35 status changed following reassessment	0

Off-payroll engagements of Board members and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024	Number
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 DfT target, of 6 days. 2023 to 2024 closed with an average figure of 6.61 days lost due to sickness absence. This is an increase from the 2022 to 2023 figure of 2.65 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 continue to support our employees' by utilising occupational health, stress risk assessments, mental health first aiders and our employee assistance programme. 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 support staff training and development, utilising online facilities such as Microsoft Teams. Training providers have covered a range of topics including job evaluation, leadership, wellbeing, and engineering.

We consider it extremely important that we continue to 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 was also an incredibly successful training programme 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.

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 Human Resources apprenticeships. In addition, this year we have advertised and recruited our first engineering apprentices. 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 sustained our graduate recruitment campaigns which started in 2022, 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 continue to support 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.

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 129.

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.



“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.”



The health and wellbeing of employees continues to be of a high priority for the VCA. We have developed a health and wellbeing page, 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 a successful Wellbeing Week which provides key information to staff 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 menopause awareness was 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 and we aim to resolve this within 24 hours.

We have maintained, and where necessary, grown our workforce. We continue to use a mixture of online and face to face interviews and assessment centres 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.

The HR team has continued to 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 the HR Intranet pages to provide support and guidance to managers and promote apprenticeship training, with much of the team enrolled on an apprenticeship qualification.

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.

“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%



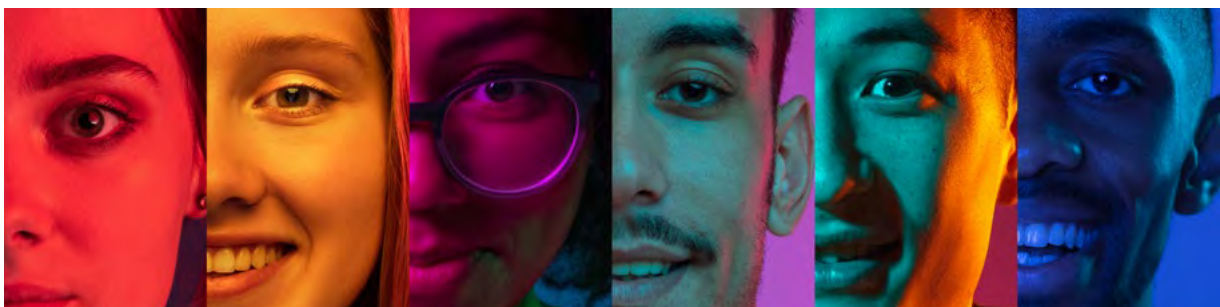
40%

People Survey

The Civil Service People Survey provides an opportunity for staff to provide valuable feedback to us as an organisation and to the Cabinet Office on how they are feeling in their role, in the workplace, and to highlight what areas we are supportive in, and what we can develop on.

This year's survey saw a response rate of 84%. Although this is a slight decrease from last year's response rate of 88%, we are pleased to see this continues to be a significant percentage of our staff cohort. This demonstrates that our staff are highly engaged and keen to share their thoughts.

“Working groups are being established for each strand with representation from across the Agency, with a Board level sponsor to address the areas where improvement is required.”



Our employee engagement index fell by 4% to 58%. It has been a challenging year for many and, where our scores fell, we saw this trend reflected across the whole Civil Service, which we understand has been affected to a degree by the current Cost of Living crisis.

To address the feedback in the results, we asked each department for three main areas they would like to see a change. We looked across all departments and the following items were identified:

- Pay and Benefits
- Organisational Aims and Objectives
- Learning & Development

Working groups are being established for each strand with representation from across the Agency, with a Board level sponsor to address the areas where improvement is required.

We recognise that employee engagement is fundamental to an organisation's performance, and we are confident that taking these steps will have a direct and positive impact on employee experience within the Agency.

Our Vision:

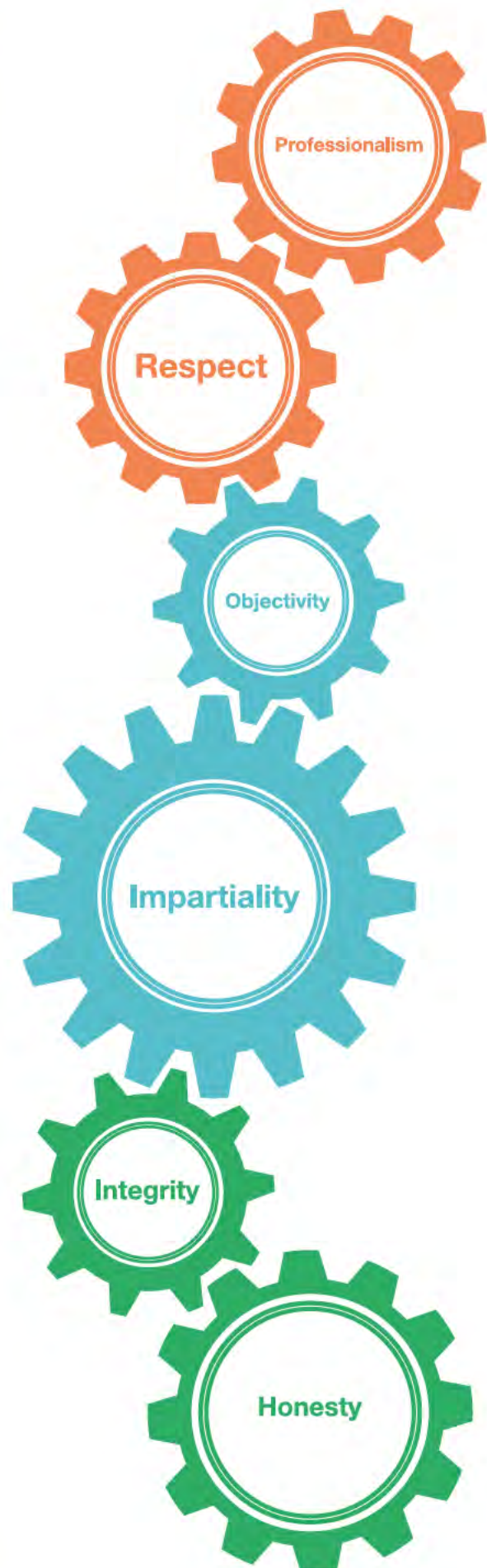
Is to be an organisation that is admired and respected for our people, their professionalism and impartiality.

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;

“Creating an inclusive culture is the most sustainable way of helping people feel safer, happier, and more productive in work.”



A modern Civil Service 



- 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.

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 we will be offering Mental Health First Aid training to those who would like to take up the training and 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, with a focus on Being Disability Confident. To support diversity in recruitment we always ensure our panels are split by gender and where possible, ethnicity. 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 2023 and 31 March 2024 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 regulations (COSHH) and Display Screen Equipment regulations (DSE). 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 2023-24

Regularity of expenditure

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

Losses and special payments

There were no losses, 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.

A black and white image of a handwritten signature, which appears to be 'PIA WILKES', written in white ink on a dark background.

PIA WILKES

Chief Executive and Agency Accounting Officer

Date 22 November 2024

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 the year ended 31 March 2024 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 2024;
- 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 2024 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 (2022)*. 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 is 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 regulations⁴, including fraud. The extent to which my procedures are capable of detecting non-

⁴ Non-compliance is defined as acts of omission or commission intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word “irregularities” to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN10.

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, and key performance indicators.
- 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 compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation, employment law and the

relevant statutes pertaining to the delivery of services.

- inquired of management, the Vehicle Certification Agency 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 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, Supply and Appropriation (Main Estimates) Act 2024, employment law, tax legislation and 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 and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- 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 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. 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
Comptroller and Auditor General

Date 25 November 2024

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 2024

		2023-2024	2022-2023
	Notes	£'000	£'000
Revenue	2	22,009	21,788
Staff costs	4	(15,684)	(13,966)
Other operating costs	3	(10,418)	(9,807)
Depreciation and impairment charges	7	(1,695)	(1,448)
Total operating expenditure		(27,797)	(25,221)
Net operating (loss)/profit		(5,788)	(3,433)
Finance income		96	90
Finance expense		(180)	(58)
Foreign exchange translation (loss)/gain		(264)	34
Deficit for the year		(6,136)	(3,367)
Net (loss)/gain on:			
- revaluation of intangibles	12	(13)	(58)
- revaluation of property, plant and equipment	12	(59)	(98)
Total comprehensive expenditure for the year		(6,208)	(3,523)

All income and expenditure relates to continuing activities.

The notes on page 166 to 209 form part of these accounts.

Statement of financial position as at 31 March 2024

		31 March 2024	31 March 2023
	Note	£'000	£'000
Non-current assets:			
Intangible assets	5	9,384	5,980
Property, plant and equipment	6	4,520	4,526
Investment in Italian Legal Entity	18	1,255	1,607
Right of use assets	7	2,223	2,552
Total non-current assets		17,382	14,665
Current assets:			
Trade and other receivables	8	10,924	9,272
Cash and cash equivalents	9	4,550	4,691
Total current assets		15,474	13,963
Total assets		32,856	28,628
Current liabilities:			
Trade and other payables	10	(4,795)	(4,318)
Lease Liabilities	14	(399)	(316)
Total current liabilities		(5,194)	(4,634)
Non-current liabilities:			
Lease Liabilities	14	(1,946)	(2,327)
Provisions	11	(275)	(257)
Total non-current liabilities		(2,221)	(2,584)
Assets less liabilities		25,441	21,410
Taxpayers' equity:			
General fund		23,835	19,876
Revaluation reserve	12	1,606	1,534
Total taxpayers' equity		25,441	21,410



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

Date 22 November 2024

The notes on page 166 to 209 form part of these accounts.

Statement of cash flows for the year ended 31 March 2024

		2023- 2024	2022- 2023
	Note	£'000	£'000
Cash flows from operating activities			
Deficit for the year		(6,136)	(3,367)
Adjustments for non-cash transactions			
Amortisation charges	5	549	519
Depreciation charges	6,7	1,146	882
Loss on disposal of non-current assets	6,7	-	47
Recognition of losses in equity investment	18	352	406
Notional charges	3	95	91
Net adjustments for non-cash transactions		(3,994)	(1,422)
(Increase)/ decrease in trade and other receivables	8	(1,652)	(570)
Increase in trade and other payables	10	477	175
Increase/(decrease) in provisions	11	18	(73)
Cash flow from operating activities adjusted		(5,151)	(1,890)
Cash flows from investing activities			
Purchase of intangible assets	5	(3,894)	(3,731)
Purchase of property, plant and equipment	6	(770)	(1,392)
Investment in Italian Legal Entity	18	-	(2,000)
Net cash outflow from investing activities		(4,664)	(7,123)

		2023-2024	2022-2023
	Note	£'000	£'000
Cash flows from financing activities			
Payments of lease principal	14	(326)	(299)
Parliamentary funding		10,000	10,000
Net cash outflow from financing activities		9,674	9,701
Net (decrease) / increase in cash and cash equivalents in period	9	(141)	688
Cash and cash equivalents at the beginning of the period	9	4,691	4,003
Cash and cash equivalents at the end of the period	9	4,550	4,691
Net (decrease) / increase in cash and cash equivalents in period		(141)	688

The notes on page 166 to 209 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2024

	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Taxpayers' equity at 1 April 2023	19,876	1,534	21,410
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)
Taxpayers' equity at 31 March 2024	23,835	1,606	25,441

For the year ended 31 March 2023

	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Taxpayers' equity at 1 April 2022	13,152	1,378	14,530
Loss for the year	(3,367)	-	(3,367)
Notional charges in the year (note 3)	91	-	91
Parliamentary funding	10,000	-	10,000
Gain/loss on revaluation of non-current assets (note 12)	-	248	248
Depreciation of re-valued non-current assets (note 12)	-	(92)	(92)
Taxpayers' equity at 31 March 2023	19,876	1,534	21,410

The notes on page 166 to 209 form part of these accounts.

I 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 2023 to 2024 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 2023-24 we received £5.1m of cash funding. We also received £3.9m of capital funding to support the Business Transformation Project, along with £1m for the Connected and Autonomous Vehicles Project.

The 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 requires a discounted cash flow approach to accounting for insurance contracts. It has been endorsed by the UK Endorsement Board. Within central government, adoption has been deferred to periods starting on or after 1 April 2025 and the standard is expected to be reflected in the 2025- 26 FReM. 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 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 3-5 years.

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.

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.

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.

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 asset 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.

2. Revenue

Revenue is derived entirely from continuing operations.

a) Fees and charges

The following information summarises the final report to the agency's management team for the period ending 31 March 2024. (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.

2023-24	Actual Revenue	Actual Full Cost	Actual Operating Surplus/ (Deficit)
	£'000	£'000	£'000
Product Certification	18,319	21,815	(3,496)
Activities for Government	2,697	4,906	(2,209)
All other segments	993	1,424	(431)
Total	22,009	28,145	(6,136)
Deficit for the year as per statement of comprehensive net expenditure			(6,136)

2022-23	Actual Revenue	Actual Full Cost	Actual Operating Surplus/ (Deficit)
	£'000	£'000	£'000
Product Certification	17,861	19,824	(1,963)
Activities for Government	2,815	4,066	(1,251)
All other segments	1,112	1,265	(153)
Total	21,788	25,155	(3,367)
Deficit for the year as per statement of comprehensive net expenditure			(3,367)

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 £19,409k (2022 to 2023: £18,973k). Income levels increased slightly as testing requirements grow and travel restrictions are slowly lifted following the direct result of the COVID-19 pandemic.

Activities for Government are analysed in the related party note (note 16) and account for 12.2% (2022 to 2023: 12.9%) of total revenue. Government in normal circumstances would not be regarded as a major group of customers.

b) Geographical analysis by office

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

2023-24	Revenue	Costs	(Deficit) / surplus
	£'000	£'000	£'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
Total	22,009	28,145	(6,136)

2022-23	Revenue	Costs	(Deficit) / surplus
	£'000	£'000	£'000
UK	12,501	19,625	(7,124)
Europe	1,474	370	1,104
Americas	2,233	1,351	882
Asia	2,949	1,264	1,685
China	1,321	1,271	50
India	1,310	1,274	36
Total	21,788	25,155	(3,367)

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

	2023-2024	2022-2023
	£'000	£'000
Travel and subsistence	2,657	1,907
Overseas operational expenses	2,298	2,234
Outsourced services	823	1,386
Computer running costs	2,603	2,260
Accommodation	835	727
Postage, printing and stationery	91	80
Personnel costs	187	144
Training	116	143
Office running costs	26	20
DfT charges	61	58
Legal and consultancy	212	287
Other costs	26	36
Total operating costs	9,935	9,282
Administrative expenses – non-cash		
Amortisation of intangible assets	549	519
Bad debt provision	36	28
Depreciation charges	1,146	882
Loss/(gain) on disposal of non-current assets	-	47
Loss in respect of VCA EU Srl (note 18)	352	406
Notional audit fee	95	91
Total non-cash items	2,178	1,973
Total operating and administrative costs	12,113	11,255

The notional audit fee of £95k (2022 to 2023: £91k) reported above relates to the annual audit of the

agency's Financial Statements by the Comptroller and Auditor General. The audit is subcontracted to KPMG, who received £21k remuneration for non-audit services.

4. Staff costs

	2023-2024	2022-2023
	£'000	£'000
Wages and salaries	8,895	8,185
Social security costs	978	881
Other pension costs	1,980	1,928
Locally engaged, agency, temporary and contract staff	3,831	2,972
Total net costs	15,684	13,966

5. Non-current assets: Intangible assets

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

Assets under construction 2023 to 2024; 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.

	Assets Under Construction £'000	Software Licences £'000	Software Applications £'000	Total £'000
Cost or Valuation				
As at 1 April 2022	1,862	221	3,509	5,592
Additions	3,731	-	-	3,731
Disposals	-	-	-	-
Reclassification	(1,121)	-	-	(1,121)
Revaluations	-	3	76	79
As at 31 March 2023	4,472	224	3,585	8,281
Amortisation				
As at 1 April 2022	-	177	1,584	1,761
Charge for year	-	18	501	519
Disposals	-	-	-	-
Revaluations	-	1	20	21
As at 31 March 2023	-	196	2,105	2,301
Net Book Value				
As at 31 March 2023	4,472	28	1,480	5,980
As at 1 April 2022	1,862	44	1,925	3,831

6. Non-current assets: Property, plant and equipment

	Assets Under Construction	Buildings	Transport Equipment	Furniture and Fittings	Information Technology and Office Equipment	Plant and Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
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
As at 31 March 2024	304	2,737	119	503	1,372	2,918	7,953
Depreciation							
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
As at 31 March 2024	-	496	70	302	959	1,606	3,433
Net Book Value							
As at 31 March 2024	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

	Assets Under Construction	Buildings	Transport Equipment	Furniture and Fittings	Information Technology and Office Equipment	Plant and Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2022	-	1,605	81	405	1,264	1,442	4,797
Additions	746	195	62	30	305	54	1,392
Disposals	-	-	(23)	-	(288)	-	(311)
Reclassifications	(221)	27	-	-	-	1,315	1,121
Revaluations	-	-	-	15	30	124	169
As at 31 March 2023	525	1,827	120	450	1,311	2,935	7,168
Depreciation							
As at 1 April 2022	-	193	77	254	823	937	2,284
Charge for year	-	105	4	14	184	244	551
Disposals	-	-	(23)	-	(241)	-	(264)
Revaluation	-	-	-	6	17	48	71
As at 31 March 2023	-	298	58	274	783	1,229	2,642
Net Book Value							
As at 31 March 2023	525	1,529	62	176	528	1,706	4,526
As at 1 April 2022	-	1,412	4	151	441	505	2,513

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 £759k. Last year valued at £815k and revalued at 31 March 2021.

Assets under construction 2023 to 2024; we are currently investing in a new CCAV Lab Building at the Midlands Centre.

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

	Land and Buildings	Equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
As at 1 April 2022	3,582	25	26	3,633
Additions	-	-	214	214
Disposals	(538)	-	-	(538)
Revaluations	-	-	-	-
As at 31 March 2023	3,044	25	240	3,309
As at 1 April 2022	913	25	26	964
Charge for year	301	-	30	331
Disposals	(538)	-	-	(538)
Revaluation	-	-	-	-
As at 31 March 2023	676	25	56	757
As at 31 March 2023	2,368	-	184	2,552
As at 1 April 2022	2,699	-	-	2,669

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 £398k at 31 March 2024 (£440k at 31 March 2023) and an extension and additional building lease at Bristol Head Office which has a net book value of £1,595k (£1,804k at 31 March 2023).

Depreciation, amortisation, impairments and profit/loss on disposal

	Note	2023-2024	2022-2023
		£'000	£'000
Depreciation of property, plant and equipment	6	789	551
Amortisation of intangible assets	5	549	519
Depreciation of right of use assets	7	357	331
Loss on disposal of non-current assets	6	-	47
Loss on disposal of right of use assets	7	-	-
Total		1,695	1,448

8. Trade and other receivables

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Trade receivables	3,649	3,228
Other receivables	195	114
Prepayments	1,202	1,303
Accrued income	5,878	4,627
Total	10,924	9,272

9. Cash and cash equivalents

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Government Banking Service Balance	881	874
UK current account	690	1,092
Cash at other banks	2,979	2,725
Total	4,550	4,691

10. Trade and other payables

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Amounts falling due within one year		
Trade payables	572	700
Other payables	1,716	1,391
Accruals	2,086	1,816
Deferred income	421	411
Total amounts falling due within one year	4,795	4,318
Included in other payables are:		
Deposits from manufacturers	20	19

At the year end, trade payables included costs of £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 2024 includes £469k (2022 to 2023: £448k) in respect of the VCA's March 2024 payroll cost due to Cabinet Office. Also included in accruals as at 31 March 2024 is the holiday pay accrual of £265k (2022 to 2023: £336k) as required by IAS19.

11. Provisions

	Total Provision
	£'000
Balance at 1 April 2023	257
Provisions added in the year	18
Balance at 31 March 2024	275

Provisions also consist of a dilapidation provision of £275k (2022 to 2023: £257k) due after more than one year. The provisions have been calculated in accordance with IAS 37.

	Tax Provision	Dilapidation Provision	Total Provision
	£'000	£'000	£'000
Balance at 1 April 2022	106	224	330
Provisions added in the year	-	33	33
Provisions written back in the year	(106)	-	(106)
Balance at 31 March 2023	-	257	257

	31 March 2024	31 March 2023
	£'000	£'000
Of which:		
- within one year	-	-
- in second to fifth years inclusive	275	257
Total	275	257

12. Reconciliation of revaluation reserve

	Land and Buildings	Equipment	Vehicles	IT Hardware	IT Software	IT Licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2023	1,092	82	160	29	127	44	1,534
Revaluation of non-current assets	40	(29)	(1)	5	72	-	87
Backlog depreciation of non-current assets	(6)	8	-	(4)	(13)	-	(15)
As at 31 March 2024	1,126	61	159	30	186	44	1,606

13. Capital commitments

As at 31 March 2024, the agency has capital commitments for intangible non-current assets of £1,931k (31 March 2023: £1,158k) and property, plant and equipment of £292k (31 March 2023: £193k).

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.

	Land and Buildings	Vehicles	Total
Lease Liabilities	£'000	£'000	£'000
Balance at 1 April 2023	2,459	184	2,643
Additions / Derecognition	28	-	28
Interest accrued in year	41	3	44
Payments	(314)	(56)	(370)
Balance at 31 March 2024	2,214	131	2,345

Maturity Analysis

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

	2023-2024	2022-2023
Lease Liabilities	£'000	£'000
Amounts falling due:		
Not later than one year	399	361
Later than one year not later than five years	1,246	1,328
Later than five years	853	1,149
Unaccrued interest	(153)	(195)
Balance at 31 March 2024	2,345	2,643

Amounts recognised in the statement of comprehensive net expenditure

	2023-2024	2022-2023
Amounts Recognised in Expenditure	£'000	£'000
Depreciation	357	331
Interest expense	44	43

Amounts recognised in the statement of cash flows

	2023-2024	2022-2023
Cash Flows	£'000	£'000
Repayments of principal on leases	326	299

15. Contingent liabilities

There are no contingent liabilities identified for 2023 to 2024 (2022 to 2023: £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 2023 to 2024 from the Department was £2,682k (2022 to 2023: £2,800k). VCA also received sales income from other government departments and trading funds of £32k (2022 to 2023: £36k). In addition, charges made to VCA by the DfT amounted to £115k (2022 to 2023: £128k) and other government departments £2,671k (2022 to 2023: £2,749k).

The total amount due at the year end from related parties is £544k (2022 to 2023: £664k). The total amount due at the year end to related parties is £18k (2022 to 2023: £233k). 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 100.

£10m was also received from the DfT. Broken down as follows, we received £5.1m of cash funding. We also received £3.9m of capital funding to support the Business Transformation Project, along with £1m for the Connected and Autonomous Vehicles Project.

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.

Financial assets measured at amortised cost:		At 31 March 2024	At 31 March 2023
	Note	£'000	£'000
Cash and cash equivalents	9	4,550	4,691
Trade receivables	8	3,649	3,228
Other Receivables	8	195	114
Total		8,394	8,033
Financial Liabilities by category	Note	At 31 March 2024	At 31 March 2023
Financial liabilities measured at amortised cost:		£'000	£'000
Trade payables	10	572	700
Other payables	10	1,716	1,392
Total amounts falling due within one year		2,288	2,092
Included in other payables are:			
Deposits from manufacturers		20	19

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 follows:

	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	4,550	-	-	4,550
Trade receivables	8	2,242	1,111	296	3,649
Other receivables	8	195	-	-	195
Accrued income	8	5,878	-	-	5,878
Total		12,865	1,111	296	14,272

Financial assets subject to credit risk at 31 March 2024

The agency has £544k intra-departmental account receivable balances included in Financial Assets and £20k 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 2024			
	Overdue >1 months	Overdue >2 months	Overdue >3 months	Total
	£'000	£'000	£'000	£'000
Trade receivables	745	259	107	1,111
	2023-2024		2022-2023	
	£'000		£'000	
Balance at 1 April 2023		262		237
UK (reductions) / additions		54		160
USA (reductions) / additions		-		(1)
Japan (reductions) / additions		-		-
Australia (reductions) / additions		-		-
Brazil (reductions) / additions		-		-
China (reductions) / additions		-		2
Europe (reductions) / additions		-		(178)
India (reductions) / additions		(20)		42
Balance at 31 March 2024		296		262

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 £623k and £762k 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	1,397	1,464	20	1,180	1,031	1,028	741	6,861
Impact if GBP strengthens 10%	(127)	(133)	(2)	(107)	(94)	(93)	(67)	(623)
Impact if GBP weakens 10%	155	163	2	131	115	114	82	762

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 2023 to 2024, the entity made a total loss of £352k (2022 to 2023: £406k). 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 2024	Investment Value
	£'000
Balance as at 31 March 2023	1,607
In-year investment	-
Share of loss for the year	(352)
Balance as at 31 March 2024	1,255

For the year ended 31 March 2023	Investment Value
	£'000
Balance as at 31 March 2022	13
In-year investment	2,000
Share of loss for the year	(406)
Balance as at 31 March 2023	1,607

Financial results of VCA Europe S.r.l.

	As at 31 March 2024		As at 31 March 2023	
	€'000	£'000	€'000	£'000
Non-current assets	334	286	363	319
Current assets	4,912	4,206	4,763	4,187
Current liabilities	3,802	3,255	3,319	2,918
Net assets	1,444	1,237	1,807	1,588
Profit/(loss) for the year	(411)	(352)	(462)	(406)

*€1.1679 /£1 (net assets variance due to roundings)

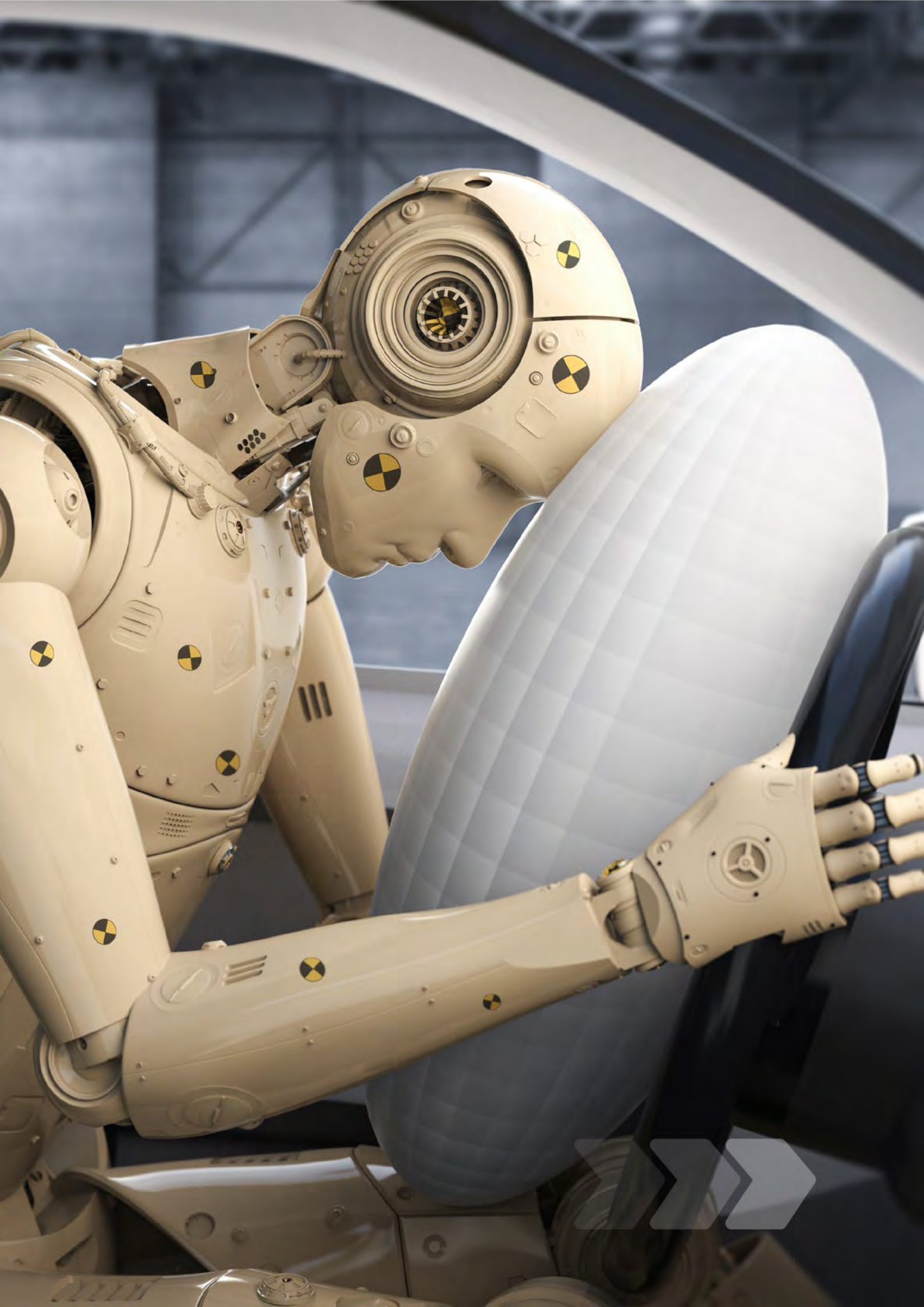
VCA Europe S.r.l. is in the early years of its existence and expects opportunities to grow and improve over the next 12 months. We are continually looking to explore ways of growing our share of the local market. The primary objective of the SRL is to support UK PLC and global manufacturers to continue 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 2024 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.





Vehicle
Certification
Agency

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