



ogc buying.solutions



Annual Report and Accounts  
2004-2005

Over the past year we have worked more closely with our customers in managing procurement arrangements on their behalf amounting to £2 billion of public expenditure with commensurate savings of £321 million.



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The accounts of OGCBuying.solutions for the year 1 April 2004 - 31 March 2005, together with the Report of the Comptroller and Auditor General to the Houses of Parliament thereon prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

Presented to Parliament pursuant to Section 4(6A)(b) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

Ordered by the House of Commons to be printed on 11th July 2005.

**HC288** London: The Stationery Office £15.35

# Chief Executive's Report

## Highlights at a glance

- ▶ Procurements worth £2 billion delivered savings of more than £321 million
- ▶ Commission rates on framework agreements now just 0.9%
- ▶ The Whitehall District Heating System and Whitehall Standby Distribution System was transferred from OGC to OGCbuying.solutions
- ▶ New or improved framework agreements launched including eAuctions, multi-functional products and photocopiers, furniture and property related services
- ▶ Further 20% reduction in mobile phone call tariffs negotiated
- ▶ Increased discounts on Microsoft products now available
- ▶ New agreement with BT reduces cost of phone calls
- ▶ eProcurement online toolkit developed
- ▶ Cumulative spend on Government Procurement Card exceeds £1 billion
- ▶ Energy from renewable sources now available at competitive prices
- ▶ New framework agreements finalised with High Street retailers
- ▶ Work gets underway on a range of new travel products and services

I am pleased to report that we have met all of our ministerial targets and in particular have made a significant contribution to the Office of Government Commerce's (OGC) PSA target of delivering value for money gains for the public sector.

This was also a year in which a range of innovative new arrangements were developed that will broaden the scope of our operations to allow us to make further savings for the public purse.

Over the past year we have worked more closely with our customers in managing procurement arrangements on their behalf amounting to £2 billion of public expenditure with commensurate savings of more than £321 million.

Key factors and initiatives that helped us achieve this were:

- ▶ We negotiated a further 20% reduction in mobile phone call tariffs and monthly rental charges for over 500,000 public sector customers saving an extra £15 million per annum.
- ▶ Our high level of customer satisfaction has been maintained with a 94% outcome easily meeting our target of above 90%.
- ▶ Under the recently extended Memorandum of Understanding with Microsoft, first negotiated two years ago, increased discounts were available to the public sector when the total number of licences exceeded one million. This threshold was achieved in February 2005 and the lower prices for all public sector customers will apply from April 2005. The total savings to date are £84 million.
- ▶ A new agreement with BT has reduced the cost of phone calls for large parts of the public sector and is expected to deliver £12 million in value for money savings by June 2005.
- ▶ Cumulative spend on the Government Procurement Card (GPC) reached £1 billion with savings for the taxpayer of over £168 million since its launch seven years ago.
- ▶ Working with NHS PASA and other key stakeholders, we have introduced a range of new framework agreements including electronic reverse auctions, multi functional products and photocopiers, a much expanded range of furniture and related services and a range of property-related services designed in part to assist public sector organisations to respond effectively to the Lyons Review.
- ▶ The contract with Global Crossing for our Managed Telecommunications Service provides voice and data services to well over 110,000 users across a diverse range of government departments. Under the contract, a new suite of IP-enabled services will facilitate the migration to IP telephony and ultimately to fully converged communications solutions.

- ▶ MonitorCard became Europe's largest fuel card contract thanks to collaboration with the MOD and NHS PASA. Accepted by 95% of all UK outlets, it provides a comprehensive fuel management system with free cards and no fees plus rebates at selected forecourts.

## Collaborative working

Our relationship with the NHS Purchasing and Supply Agency (PASA) is a good example of how joined-up government can bear fruit. The multi functional products and photocopier framework, put together primarily by OGCbuying.solutions and NHS PASA, is expected to save the NHS at least £25 million per year. This is just one example of the many joint initiatives we have underway and our work together is an excellent model of how we will respond to the demands of the Efficiency Review.

Other examples of successful collaborations include:

- ▶ Working closely with our colleagues in the OGC, we have developed an eProcurement toolkit, a suite of dependable, web-based solutions to eEnable the whole procurement process including purchase to pay, eSourcing, electronic reverse auctions and change management.
- ▶ Key customers are involved in developing our new travel initiative which is expected to produce significant savings by using aggregated spend, consistent travel policies, IT-enabled travel procurement and promotion of best practice. We launched the first phase of this initiative in March 2005.
- ▶ In a joint initiative with the Department for Work and Pensions, we have set up framework agreements with major High Street retail stores. These frameworks provide not only quick and easy access to products but an audit trail and improved value for money.
- ▶ We have also joined forces with the Improvement and Development Agency (IDeA) in a partnership agreement that is set to deliver major, additional value for money savings in local government through the increased use of e-commerce. This agreement gives 31 local authorities and six police services using IDeA's Marketplace eProcurement system access to OGCbuying.solutions' framework agreements via online catalogues, allowing them to buy quicker, easier and more cost-effectively.

## Raising our game

To succeed in helping our public sector colleagues to achieve their procurement efficiency targets we know we have to raise our game further still and a key requirement is to forge even closer relationships with our customers and key partners.

In the climate of the Efficiency Review, we also recognised that in order to encourage more public sector organisations to use our services, an enhanced level of customer service would be required. We have responded to this by recruiting additional senior customer-facing staff and transferring some support staff to frontline customer services.

We have also paid particular attention to the effective management of suppliers. Although we rely on our suppliers to work closely with us to develop new and innovative products and services, with the spotlight now firmly on the achievement of further value for money savings and efficiencies, we have increased the monitoring and reviewing of our suppliers' prices and services. Price negotiations have been particularly robust and are undertaken with more frequency.

A good example of the effectiveness of our approach was the reduction in tariffs negotiated with Vodafone and Orange for our mobile telephony framework agreement - this is now expected to save in excess of £100 million for our customers by August 2006.

## Benchmarking

To demonstrate rigour in the calculation of the savings we deliver to our public sector customers, we have engaged a number of benchmarking organisations to carry out an independent analysis of the price competitiveness of the products and services made available through our framework agreements and Managed Services. As examples of the savings performance evidenced by the benchmarking results, our customers have saved an average of 10% on the cost of PC's, 5% on project and programme management consultancy and 2% to 3% on legal services.

## Improving communication with customers

During our strategic review in 2003/4 we consulted in depth with our customers about our aspirations for more effective communication and as a result of their feedback we streamlined our offerings into two major areas of activity, framework agreements, now known as Catalist, and Managed Services.

We have decided to move away from numerous individual schemes defined by product or service, for

example GCat, S-Cat and Portfolio, to an approach that segments according to customers' needs. Catalist and Managed Services brands will give a clearer presentation of who we are and the services we provide.

The main launch of the new brands was at our annual Procurement Solutions for the Public Sector (PS04) event in June 2004. This event, which was co-located with the Government Computing show at Earl's Court, London, was a major success with more than 3,000 visitors.

For the benefit of our customers, we also organised a series of regional roadshows in 2004 to update customers on the new EU Public Procurement Directive. Representatives from OGC's Procurement Policy Unit provided delegates with details of the new Directive, together with the likely impact that it will have on public sector procurement.

## Sustainable procurement

In October 2004, with the Department of Environment, Food and Rural Affairs, we hosted a national conference on sustainable procurement. Minister for the Environment, Elliot Morley, after arriving in an electric car, pictured right, told delegates that sustainable procurement is, and will continue to be, mainstream Government policy and called upon all parties to set aside the perceived conflict between the achievement of value for money and sustainability.



A groundbreaking deal on renewable energy was signed with British Gas to allow the public sector to buy electricity for sub-100kw sites from renewable sources at highly competitive prices. This means that electricity generated from 100% renewable resources is now available to schools, councils and other public sector bodies at the same price, after taking Climate Levy into account, as electricity generated from conventional fossil fuels.

Our Environmental Zone within our website gives advice and information along with a listing of environmental 'Quick Win' products. We have also been working on implementing an Environmental Management System and will seek accreditation to ISO 14001 in the coming year.

The Whitehall District Heating System and Whitehall Standby Distribution System (The Whitehall Systems), which provides heating and emergency power to Whitehall, was transferred from OGC to OGCbuying.solutions in 2004. During 2005, we plan to develop this service and make the combined heat and power plant available to new customers and sell electricity generated back to the National Grid.

## Internal efficiency

During the year our Consolidation and Change Management Programme (CCMP) was implemented to help support us in delivering our internal efficiency objectives.

This involved a major programme of business process improvements which, coupled with investment in IT solutions, has increased both the efficiency and effectiveness of support services.

CCMP has delivered a sophisticated management information system that captures information about customers and their spending patterns. This information helps inform our future strategy and allows us to provide our customers with regular reports on spend and savings which should help them measure their progress against their efficiency targets.

Another major CCMP achievement was the introduction of a customer database that allows us to have a single view of all our customers' transactions with us.

During the period we were also successful in maintaining our registration to ISO 9001 (2001).

In line with the Lyons Review, we are closing our presence in London by relocating our Managed Telecommunication Service to Liverpool. This reduction in expensive accommodation, coupled with a reduction in support services costs, will save us over £500,000 from April 2006.

We also strengthened our board with the appointments of Jane Moorhouse as Managed Services Director and two highly experienced non-executives Mark Gladwyn and Christopher Lamb.

## Vision and values

The achievement of our vision, which is captured in our mission statement 'Savings for the Nation', drives our direction and priorities and is underpinned by a set of corporate values that are known as TORCH - **T**rust, **O**utward-looking, **R**igour, **C**an-do, **H**elpful.

Our TORCH values are embedded in our human resource strategy and in all processes and systems. This strategy is about setting up OGCBuying.solutions to succeed by providing an over-arching framework to recruit, manage and develop our staff to enable us to deliver our vision.

Our people have delivered considerable savings during this period and I would like to thank them for their efforts and substantial achievements.

## Looking forward

As I said in my opening remarks, 2004/5 saw significant efforts to develop a range of new initiatives with which to broaden the scope of our services and deliver savings for the public purse.

We are confident that the groundwork we have put in place in the areas of travel and eProcurement, with High Street retailers and with key suppliers such as Microsoft, will pay dividends going forward.

We are also looking closely at the deregulation of the water and postal markets with a view to developing improved deals for the public sector in both areas.

All in all I am confident that the firm foundations we have laid will help us to achieve our ambitious targets for the year ahead.



Hugh Barrett,  
Chief Executive,  
OGCBuying.solutions,  
28 June 2005.



## Targets for 2005/6

- 1 We will facilitate at least £400 million value for money improvements for the public sector.
- 2 We will continue to achieve levels of customer satisfaction above 90% as a headline figure and will demonstrate continuing improvements in customer satisfaction through other measures.
- 3 We will make a Return on Capital Employed (ROCE) of 6.5%.
- 4 We will reduce by 5% the ratio of internal costs over value for money improvements with the outturn for the same ratio in 2004/5 (excluding any new business e.g. Efficiency Review Initiatives).

# Performance against

## Target 1

OGCbuying.solutions will facilitate at least £300 million value for money improvements for the wider public sector in 2004/5.

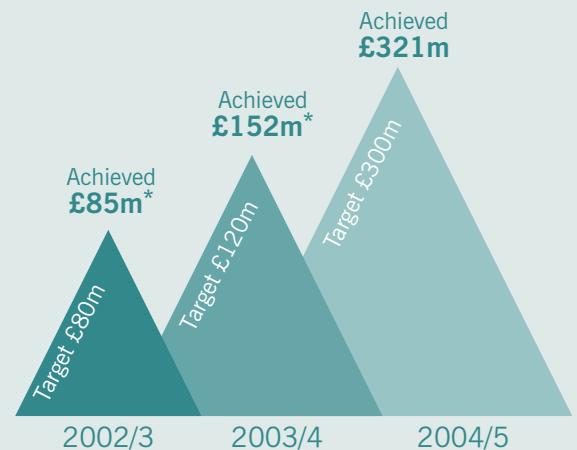
### Outcome

The target has been met and exceeded. We estimate that as a result of using our services during the year, the public sector has made value for money gains of £321million.

### How performance was measured

Our estimate of gains includes price savings, where reliable price comparisons can be made, and the process cost savings. Process savings are estimated on a full cost basis, using OGCbuying.solutions' calculations of its own costs of letting and managing framework agreements and contracts as an estimate of the savings made by our customers in using our services.

\* Calculations for 2002/03 and 2003/04 are based on value for money improvements within central government only. Figures for 2004/5 represent value for money improvements across the wider public sector.



Target Achieved

## Target 2

OGCbuying.solutions will continue to achieve levels of customer satisfaction above 90% as a headline figure and will demonstrate continuing improvements in customer satisfaction through other measures.

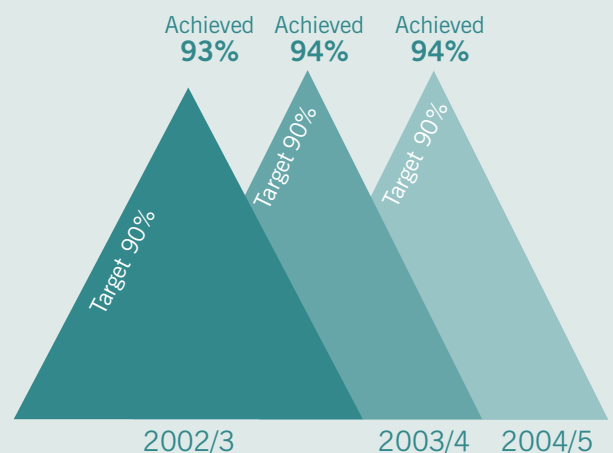
### Outcome

The target has been met and exceeded with satisfaction levels of 94%.

### How performance was measured

We measured our performance through two customer satisfaction surveys carried out in June/July 2004 and January/February 2005.

Data was gathered using a telephone questionnaire. 694 customers participated in the research.



Target Achieved

# t targets

## Target 3

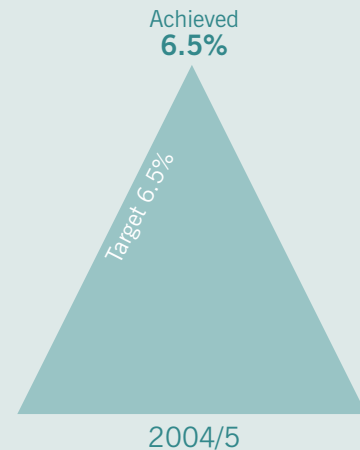
OGCbuying.solutions will make a Return on Capital Employed of 6.5%.

### Outcome

The target has been met. OGCbuying.solutions surplus of £1.6 million represents an ROCE of 6.5%

### How performance was measured

ROCE is measured as OGCbuying.solutions' surplus for the year before dividend, as a percentage of the average of opening and closing net assets.



## Target Achieved

## Target 4

OGCbuying.solutions will reduce by 5% the ratio of internal costs over value for money improvements compared with the outturn for the same ratio in 2003/4 (excluding any new business e.g. Whitehall Systems).

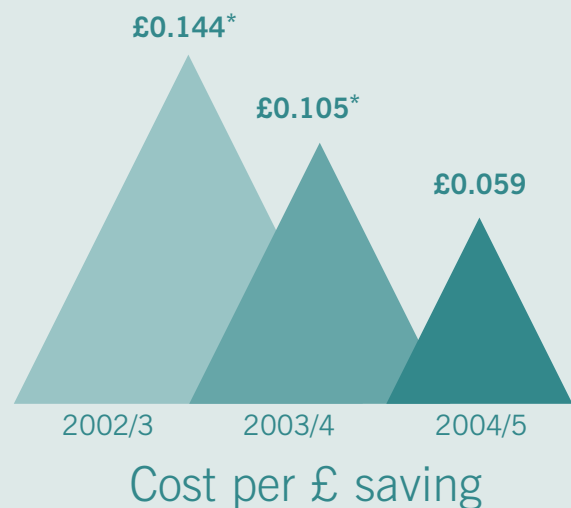
### Outcome

The target has been met and exceeded. The cost per £ saving is £0.059 compared to £0.105 in 2003/4.

### How performance was measured

The cost per £ saving is OGCbuying.solutions' estimated value for money gain for the wider public sector, divided by the operating costs expenditure for the year.

In 2003/4, vfm gains were £152 million and operating cost expenditure was £16 million, representing a cost per £ saving of £0.105. In 2004/5, vfm gains were £321 million and operating expenditure was £19 million, representing a cost per £ saving of £0.059, a 46% improvement on 2003/4.



## Target Achieved

\* Calculations for 2002/03 and 2003/04 are based on value for money improvements within central government only. Figures for 2004/5 represent value for money improvements across the wider public sector.

# About OGCbuying.solutions

OGCbuying.solutions is an Executive Agency of the Office of Government Commerce in the Treasury.

We provide our customers in the public sector with the reassurance of a tried and tested route to the products and services they need to maximise procurement efficiency and value for money.

In this way, we help to deliver savings which can then be reallocated to finance front line public services and initiatives. Our contracts and framework agreements are available to all publicly funded organisations, large or small, and our customers enjoy a range of benefits when doing business with us.

Our people have extensive expertise in purchasing across a wide range of goods and services. We have contracts and framework agreements with more than 600 suppliers, providing access to more than 500,000 products and services.

In addition to the substantial savings that can be enjoyed through significant buying power, economies of scale and strategic partnerships, we take the heat - and delays - out of the procurement process itself.

Each of our existing contracts and framework agreements has been through a rigorous tendering and evaluation process to ensure that products and services are audited and we can vouch for their quality, fitness for purpose, compliance with statutory requirements and price competitiveness.

Having to start from scratch with the competitive tendering process can take several months if full compliance with the Official Journal of the European Union is required. We remove the need for our customers to take out advertisements and deal with tenders and negotiations - we take care of those ourselves.

We provide skilled, professional support when it matters, advising on technical matters, energy saving potential and environmental considerations.

We estimate that we can save our customers, on average, 77 days - and all the associated costs - by enabling them to bypass these pre-purchase stages.

Our work with public sector procurement professionals does not end there. Our account management and customer liaison teams constantly discuss and review their ongoing needs. We also closely monitor our suppliers' performance to ensure ongoing service quality and best practice.

We know that delivering value for money and competitive prices is vital for customer confidence. This is why we make a considerable investment in benchmarking our products and services and publishing the results.

OGCbuying.solutions derives most of its income from a commission on frameworks included in the prices paid by our customers for goods or services, recovered from suppliers or service providers. Across all our products and services, on average, this commission rate is now 0.9%.

In order to make our products and services simple to understand, transparent and accessible, we have brought them together as either Catalyst Framework Agreements or Managed Services. Catalyst replaces all of our previously used framework brands including GCat, S-Cat, Portfolio, PCS and BroadbandSolutions.

Under the Catalyst umbrella are:

- ▶ Information Technology
- ▶ Telecoms Services
- ▶ Professional Services
- ▶ Facilities Support
- ▶ Payment Cards

Within Managed Services are:

- ▶ Managed Telecommunications Service
- ▶ Energy
- ▶ Government Secure Intranet (GSi)
- ▶ eProcurement Solutions

We believe that collaboration lies at the heart of effective public sector procurement and delivering sustainable value for money savings. Our key partnerships, for example with NHS Purchasing and Supply Agency, are regarded as models of best practice.

We recognise the increasingly significant role that technology will play in achieving efficiencies and meeting Government targets. We are playing an active role in the implementation of the eGovernment and eProcurement agendas and have developed a range of web-based solutions for transactional purchasing for the public sector.

Our 262 staff are deployed at five locations in the UK. Our headquarters is in Liverpool and we have offices in London, Leeds, Edinburgh and Norwich. Our board, under the Chief Executive, has responsibility for the management of the Agency.

Chief Executive **Hugh Barrett** took up his post in November 2002 having joined OGC in April 2001 following a career with a number of major private sector organisations including British Airways, BT and Mars. During his career he has worked in procurement, IT service delivery, international business development and technical management.

Deputy Chief Executive **Dr Clare Poulter** has spent some 21 years in the procurement field. She joined The Buying Agency in 1994 as Director of Procurement and in 1999 was appointed Commercial Director. In 2000, she was appointed Deputy Chief Executive of OGCBuying.solutions.

Director of Frameworks **Stephen Heard** joined OGCBuying.solutions on April 1 2003 from TXU Europe (now Powergen). Stephen has long experience of senior operational and service delivery management posts in insurance, financial services, payment cards, mobile telephony, energy and retail.

Director of Corporate Services **David Murray** was Vice Principal of Wirral Metropolitan College before joining OGCBuying.solutions in June 2003. David joined the College as Director of Finance and Resources in 1998 and was previously Chief Management Accountant at Salford Royal Hospitals NHS Trust.

**Jane Moorhouse**, is OGCBuying.solutions' Director of Managed Services. A Chartered Surveyor, Jane has held senior positions with Coopers and Lybrand and the Navy, Army and Airforces Institute (Naafi). In recent years she has specialised in Interim Management roles with Deloitte Touche and RBS.

There are five Non-Executive Directors on the board:

**Martin Sykes** became Supplier and Government Marketplace Development Executive Director at the Office of Government Commerce in November 2002. He was previously Commercial Director (covering Estates, Procurement, PFI and Project Management) at the DTLR.

**Keith Girling** is Director of Technology for the Co-operative Bank plc. Keith's duties include the strategic development and management of all the Bank's technology systems, managing a division of more than 500 people with a budget in excess of £50 million.

**Colin Thwaite** is a retired Chief Executive with a career in finance and general management. His previous experience includes over 23 years at the leisure division within The Littlewoods Organisation where he started as Chief Accountant in 1977 and left after spending seven years as Chief Executive.

**Mark Gladwyn** has spent his entire career in IT and IT-related posts. He has been responsible for the delivery of large, successful pan-Government projects mainly in networking and telecommunications. Currently Director of Infrastructure Services in the Cabinet Office Electronic Government Unit, in June 2000, Mark received the 'Government Computing' Award for Innovation.

**Chris Lamb** is an experienced private sector marketing professional, a Fellow of the Chartered Institute of Marketing and a former Marketing Director at Bernard Matthews. He is now Consumer Marketing Manager at the Meat and Livestock Commission.



Pictured from left (standing) are: Hugh Barrett, David Murray, Martin Sykes, Keith Girling and Chris Lamb. Seated from left are: Dr Clare Poulter, Jane Moorhouse, Colin Thwaite and Stephen Heard.

# Performance Report

## Catalist Framework Agreements

Choose with confidence. Use with ease.

'Using the considerable procurement expertise and buying power of OGCbuying.solutions, our framework agreements have been established to provide colleagues in the public sector with the best possible range of goods and services, aligned to their particular requirements, and offering complete value for money.'

All our suppliers have been rigorously checked on your behalf for their suitability, supported by a process that is fully EU compliant, so that whatever you may be looking for, you can be confident of finding it quickly, easily and at the right price.'



**Catalist**

**Choose with confidence  
use with ease**

# Information Technology

IT framework agreements cover a range of products and services including hardware, software, internet and intranet services, infrastructure, maintenance and management and geographic information services and systems.

## Highlights of the year

- ▶ Our Home Computing Initiative was successfully re-launched with significant numbers now using the service
- ▶ 2004/5 was the first year of the eAuction framework agreement which has seen in excess of £70 million of business with an average saving of 25%
- ▶ The IT framework agreements have remained the most popular in OGCbuying.solutions with influenced sales in excess of £600 million
- ▶ The Microsoft Memorandum of Understanding (MoU) agreement was renegotiated for a further three years with service and cost benefits. Savings to date total in excess of £84 million (excluding procurement savings costs)

Under the recently extended MoU with Microsoft, first negotiated two years ago, increased discounts were available to the public sector when the total number of licences exceeded one million.

This threshold was achieved in February 2005 and the lower prices for all public sector customers will apply from April 2005.



## Case Study

Lothian and Borders Police identified OGCbuying.solutions' Home Computing Initiative (HCI) as a way of increasing the computer literacy of their employees. At the same time it was a way of raising the force's profile as an employer of choice and ensuring that its working practices and overall benefits package would meet employee aspirations.

Allan Prentice, Head of Finance at Lothian and Borders Police said "Our HCI scheme enables us to offer the kind of incentives that boost morale and increase choices with existing staff, and raise our profile with job candidates. In short, this is a great offer that enables employees to have a home computer.

"In some cases they receive more than 50 per cent off the normal retail price. All in all, we regard the scheme as a success and I would like to repeat it annually."

# Professional Services

The Professional Services business unit was created in April 2004 to offer procurement solutions for consultancy and related professional advice through pre-competed frameworks in six subject areas:

- Management consultancy
- IT consultancy
- HR consultancy and resourcing
- Financial consultancy and related services
- Property services
- Legal services

The services in these areas are all characterised by knowledge-based outputs, such as reports, strategies, designs, recommendations, or the closely related supply of human resources.

Typical projects span subjects which include organisational strategy, IT architecture, interim management placement, audit services, building design advice and commercial contract services.

## Highlights of the year

- ▶ Business performance has been significantly above expectations with final influenced sales reaching £300 million against an initial plan of £226 million and versus £186 million in 2003/4 and £102 million in 2002/3. This is compound annual average growth over the three years of 43%
- ▶ The majority of business comes from IT and management consultancy. This activity is driven by the continuing focus on eDelivery projects, particularly in central civil government and the associated process/change issues
- ▶ The major change initiatives across government also drive demand for other areas of professional services. There has been buoyant demand for temporary staff at both Interim Manager and contractor levels across functions including property, finance and procurement as well as IT
- ▶ Financial consultancy has doubled in size from 2003/4 with the introduction of new accounting standards
- ▶ Demand for legal services has also doubled, albeit from a small base



## Case Study

Provided through OGCBuying.solutions' Professional Services portfolio, Interim Managers are highly qualified and experienced executives and managers, recruited at short notice on a short-term basis to pick up and manage a specific business need.

Rhiannon Cooke is currently an Interim Manager working with the Foreign and Commonwealth Office (FCO) and the Met Office amongst others. With the FCO she is raising the standard of delivery skills in their Efficiency Programme, a crucial initiative which aims to improve ways of working leading to the release of funds to the front line.

David Nicholson of the FCO said: "A small organisation such as ours does not have the resources to fully staff programmes and projects and, in addition, the skills available are limited. Interim Managers such as Rhiannon Cook can be appointed quickly and therefore make an important contribution".

# Telecoms Services

The speed of change in the world of telecommunications continues to gather pace, and with that change comes significant opportunities for the public sector to take advantage of technological developments to improve the quality of service and operate more efficiently and effectively.

Telecoms Services covers a diverse range of products and services in the categories of broadband, mobiles, pagers, telecoms equipment and telecoms services.

## Highlights of the year

- ▶ Our mobile framework agreement now has more than 570,000 customers with 496,000 Vodafone connections and savings across the public sector reaching around £30 million per annum
- ▶ A new deal with Vodafone will take effect from May 2005, reducing the tariffs on our mobile framework agreement, which is set to save a further £15 million each year
- ▶ The migration of the Department for Work and Pensions onto the mobile framework agreement has brought in an additional 14,000 handsets and work continues to develop a complete end to end e-commerce system for the department
- ▶ Our broadband framework agreement had orders totalling more than £20 million
- ▶ Telecoms equipment and services framework agreements comfortably exceeded their 2004/5 targets
- ▶ The first OGCBuying.solutions' eAuction was conducted through our telecoms framework agreement, delivering a 49% reduction in the cost of phone bills for Northamptonshire County Council
- ▶ A £38 million order was placed through OGCBuying.solutions' framework agreements by Norfolk County Council for a managed IT infrastructure project

## Case Study

Use of a unique combination of OGCBuying.solutions' framework agreements is set to save Northamptonshire County Council hundreds of thousands of pounds in phone bills each year.

OGCBuying.solutions' eAuction and telecoms framework agreements were used in tandem for the first time.

Held in September 2004, the auction resulted in an impressive 49% saving on the value of the previous contract. Over the full term of the new contract, total savings could exceed one million pounds.

Cllr Les Patterson, the County Council's Cabinet Member for Resources said: "The council is not only delivering true value for money and getting results quicker than ever before but is also adhering to the recommendations of the Gershon Review, the Byatt Report and national government targets."



# Facilities Support

Facilities Support covers a diverse range of framework agreements including catering equipment, furniture and furnishings, hardware and buildings, health and hygiene, office equipment, property and project management.

Offering customers sources of sustainable products, including timber, is an increasingly important aspect of the team's work especially in the light of the Government's "Securing the Future" sustainable development policy announcement in March 2005.

## Highlights of the year

- ▶ We were pleased to be shortlisted for the CIPS award under the corporate responsibility section for our work with Jewson the builder's merchants. This was based upon the introduction of a chain of custody system across the UK so provision of timber from sustainable sources can be assured
- ▶ Two new, enhanced property related framework agreements, specifically designed to help the public sector respond to the challenges set by the 2004 Lyons Review, have been launched covering an initial spend of £60 million per annum
- ▶ Collaborative exercises with NHS PASA resulted in the award of ground breaking photocopier and fax machine framework agreements. The photocopier framework is expected to save up to £50 million over its four year lifespan and the fax machine agreement will deliver whole life savings of 25% compared to the previous arrangements
- ▶ 2004 saw the introduction of what may well become our biggest arrangement ever - the Retail Trade Framework - which involves deals with well known High Street retailers offering discounts to the entire public sector
- ▶ Continuing our theme of diversity, a £160 million furniture framework was awarded, offering customers a wide choice and access to suppliers holding Forestry Stewardship Council (FSC) accreditation



## Case Study

"This is the first time I have used the pre-tendered national framework agreements which are now accessible to the NHS through the successful partnership between OGCbuying.solutions and NHS PASA," explains Vince.

"This Trust previously utilised a five year NHS framework agreement which cost approximately £800,000. By changing to the new OGCbuying.solutions' framework, these costs will be halved to £400,000 over the same period. This equates approximately to the cost of employing three new nurses each and every year.

"The main benefits of the framework agreement are that it saves the time and money of having to re-invent the wheel by contracting locally. Lengthy procurement procedures are significantly shortened by using the framework.

"A level playing field is established for tender negotiations with the reassurance of using a framework agreement that is robust and instills confidence about the buyer's legal protection."

Vince Pross  
Purchasing Manager  
Queen Elizabeth Hospital NHS Trust.

# Payment Cards

Payment cards are a major success story in the drive to achieve procurement efficiency and reduced costs in the public sector. They have a proven track record as the most efficient and sustainable method of ordering and paying for lower value, high volume purchases.

OGCbuying.solutions' Payment Cards team was established on 1st April 2004, merging both the Government Procurement Card (GPC) and the fuel card framework arrangements into one business group. It has been a year of considerable achievement in both areas with significant growth in the volume of use and savings achieved.

## Highlights of the year

- ▶ Cumulative spend using GPC broke through the £1 billion threshold
- ▶ In 2004/5 the spend through GPC exceeded £440 million, a 56% increase on the previous year, achieving savings for the public purse of almost £70 million
- ▶ There are now more than 66,000 GPC cards in use by more than 450 organisations
- ▶ Increased usage of GPC saved 23 million pieces of paper last year
- ▶ There are now more than 74,000 fuel cards in use by more than 1,600 organisations and in 2004/5, savings of almost £21 million were achieved
- ▶ New fuel card business from MOD and NHS PASA added £50 million to annual spend while the commitment to continued use of fuel cards by Royal Mail and almost all police authorities ensured that another £60 million annual spend was retained
- ▶ A new Esso fuel card framework agreement was launched to compliment MonitorCard, now Europe's largest fuel card contract

## Comment

"GPC Visa is in every sense a success. It reduces bureaucracy and saves money while it opens up the Government market to new opportunities and new suppliers.

"The card has already been adopted by many areas of central government and the wider public sector.

"I would urge every public sector organisation to make full use of GPC Visa, it really is an easy way to reduce their administration and maximise their potential for efficiency savings."

John Oughton  
Chief Executive,  
Office of Government Commerce (OGC)



# Performance Report

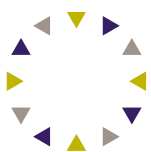
## Managed Services

### Dependable solutions for the public sector

‘Collective management of key services is becoming an increasingly important arm of public sector procurement, which demands significant levels of expertise, commitment and commercial/technical support.

With its experience and knowledge of public sector procurement, and its select network of partnerships with major third party service providers, our Managed Services have been expressly established to provide, and take responsibility for, a range of value for money business solutions that can help your organisation to realise its requirements and goals.

In doing so, you are able to directly benefit from, and contribute to, the collective skills and thinking that comes from being part of a focused public sector community, with all the back-up and support you need, whenever you need it, with the active help of a public sector champion’.



**Managed  
Services**

**Dependable solutions  
for the public sector**

# Energy

The procurement of energy takes place against a background of major international events such as wars, climate change and global economics and politics which have a direct impact on demand, supply and prices.

OGCbuying.solutions' Energy team has been at the forefront in developing a new approach to ensure effective and efficient energy procurement is still attainable in this challenging marketplace.

Energy's strategic procurement service provides a fully EU compliant solution, including supplier auditing and rating.

Gas and electricity is bought on the wholesale market which bypasses the traditional tender process, providing control over the timing of going to market and the prices secured.

Through aggregated buying power, combined with structured tendering and daily monitoring of liquid fuel prices, rates are kept very keen.

As well as energy procurement, energy and water management and conservation have been an increasingly important part of our portfolio of services.

Our contracts provide public sector customers with access to industry expertise to reduce consumption of both energy and water and offset steadily increasing prices.



## Highlights of the year

- ▶ The Whitehall District Heating System and Whitehall Standby Distribution System was transferred from OGC to OGCbuying.solutions
- ▶ We managed the procurement of more than £240 million worth of gas, electricity and liquid fuels for the public sector
- ▶ Our strategy for the procurement of gas produced savings of more than £17 million for the public purse
- ▶ Our arrangements ensured that 30% of energy used by customers was generated from renewable sources
- ▶ We serviced an extra 3,323 sites during the year
- ▶ This is the first year of real growth in the area of street lighting with a marked increase in local authority business - we now supply to all North Wales local authorities
- ▶ A reorganisation within Energy has produced an enhanced customer and supplier management focus, supported by improved marketing and communications activities such as a new website and the circulation of regular information bulletins

## Comment

"I have found British Gas, Corona and OGCbuying.solutions to be excellent and have helped me understand a market that I had no previous knowledge of. I feel that they would all go out of their way to assist and I believe we have formed a good buyer/supplier partnership.

"I would say that the biggest benefits from these contracts have been cost savings via fixed pricing, the dedicated customer services team from both suppliers and the improved billing arrangements. Our 200+ teams now receive monthly bills so I can budget for utilities a lot easier."

Lucy Merriman,  
NSPCC.

# Government Secure Intranet

The Government Secure Intranet (GSI) provides the network infrastructure that enables secure electronic communications between connected public sector organisations and approved suppliers and partners. It also enables secure communication with other systems including the Criminal Justice and NHS networks.

Delivered through a partnership with Energis Communications, GSI provides a value-for-money, fully managed telecommunications solution. Among GSI's many features and benefits are:

- Comprehensive service and contract management
- First class products and services from a market-leading supplier
- Transparent cost structure, enabling you to set firm, achievable budgets
- Full compliance with EU procurement directives
- Benchmarking
- Consistent standards of service through a rigorous service level agreement, with continuous monitoring of fault management, service provision and customer satisfaction

The focus for GSI during 2004/5 was migration from the legacy service supplied by Cable & Wireless to a new service supplied by Energis. At the end of the year, half of the migrations were complete, with the balance due for migration ahead of the closure of the legacy service at the end of July 2005.

## Highlights of the year

- ▶ The new service has proved popular, with customers more than doubling their connection bandwidth on migration. From a total bandwidth of around 400Mb at the start of the year, aggregate bandwidth to the new GSI will top 1Gb by the time migration is complete

- ▶ Interest from new organisations wishing to join the GSI has been encouraging especially from private sector organisations requiring secure connectivity to their public sector partners via the new 'Government Supplier Extranet' service
- ▶ Working with Energis, NISCC and Central Sponsor for Information Assurance (CSIA), the new GSI is fully accredited and more secure than ever before
- ▶ The Messagelabs antivirus service has again provided excellent protection for the GSI, scanning in excess of 200 million emails from the internet, and blocking some 26 million viruses destined for the desktops of 300,000 users

In 2005/6 there are plans for considerable growth - by some 30% - as the focus switches from migration to expansion, and customers start to truly leverage their investment in the GSI.

## Comment

The Central Sponsor for Information Assurance (CSIA) is a new unit in the Government's Cabinet Office. Working with domestic and international partners from the public and private sectors, its purpose is to promote a reliable, secure and resilient national information infrastructure.

Harvey Mattinson, Head of Accreditation at CSIA was especially concerned about the dangers posed by spam and viruses.

OGCbuying.solutions employed Energis and MessageLabs to deliver a state of the art internet level anti-virus service for GSI which scans inbound and outbound email across the GSI, xGSI and GSX networks.

Said Harvey:- "There is no doubt that spam is as much a security concern as viruses. The fact that the two can and are working in conjunction, doubles the concern. It is thus highly recommended that any Anti-Virus policy also includes an AntiSpam policy".

# Managed Telecommunications Service

Our Managed Telecommunications Service (Mts) is delivered via a PFI contract with Global Crossing.

Mts provides an efficient, fully managed telecommunications service that offers public sector organisations a combination of telecoms equipment, infrastructure and support at competitive prices.

## Highlights of the year

- ▶ For the seventh year running, the standard tariff remains unchanged. A rise in the user base and increased economies of scale has enabled us to offset rising numbers of call minutes, rising numbers of expensive calls to mobiles and the increasing number of service/information providers using premium rate numbers
- ▶ New contracts were signed requiring Global Crossing to undertake more customer facing activity, allowing the OGcbuying.solutions team to concentrate on contract/supplier management and value added managed service delivery
- ▶ Contracts with the Immigration and Nationality Directorate of the Home Office and the National Assembly for Wales were successfully acquired increasing the total number of Mts voice and data by 6.5% to 116,000 at 670 sites
- ▶ Plans were drawn up for a new suite of IP-enabled services to facilitate the migration to IP telephony and ultimately to fully converged communications solutions. This will take 18 months to deliver to all locations and is rolling out to plan
- ▶ Launch plans for the Mts-enhanced data IPVPN platform are progressing well
- ▶ The Mts Mobility Service, which gives users a personal number and allows them to both hotdesk at any site on the Mts network and work remotely, is successfully being rolled out



## Comment

“OGcbuying.solutions provide us with really good proactive services. The major benefit of Mts is the costs - they are clear from the beginning.

“For example, you are renting a line which has a fixed cost and a telephone which also has a fixed cost. So the cost to the department is the number of users times the cost of the facility.

“This allows you to predict your budgets for next year and you can see just how that budget is going to flex with additions or subtractions from your staff. It really gives you a good grasp on the budgeting aspect.”

Richard Lester,  
Head of Information Services (Infrastructure),  
HM Treasury

# Responding to change

Following the strategic review of OGCBuying.solutions and the emergence of the new organisation on 1 April 2004, the primary HR focus over the past year has been on taking forward the recruitment and development needs arising from those fundamental structural and capability changes.

## Highlights of the year

- ▶ Roll out of the corporate vision and values, including the bespoke 'TORCH Experience' attended by all staff, and the embedding of the values into processes such as recruitment and appraisal
- ▶ Introduction of 360 degree feedback for senior management for subsequent cascade throughout the organisation
- ▶ Introduction of a graduate recruitment and development programme
- ▶ Introduction of a staff newsletter supplemented by personal briefings, offsite briefings and ongoing communication with trade union representatives
- ▶ Second staff survey and ongoing action plan to address issues raised
- ▶ Work on specifying a recognition scheme to supplement OGCBuying.solutions' non pay reward systems and the establishment of a recruitment website in April 2005
- ▶ Transfer of the organisation's payroll provider to CMG Logica

## Developing our people

There was a 6% increase in spend on training and development over the previous year with activity encompassing professional qualifications, IT and technical, both skills and competency-based as well as bespoke and corporate training in areas such as equal opportunities and performance management.

A successful exchange programme with our Italian equivalent organisation, CONSIP, gave staff members from each organisation the opportunity to spend time with their opposite numbers as part of a personal development programme. The programme also aims to facilitate a better understanding of how EU legislation affects the purchasing environment within both organisations and the wider procurement marketplace.

Two more members of staff were selected for participation in the Industry and Parliament Trust's MEP attachment scheme, building on last year's successful trial.

We continued to run an active programme of staff loans and secondments to both public and private sector organisations.

There was also sponsorship of six line managers in the Institute of Leadership and Management Diploma, a comprehensive programme aimed at middle and senior managers to further develop their skills in their operating environment.

## Health and Safety

Active management of the health and safety agenda continued, led by the Health and Safety Committee, a partnership between the trade unions and management. Activities during the year centred on risk management, including workshops and business continuity planning, and formal training including first aid and NEBOSH.

Health events were again held across the main locations, providing advice and guidance on work life balance and healthy lifestyles, and offering a range of tests for cholesterol, blood pressure and flexibility.

The annual staff survey gave an opportunity to seek views on work related issues and provided the organisation with an analysis of the potential causes of stress and the effects on colleagues.

No cases were reported against RIDDOR (Report of Injuries, Diseases and Dangerous Occurrences Regulation, 1995). OGCBuying.solutions is an equal opportunities employer and our recruitment processes accord with the rules and regulations laid down by the Civil Service Commissioners and their recruitment code.

During the year a total of 25 posts were filled through external recruitment, 15 female and 10 male. One was of ethnic minority origin.

### Breakdown by grade:

Band 1	Administration	4
Band 2	Executive	9
Band 3	Management	2
Band 4	Management	5
Band 5	Senior Management	4
Band 6	Director	1

# Accounts for the year ended 31st March 2005

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# Foreword to the Accounts

## 1. Statutory Background

The accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6A) (b) of the Government Trading Funds Act 1973 updated 13 January 2004.

The financial objectives of OGCBuying.solutions are detailed in a Treasury Minute laid before the House of Commons and reproduced on page 52 of this report.

## 2. History

The Agency was established as a Trading Fund, known as The Buying Agency (TBA), on 1 April 1991 under the Government Trading Funds Act 1973. TBA was launched as an Agency on 31 October 1991.

Following the Gershon review of Central Government Procurement in 1999, a new organisation, the Office of Government Commerce (OGC), was set up within HM Treasury, TBA was transferred to OGC as an Executive Agency on 1 April 2000 and the Managed Services Division of Central Computer and Telecommunications Agency merged on 1 April 2001 to form a new Executive Agency of OGC. The Agency changed its name to OGCBuying.solutions on 3 April 2001.

## 3. Financial and Accounting Arrangements

The OGCBuying.solutions' Trading Fund Order 2001 gives effect to the change of name from The Buying Agency Trading Fund. The Buying Agency Trading Fund Order 1991 imposes a limit of £10 million on the sums that may be issued to the fund by way of a loan. Within its total borrowing power the Agency may also negotiate loans of up to 12 months duration.

OGCBuying.solutions took a loan of £8,274,000 to partly finance the acquisition of Whitehall Systems. At 31 March 2005 the full amount was outstanding.

## 4. Principal Activities

OGCbuying.solutions provides a professional procurement service to the public sector to deliver better value for money in its commercial activities. It does this by providing a range of services designed to achieve measurable cost savings and guaranteed quality and service levels through simple, quick and effective procurement routes.

The Agency's operations have been streamlined into two major areas of activity, framework agreements, now known as Catalyst, and Managed Services.

Within these categories, a range of pre-tendered framework agreements covering over 500,000 individual products and services is offered along with other procurement arrangements.

### Catalist Framework Agreements

- ▶ **Information Technology** - Including hardware, software, internet and intranet services, infrastructure maintenance and management, and geographic information services and systems
- ▶ **Telecom Services** - Including broadband, mobile telephony, voice data and paging services, cabling, LANs and WANs, maintenance and management
- ▶ **Professional Services** - Including management and IT consultancy, HR consultancy, financial consultancy, property services and legal services
- ▶ **Facilities Support** - Including catering equipment, furniture and furnishings, hardware and buildings, health and hygiene, office equipment, property and project management
- ▶ **Payment Cards** - Including the Government Procurement Card (GPC) and Monitor Card, a fuel procurement card

### Managed Services

- ▶ **Managed Telephony Services** - This offers fully managed telecommunications solutions exclusively to public sector organisations
- ▶ **Energy** - Arranges the supply of gas, electricity, liquid fuels, LPG and lubricants via contracts awarded through competitive tender. Whitehall Systems provides heating and emergency power to various Government departments in the Whitehall area
- ▶ **Government Secure Internet** - Allows customers to exchange and publish information in a secure environment separated from the public internet thus protecting its confidentiality, integrity and availability
- ▶ **eProcurement Solutions** - The development of a suite of collaborative, web-based tools that enable procurement professionals and suppliers to conduct the strategic activities within the procurement lifecycle over the internet

OGCbuying.solutions' role is to add value by:

- ▶ Saving time, trouble and money by managing the tender process
- ▶ Providing skilled professional support
- ▶ Using its purchasing power for the benefit of its public sector customers
- ▶ Providing advice and guidance on procurement issues specific to the public sector
- ▶ Sharing information on best practice and benchmarking
- ▶ Monitoring supplier performance to ensure quality service
- ▶ Maintaining competitive prices, monitoring items contained in the catalogues and off-catalogue sales

Working closely with its parent body, OGC, OGCbuying.solutions ensures that its services are fully geared towards facilitating the implementation of public procurement policy. In particular, it plays an important role in helping to facilitate the delivery of the Government's e-procurement agenda by developing for the public sector a range of web-based technologies for transactional purchasing.

# Foreword to the Accounts

## 5. Principal Objectives

The Agency's objectives are:

- i. To provide efficient and effective procurement services, complying with relevant public procurement regulations, which offer better value for money than customers could achieve otherwise.
- ii. To bring about a progressive improvement in the cost effectiveness and quality of service its customers receive from the Agency's suppliers and other contractors.
- iii. To maximise the savings potential of taxpayer's money by continuing to offer its arrangements and services across the wider public sector.
- iv. To promote and facilitate quick and easy access to a range of sustainable and 'environmentally friendly' products and services wherever possible in its business activities.
- v. To provide a measurable quality of service to customers in line with the principles of the Citizen's Charter.
- vi. To embed its corporate values underpinning all its activities from both an internal and external perspective.

## 6. Financial Performance

The financial objective equivalent to an 6.5% return on capital employed was achieved for the year ended 31 March 2005.

The operating surplus for the year amounted to £1,350,000 (£3,031,000 for 2004).

Net interest receivable was £432,000 (£352,000 for 2004).

Surplus on ordinary activities for the period was £1,647,000 (£3,383,000 for 2004).

Due to the successful achievement of the Agency's targets (more detail of the performance against key targets is contained in the preceding pages of this report) a staff bonus is payable (see note 4.2).

A dividend of £1,225,000 (£1,242,000 for 2004) for the year ended 31 March 2005 is payable to the Office of Government Commerce. The dividend is based on an annual average of 6.5% return on capital employed (ROCE).

The retained surplus of £422,000 has been taken to the General Reserve (£2,141,000 for 2004).

## 7. Influenced Sales

	Year ended 31 March 2005	Year ended 31 March 2004
	£Million	£Million
Framework Agreements	1,956	1,800
Managed Services	48	40
	<u>2,004</u>	<u>1,840</u>

The above table shows the total value of public sector transactions with OGCBuying.solutions' suppliers, through the Agency's framework agreements and enabling contracts, plus the Agency's own direct sales. The 2004/5 value is 9% above the 2003/4 level.

## 8. Review of Activities

The Agency has continued with its principal activity of providing a range of procurement services to achieve measurable cost savings and value for money. A review of the year's activities and future prospects together with the performance over time are provided in the Annual Report. Highlights included:

- ▶ The Agency achieved its four ministerial targets
- ▶ The volume growth on 2003/4 of sales influencing public expenditure is 9%
- ▶ Commission rates on our framework agreements has dropped to just 0.9%
- ▶ The Whitehall District Heating System and Whitehall Standby Distribution System was transferred from OGC to OGCbuying.solutions
- ▶ MonitorCard became Europe's largest fuel card contract
- ▶ Spend on the Government Procurement Card (GPC) reached £1 billion
- ▶ A Consolidated and Change Management Programme (CCMP) was implemented involving a major programme of business process improvements
- ▶ We successfully maintained our registration to ISO9001:2000
- ▶ We commenced the process of embedding our corporate values TORCH - Trust, Outward-looking, Rigour, Can-do, Helpful

The development of new services included the following:

- ▶ An e-procurement toolkit to e-enable the whole procurement process
- ▶ A new suite of IP-enabled services will facilitate the migration of IP telephony
- ▶ A range of new framework agreements including: retail trade, electronic reverse auctions, multifunctional products, photocopiers, an expanded range of furniture and property-related services

## 9. Future Developments

The Agency's future developments are set out in its Business Plan 2005-2006. The main elements of the strategic programme include:

- ▶ Continued growth to deliver bigger savings across the wider public sector
- ▶ Focus on developing deeper relationships with existing customers and improving customer service environment
- ▶ Raising performance and celebrating staff success through appraisal and recognition schemes and also supporting secondments and exchanges
- ▶ Assisting with the delivery of the Government's e-procurement agenda, developing a range of web-based infrastructure solutions for transactional purchasing and supporting eSourcing activities for the public sector
- ▶ Implementation of several new and enhanced products, services and applications through the re-letting of a number of frameworks aimed at providing great deals for our customers
- ▶ Implementing an Environmental Management System and seek accreditation to ISO 14001

## 10. Payment of Creditors

OGCbuying.solutions is committed to complying with the Late Payment of Commercial Debts (Interest) Act 1998, Confederation of British Industries (CBI) Prompt Payers Code and British Standards (BS) 7890.

During the year 1 April 2004 - 31 March 2005 the Agency paid 96% of payments due (99.3% in the year ended 31 March 2004) within the credit period allowed.

# Foreword to the Accounts

## 11. Employment of People - Valuing Diversity and Promoting Equal Opportunities

It is the Agency's aim to provide a supportive working environment in which to work where employees treat each other with dignity, courtesy and respect. To this end the management structure endeavours to make sure that equality runs through everything the Agency does as an employer and ensures that as far as possible, it employs a fully representative workforce. OGCbuying.solutions is committed to upholding and wherever possible, exceeding the guidance provided in accordance with Civil Service Policy Statements, National Equality of Opportunity and Equal Pay legislation, Anti-Discrimination and related legislation and European Union Law.

OGCbuying.solutions operates a policy of full and fair consideration to applications received from people with a disability, having due regard to their individual aptitudes, skills and capabilities. All applicants who meet the minimum criteria for a job vacancy are guaranteed an interview and the Employment Services "Positive about Disabled" symbol is displayed on all recruitment advertisements.

The Agency recognises that the ethos of valuing diversity and promoting equality relies on good equal opportunities practice. It is a firm belief that every individual is entitled to fair and equitable treatment, and no one should be subject to discrimination or unreasonable behaviour. To raise awareness and communicate its policy to all members of the Agency, in addition to helping promote a culture of an inclusive open and fair organisation in all aspects, appropriate training programmes are provided on an on-going basis.

## 12. Employee Involvement

The Agency is committed to continuing communication and dialogue with employees and considers staff and their involvement, feedback and commitment to be vital to its effective running, development and future success.

Among the methods of communication in regular use are monthly Chief Executive core briefs, quarterly staff presentations from senior management, monthly team meetings and Spotlight, an in-house newsletter which focuses on staff successes, both inside and outside of work. The Agency intranet provides a daily source of information on strategic and operational issues and provides a route for staff to raise and share issues of interest or concern; this has recently been redeveloped to ensure staff across the Agency can easily access up-to-date information.

In addition, employees are encouraged to say how they view the Agency and their employment through confidential staff opinion surveys. Results are fed back to staff and action plans are put in place to address concerns. Through their participation staff help to shape future employment developments.

A Staff Suggestions Scheme is in operation that seeks to promote improvements within the Agency by providing a straightforward mechanism that enables staff at all levels and in all areas to contribute and be rewarded for excellent ideas, which benefit the business.

Effective two-way communication with staff is essential to ensuring everyone in the Agency is fully involved with and can influence its current and future activities and developments. The Chief Executive is committed to continuing to improve communications and participates in the Whitley arrangements with staff representatives which are supplemented by informal contact on an ongoing basis as issues arise.

## 13. Register of Interests

Directors within the Agency have not declared any interests.

## 14. Health and Safety

OGCbuying.solutions recognises and accepts its legal responsibility as an employer for ensuring that as far as is reasonably practicable, every employee has a place of work which is both safe and without risk to health. The overall responsibility for health and safety matters has been entrusted to the Agency's Chief Executive who takes responsibility for the development, implementation and reporting of health and safety policies.

The Board has devised and developed a positive programme, which ensures the continued and systematic development of health, safety and welfare activities. The Health and Safety Committee, which includes equal representation from management and trade unions, meets quarterly and brings to the attention of senior management any areas of concern which should be addressed within the health and safety programme. There is an ongoing programme of internal safety inspections and risk assessments and action plans in place to address any findings.

## 15. Significant Changes in Fixed Assets

During the year there were fixed asset additions of £12,194,000. Of this total £12,148,000 relates to the purchase of Whitehall District Heating System and Whitehall Standby Distribution System (the Whitehall Systems) assets.

Movements in fixed assets are disclosed in Note 9 in the Notes to the Accounts.

## 16. Research and Development

The Agency does not currently undertake pure research.

OGCbuying.solutions carries on a programme of development relevant to the present and future requirement of its activities and the needs of its customers.

## 17. Post Balance Sheet Events

There are no post balance sheet events.

## 18. Auditor

The Comptroller and Auditor General is the auditor of OGCbuying.solutions accounts. The charge for the year is £56,000. All of this cost is related to audit services.



H A Barrett  
Accounting Officer  
28 June 2005

# Statement of OGCbuying.solutions and Chief Executive's responsibilities

Under Section 4(6A) (b) of the Government Trading Funds Act 1973 the Treasury have directed OGCbuying.solutions to prepare a statement of Accounts for the twelve month period from 1 April 2004 to 31 March 2005. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at 31 March 2005 and of its income and expenditure, total recognised gains and losses and cash flows for the 12 months then ended.

In preparing the Accounts the Agency is required to:

- ▶ observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ▶ make judgements and estimates on a reasonable basis
- ▶ state whether applicable accounting standards have been followed, and to disclose and explain any material departures in the financial statements
- ▶ prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Agency will continue in operation.

The Treasury has appointed the Chief Executive of OGCbuying.solutions as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Government Accounting.

The Chief Executive's responsibilities as Accounting Officer for the keeping of proper records includes the responsibilities for the maintenance, integrity and upkeep of financial records (including the financial statements) on OGCbuying.solutions website.

# Corporate Governance

## The Board of OGCbuying.solutions - Executive and Non-Executive Directors

The terms of reference of the Board address a wide range of Corporate Governance issues, which include the following:

- ▶ Provides advice to the Chief Executive on matters of strategic importance to the organisation
- ▶ Reviews and agrees the Annual Business Plan prior to submission to OGC and Treasury
- ▶ Monitors the operational performance of the business and any actions needed to keep performance on plan
- ▶ Reviews the Annual Report and Accounts prior to sign-off by the Chief Executive

In addition, it:

- ▶ Reviews the following items on a regular basis through the year: the Risk Register; the results of staff surveys; the results of customer satisfaction surveys; the review of Health and Safety; and major projects
- ▶ Considers major business cases (>£500,000 total expenditure) prior to sign-off by the Chief Executive
- ▶ Meets bi-monthly (although members will receive monthly management information packs) and will have a rolling programme of agenda items. An additional Board meeting is called if requested by one or more Non-Executive Directors. The Board met seven times during the period.

The Board consists of the Chief Executive (Chair), four Executive Directors and five Non-Executive Directors (of whom one is nominated by the Chief Executive of OGC).

At 31 March 2005 the following Directors were members of the Board of OGCbuying.solutions;

Mr H A Barrett	-	Chief Executive	Dr C E Poulter	-	Deputy Chief Executive
Mr D J Murray	-	Director of Corporate Services	Mr S P Heard	-	Director of Frameworks
Miss J Moorhouse	-	Director of Managed Services	Mr J C Thwaite	-	Non Executive Director
Mr M Sykes	-	Non Executive Director	Mr K R Girling	-	Non Executive Director
Mr C Lamb	-	Non Executive Director	Mr M Gladwyn	-	Non Executive Director

## The Management Steering Group

The Management Steering Group is chaired by the Chief Executive and meets monthly. Its role is to manage the business within the parameters of the approved Business Plan. It monitors the performance of the business and takes corrective action if required. It also considers issues of policy that do not require full Board consideration. Minutes of the monthly meetings are copied to the Non-Executive Directors for information.

In addition to the Chief Executive and Executive Board Directors, the Management Steering Group members at 31 March 2005 were:

Mr L Barnett	-	Marketing Services Director
Miss S Cotgreave	-	Head of e-Commerce
Mrs H Freeman	-	IT Director
Mr C Illman	-	Head of GSI
Mr S Lawlor	-	Human Resources Director
Mrs J Murray	-	Account Management Director
Mr J O'Neill	-	Facilities Frameworks Director
Miss S Salisbury	-	IT Frameworks Director

# Corporate Governance (cont)

## The Audit Committee

The Audit Committee's role is to advise the Accounting Officer on the adequacy of the internal control arrangements including risk, governance and in particular, the findings and recommendations emerging from the work of internal audit to provide the associated assurance. During 2004/5 its membership consisted of three non-executive Directors and in addition the Chief Executive, Corporate Services Director, Finance Director, representatives from OGC, the Internal and External Audit organisations were invited to attend. The Audit Committee has met four times during the period.

At 31 March 2005 the following were members of the Audit Committee:

Mr J C Thwaite - Chair

Mr K R Girling

Mr C Lamb

## Risk Management Committee

The Agency views the careful management of risk as a key management activity. Much of the Agency's work in the area of risk management is facilitated by the Risk Management Committee, which is chaired by David Murray, the Director of Corporate Services and comprises the Risk Improvement Manager together with Directorate Risk Coordinators and Internal Audit representation. The Risk Management Committee meets formally at least four times a year to raise awareness of risk generally across the Agency and to ensure a consistent and efficient approach to risk management is maintained. The Risk Management Committee operates under formal terms of reference established by the Board and accords with HM Treasury guidance.

The Risk Management Committee supports and advises the Agency's Board, on the implementation and monitoring of the risk management strategy and ensures that appropriate mechanisms, structures and processes are in place to identify and evaluate key risks that threaten achievement of Agency objectives. It is the role of management to implement Board policies on risk and control and all employees have responsibility for internal control as part of their accountability for achieving objectives.

# Statement on Internal Control

## Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OGCbuying.solutions (the Agency) policies, aims and objectives, set by the Agency's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Links with OGC are maintained by my membership of the OGC Board and through their representation on the Agency's Audit Committee.

The conditions under which I discharge all these responsibilities are specified in the Agency Framework Document, which establishes both my direct accountability to Ministers for the Agency's operation and performance as well as the limits of delegation that the Departmental Accounting Officer affords me as Trading Fund Accounting Officer.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31st March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to Handle Risk

The Agency's Board and Management Steering Group recognise that the risk management process is an area where their support for continuous improvement initiatives is very important. In December 2004 the Agency Board approved a risk management improvement plan to further enhance the framework and in particular to broaden risk ownership throughout the organisation. The risk strategy was revised in March 2005 and the risk appetite more fully defined into four areas to support the Agency objectives aligned to the balance scorecard, this reflects the October 2004 guidance provided in HM Treasury 'The Orange Book'.

Internal Audit conducted an independent review of the Agency's risk management framework in February 2005, which provided additional assurance of the adequacy of the risk management processes. A regular programme of risk awareness training, workshops and presentations ensures that staff are equipped with the skills to manage risk both effectively and in ways appropriate to their accountability and responsibilities, goals and objectives.

# Statement on Internal Control (cont)

## The Risk and Control Framework

The main features of the Agency's risk management process which I have established to identify, evaluate and control risk are:

- ▶ An organisation wide business planning process produces a business plan that identifies risks associated with the achievement of the Agency's targets, which are cascaded down to the appropriate business unit managers
- ▶ A Quality Management System that specifies documented procedures which is a processed model based on eight quality management principles and enables us to maintain accreditation to the International and British standard BS EN ISO9001:2000
- ▶ A well established documented and structured process for identifying, evaluating, assessing, recording, prioritising, reporting and managing risks and these are effectively communicated, followed and understood by relevant staff
- ▶ A monthly risk reporting process that includes risk reports that flow upwards and feed into the corporate risk report and are underpinned by corporate and operational risk registers. These are reviewed by the Management Steering Group at each monthly meeting, by the Board quarterly and by the Audit Committee at each meeting to ensure controls have been applied and the result of risk management is effectively monitored
- ▶ Each Directorate is required to maintain its own risk register, similarly focused on objectives, controls and monitoring. Directors are required to review their registers on a monthly basis
- ▶ A programme of ongoing workshops, one-to-ones and meetings with managers and their teams at which risk identification and response is facilitated
- ▶ An established and documented system for delegation of financial authority at appropriate levels exists throughout the Agency and I issue individual letters to staff outlining their authority to conduct transactions on behalf of the Agency
- ▶ The introduction of a new Finance system that has improved control and reporting and the monitoring of operational and financial performance through a system of budgetary control reports presented monthly to the Board
- ▶ A change management process that monitors and controls projects and programmes and includes a change control procedure for all IS/IT infrastructure items. The majority of the Agency's projects are categorised as 'low risk' as determined by the Risk Potential Assessment constructed by OGC, however as an additional control mechanism they can be subject to internal Gateway reviews. The Board and Audit Committee receive reports on business critical projects and monitor the associated risks
- ▶ A testing and maintenance plan ensures ongoing review of the Agency's Business Continuity arrangements. Internal Audit conducted an independent review of the Agency's business continuity processes in March 2005, this provided additional assurance of the adequacy of the arrangements in place. Critical data is stored off-site and arrangements are in place to allow incident control and the most critical functions to be accommodated elsewhere

## Review of Effectiveness

As Agency Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control was maintained and reviewed through:

- ▶ A Board, which meets regularly to consider the plans, progress and strategic direction of the Agency. The Board consists of myself, four Executive Directors and five Non-Executive Directors - one of whom is Chair of the Audit Committee
- ▶ The Management Steering Group is chaired by myself and meets monthly. Its role is to manage the business within the parameters of the approved Business Plan

- ▶ Quarterly meetings of the Audit Committee (three Non-Executive Directors) at which all assurance activities are reviewed, including internal and external audit, functional compliance audit, risk management and other reviews as appropriate
- ▶ As part of my review of the effectiveness of internal control, each of my Executive Directors reviewed key systems for which they have responsibility and confirmed their adequacy in relation to a control checklist. Each of the Directorate checklists were then consolidated and analysed to deliver assurance that no significant internal control issues were identified through the process
- ▶ Regular reports by Internal Audit to standards defined in the Government Internal Audit Standards (GIAS). The work of internal audit is informed by an analysis of the risk to which the Agency is exposed. The analysis of risk and the internal audit plans are endorsed by the Audit Committee, Board and approved by myself
- ▶ The regular reports presented by Internal Audit to the Accounting Officer and Audit Committee, on those systems they have reviewed also include their independent view on the adequacy and effectiveness of the Agency's system of internal control and progress against recommendations made in previous financial years
- ▶ Regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects
- ▶ Establishment of key performance indicators which are monitored as part of the Business Performance Scorecard derived from the Business Plan
- ▶ Detailed risk registers, facilitated through the risk coordinators roles, are maintained for Directorates, operations and projects. The risk registers' most significant risks are incorporated into a corporate register, which is reviewed monthly by the Management Steering Group and any changes reported to the Board and Audit Committee on a quarterly basis
- ▶ An Information Systems Steering Committee meets every three months in order to oversee the development, maintenance and implementation of OGCBuying.solutions information systems strategy, ensuring that it is responsive to business needs and reflects best IT practice
- ▶ Internal Audit produces an annual report setting out their opinion on internal control within the Agency. For the year 2004 - 05, the Head of Internal Audit's opinion states:

*“Based on the results of our work in 2004/05, in our opinion, OGCBuying.solutions has adequate risk management, control and governance processes to manage its achievement of OGCBuying.solutions’ objectives”*

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports.

During the year periodic reviews of both the corporate and directorate risk registers have been conducted by the Board, Management Steering Group, Audit Committee and Internal Audit, as well as by management and staff teams. Internal Audit has performed risk-based audits, including reviews of internal control, which supports my conclusion that there is no indication of any major control weakness that would lead me to qualify this statement on internal control. Risk management is embedded into the Agency's processes and we are well placed to ensure continuous improvement of the system of internal controls already in place.



## **H A Barrett**

Accounting Officer  
28 June 2005

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

I certify that I have audited the financial statements on pages 38 to 51 under the Government Trading Funds Act 1973. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 42 and 43.

## Respective responsibilities of OGCbuying.solutions, the Chief Executive and the Auditor

As described on page 30, OGCbuying.solutions and the Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Trading Fund Act 1973 and Treasury directions made thereunder and for ensuring the regularity of the financial transactions. OGCbuying.solutions and the Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent mis-statements or material inconsistencies with the financial statements.

I review whether the statement on pages 33 to 35 reflect the Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion of the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by error, or by fraud or other irregularities and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:-

- ▶ The financial statements give a true and fair view of the state of affairs of OGCbuying.solutions at 31 March 2005 and of the surplus and cash flows for the year then ended, and have been properly prepared in accordance with the Government Trading Fund Act 1973 and directions made thereunder by Treasury; and
- ▶ In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

## John Bourn

Comptroller and Auditor General  
4th July 2005

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

# Operating Account for the Year Ended 31 March 2005

	Note	Year ended 31 March 2005		Year ended 31 March 2004
		£000	£000	£000
<b>Turnover</b>				
	1.3			
Continuing Operations		58,931		51,164
Acquisition		<u>1,136</u>	60,067	-
Cost of sales				
Continuing Operations		(38,765)		(33,625)
Acquisition		<u>(683)</u>	(39,448)	
<b>Gross Surplus</b>				
Continuing operations		20,165		17,539
Acquisition		<u>454</u>	20,619	-
Staff costs -				
Continuing Operations	4	(9,956)		(7,977)
Acquisition		<u>(15)</u>		-
Depreciation -				
Continuing Operations	9	(216)		(124)
Acquisition		<u>(214)</u>		-
Other operating charges -				
Continuing Operations	5	(7,780)		(7,907)
Acquisition		-		-
Exceptional Operating Charges	8	<u>(1,088)</u>		1,500
Total operating costs			<u>(19,269)</u>	(14,508)
<b>Operating Surplus</b>				
Continuing Operations		1,125		3,031
Acquisition		<u>225</u>	1,350	-
Interest Receivable	6		432	352
Interest Payable	7		<u>(135)</u>	-
<b>Surplus for the financial year</b>			<b>1,647</b>	<b>3,383</b>
Dividend to be surrendered to OGC			<u>(1,225)</u>	(1,242)
<b>Retained Surplus</b>	<b>18</b>		<b>422</b>	<b>2,141</b>
Retained Surplus brought forward	18		<u>16,159</u>	14,018
<b>Retained Surplus carried forward</b>	<b>18</b>		<b><u>16,581</u></b>	<b><u>16,159</u></b>

Income and surplus are derived entirely from continuing operations. On the 1st January 2005 OGCbuying.solutions acquired the Whitehall District Heating System and Whitehall Standby Distribution System (the Whitehall Systems). The Notes to the Accounts on pages 42 to 51 form an integral part of these accounts.

# Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2005

	Year ended 31 March 2005	Year ended 31 March 2004
	£000	£000
Surplus for the Financial Year	422	2,141
Movement on Revaluation of Fixed Assets		
Credited to the Revaluation Reserve	69	-
<b>Total gains and losses relating to the financial year</b>	<b>491</b>	<b>2,141</b>

The Notes to the Accounts on pages 42 to 51 form an integral part of these accounts.

# Balance Sheet as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
<b>Fixed Assets</b>	<b>9</b>		<b>12,535</b>		<b>710</b>
<b>Current Assets</b>					
Stocks	10	84		-	
Debtors	11	14,087		18,929	
Investment	12	-		3,500	
Cash at bank and in hand		9,928		5,222	
		<u>24,099</u>		<u>27,651</u>	
<b>Creditors:</b>					
Amounts falling due within one year	13	(10,840)		(10,069)	
<b>Net Current Assets</b>			<b>13,259</b>		<b>17,582</b>
Creditors amounts falling due after more than one year	13		(7,377)		(1,725)
<b>Total assets less liabilities</b>			<u><b>18,417</b></u>		<u><b>16,567</b></u>
<b>Financed by</b>					
Provision for liabilities and charges	15		1,417		58
<b>Capital and Reserves</b>					
Public Dividend Capital	16	350		350	
Revaluation Reserve	17	69		-	
General Reserve	18	16,581	17,000	16,159	16,509
<b>Total</b>			<u><b>18,417</b></u>		<u><b>16,567</b></u>

The Notes to the Accounts on pages 42 to 51 form an integral part of these accounts.



## H A Barrett

Accounting Officer  
28 June 2005

# Cash Flow Statement for the Year Ended 31 March 2005

	Year ended 31 March 2005	Year ended 31 March 2004
	£000	£000
<b>Net cash inflow / (outflow) from operating activities</b>	<b>5,202</b>	<b>(554)</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	393	352
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(47)	(588)
Payments to acquire Whitehall Heating Systems	(3,000)	-
<b>Dividend paid</b>	<b>(1,342)</b>	<b>(900)</b>
<b>Management of liquid resources</b>	<b>3,500</b>	<b>5,500</b>
<b>Net cash inflow</b>	<b><u>4,706</u></b>	<b><u>3,810</u></b>

## NOTES TO THE CASH FLOW STATEMENT

### Note 1: Reconciliation of operating surplus to net cash inflow / (outflow) from operating activities

	Year ended 31 March 2005	Year ended 31 March 2004
	£000	£000
Operating surplus	1,350	3,031
Increase in provision	1,359	(62)
Depreciation charges	430	124
Loss on sale of fixed assets	8	9
Decrease / (increase) in stocks	(84)	-
Decrease / (increase) in debtors	5,005	(9,485)
Decrease in creditors	(2,866)	5,829
Net cash inflow / (outflow) from operating activities	<b><u>5,202</u></b>	<b><u>(554)</u></b>

### Note 2: Reconciliation of net cash flow to movement in net funds

	Year ended 31 March 2005
	£000
Increase in cash in the year	4,706
Short term investment	(3,500)
Long term Loan	(8,274)
Net funds change	<b>(7,068)</b>
Net funds at 1 April 2004	<b>8,722</b>
Net funds at 31 March 2005	<b><u>1,654</u></b>

### Note 3: Analysis of changes in net funds

	At 1 April 2004	Cash Flows	At 31 March 2005
	£000	£000	£000
Cash at bank and in hand	5,222	4,706	<b>9,928</b>
Debt due within one year	-	(1,379)	<b>(1,379)</b>
Debt due after one year	-	(6,895)	<b>(6,895)</b>
Short term investment	3,500	(3,500)	-
<b>Total</b>	<b><u>8,722</u></b>	<b><u>(7,068)</u></b>	<b><u>1,654</u></b>

### Note 4: Management of liquid resources

During the period an account with the National Loans Fund was used to place monies on short-term deposit (See note 12 in the Accounts). The Notes on this page and the Notes to the Accounts on pages 42 to 51 form an integral part of these accounts.

# Notes to the Accounts

## 1 Accounting Policies

### 1.1 Accounting Convention

The Accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4 (6A)(b) of the Government Trading Funds Act 1973 updated 27 March 2002.

The Accounts have been prepared under the historical cost convention modified to include the revaluation of Whitehall District Heating and Whitehall Standby Distribution Systems (the Whitehall Systems) included within plant and machinery.

The Accounts have not been modified to include other fixed assets valued at current cost as required in the Accounts Direction given by HM Treasury. Any difference is not material.

### 1.2 Accounting Standards

The Accounts conform, insofar as appropriate, with the requirements of the Trading Fund Guidance issued by HM Treasury and of accounting standards issued or adopted by the Accounting Standards Board.

### 1.3 Turnover

Turnover consists of the invoiced value of goods and services net of Value Added Tax, Trade Discounts and Rebates, from the ordinary activities of the business.

### 1.4 Fixed Assets

Fixed assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an item costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then the item may be treated as a capital asset. Fixed assets are valued at net current replacement costs by using the price index numbers for current cost accounting when the effect of revaluing assets over time is material and in the case of Whitehall Systems an appropriate index based on an independent valuation.

### 1.5 Depreciation

Depreciation is provided on tangible fixed assets on a straight-line basis at annual rates based on the estimated lives of the assets as follows:-

Computer Equipment - three to six years.

Furniture and Equipment - five to ten years.

Plant - five to fifteen years.

Depreciation in respect of Whitehall Systems has been calculated on the basis of there being no significant residual value at the end of the assets useful life.

### 1.6 Stocks

Stocks are valued at the lower of cost and net realisable value.

### 1.7 Pension Benefits

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (Classic, Premium, and Classic Plus). New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account).

### (a) Classic Scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent on pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widows' and widowers' pensions.

### (b) Premium Scheme

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure, the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partners at a rate of 3/8ths the member's pension (before commutation).

On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

### (c) Classic Plus Scheme

This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Pensions payable under Classic, Premium, and Classic Plus are increased in line with the Retail Price Index.

## 1.8 Early Retirement

OGCbuying.solutions is required to meet the additional cost of liabilities beyond the normal Principle Civil Service Pension Scheme (PCSPS) benefits in respect of payments to employees who have or are due to retire early. Full provision is made in the Accounts for this cost (see Note 15 in the Notes to the Accounts).

## 1.9 Leases

All costs of operating leases are charged to the Income and Expenditure Account as incurred. There were no finance leases.

## 1.10 Liquid Resources

During the period, funds surplus to immediate requirements have been deposited with the National Loans Fund. These funds are considered to be liquid resources as they are short term deposits that do not qualify as cash.

## 1.11 Dividend on Return on Capital Employed

A dividend equal to an annual average of 6.5% (2003/04 8%) return on capital employed is payable to the Office of Government Commerce (OGC).

# Notes to the Accounts

## 2. Acquisition

### 2.1 Whitehall Systems

During 2004 a negative resolution, via a statutory instrument, of the House of Commons under Trading Fund legislation effected the transfer of ownership of the Whitehall Systems from OGC. The transfer took effect from 31st December 2004 and this was accounted for as an acquisition.

Whitehall Systems trading figures for the period 31st December 2004 - 31st March 2005 have been included in these accounts.

### 2.2 Asset Valuation

	£000	£000
<b>Fixed Assets</b>		
Whitehall District Heating System	7,860	-
Whitehall Standby Distribution System	<u>4,288</u>	<u>12,148</u>
		12,148
<b>Current Assets</b>		
Stocks	94	
Debtor	<u>30</u>	124
<b>Current Liabilities</b>		
Deferred Income		(998)
Total Assets less current liabilities		<u><u>11,274</u></u>
<b>Satisfied by</b>		
Cash		3,000
Long term loan		<u>8,274</u>
		<u><u>11,274</u></u>

Unpaid consideration of £8,274,000 has been treated as a long term loan (see note 13).

### 2.3 Acquisition Costs

Specific expenditure incurred to facilitate the acquisition of the Whitehall Systems totalled £30,300.

No fair value adjustments were made at acquisition.

## 3. Segmental Performance

	Turnover		Gross Surplus		Operating Costs Less Other Operating Income		Operating Surplus	
	Year ended 31 Mar 2005 £000	Year ended 31 Mar 2004 £000	Year ended 31 Mar 2005 £000	Year ended 31 Mar 2004 £000	Year ended 31 Mar 2005 £000	Year ended 31 Mar 2004 £000	Year ended 31 Mar 2005 £000	Year ended 31 Mar 2004 £000
Framework Agreements	23,628	15,191	18,422	15,045	(15,941)	(13,338)	2,481	1,707
Managed Services	36,439	35,973	2,197	2,494	(3,328)	(1,170)	(1,131)	1,324
<b>TOTAL</b>	<u><u>60,067</u></u>	<u><u>51,164</u></u>	<u><u>20,619</u></u>	<u><u>17,539</u></u>	<u><u>(19,269)</u></u>	<u><u>(14,508)</u></u>	<u><u>1,350</u></u>	<u><u>3,031</u></u>

There were no discontinued operations. On the 31st December 2004 OGCbuying.solutions acquired the Whitehall Systems, the performance of which, is included separately on the face of the Operating Account on page 38.

OGCbuying.solutions does not separate Net Assets for each segment.

## 4. Staff Numbers and Costs

### 4.1 Total staff numbers

Details of the average number of employees during the period were as follows:

	Year ending 31 March 2005	Year ending 31 March 2004
Board	5	4
Operational	191	175
Administration and IT	66	62
<b>TOTAL</b>	<b>262</b>	<b>241</b>

### 4.2 Total staff costs

	Year ending 31 March 2005 £000	Year ending 31 March 2004 £000
Wages and Salaries	7,101	6,105
Bonus	325	284
Social Security	623	527
Superannuation	960	851
VER	322	-
Agency and contract Staff Costs	640	210
<b>TOTAL</b>	<b>9,971</b>	<b>7,977</b>

Superannuation costs relate to staff participation in the PCSPS defined benefit scheme. Details of the underlying liabilities applicable to the Agency employees are not separately identifiable.

Due to the successful achievement of targets, a staff bonus is payable.

### 4.3 Senior manager salary and pension entitlements

#### 4.3.1 Executive Directors' salary, fee and pension entitlements

	Salary including performance pay (£k)	Benefits in kind (rounded to nearest £100)	Real increase in pension at 60 and related lump sum at age 60 £000	Total accrued pension at 60 on 31/3/05 Year ended 31 Mar 2005 £000	CETV at 31/3/05 (nearest £000)	Real increase in CETV after adjustment for inflation and changes in market investment factors £000	Employer contribution to partnership pension account including risk benefit cover - to nearest £100
	Year ended 31 Mar 2005 £000						
	2003/2004 comparative in brackets						
Mr H A Barrett Chief Executive	105-110 (85-90)	-	0-2.5 (0-2.5)	6 (4)	70 (46)	19 (15)	-
Dr C E Poulter Deputy Chief Executive	80-85 (75-80)	-	0-2.5 (2.5-5.0)	31 (29)	386 (352)	10 (24)	-
Mr S Heard Director of Frameworks	70-75 (65-70)	-	0-2.5 (0-2.5)	3 (2)	37 (22)	12 (7)	-
Mr D J Murray Director of Corporate Services	70-75 (55-60)	-	17.5-20.0 (0-0.5)	19 (1)	155 (8)	85 (6)	-
Miss J. Moorhouse Managed Services Director (appointed 1 April 2004)	100-105 (-)	-	-	-	-	-	-

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

No 'benefits in kind' (monetary value of any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument) are enjoyed by the Chief Executive or any of the Directors.

Pension benefits are provided through the Civil Service pension arrangements (see Note 1.7 in the Notes to the Accounts).

# Notes to the Accounts

## 4.3.2 Non-executive board members

	Year ended 31 March 2005		Year ended 31 March 2004	
	Fee paid In year £000	Pension Entitlement £000	Fee paid In year £000	Pension Entitlement £000
	Mr JC Thwaite	10-15	-	10-15
Mr KR Girling	5-10	-	5-10	-
Mr M Sykes	0	-	0	-
Mr C Lamb	0-5	-	0	-
Mr M Gladwyn	0	-	0	-

The above Non-executive board members were not entitled to bonus payments.

## 4.4 Superannuation

Most OGCbuying.solutions' staff are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 (and subsequent amendments) apply and are covered by the provisions of the Principal Civil Service Scheme which is non contributory. (Note 1.7 of the Notes to the Accounts includes details of the scheme).

For the 12 month period ended 31 March 2005, contributions of £960,000 (2004: £851,000) were paid to Civil Superannuation Vote at rates determined from time to time by the Government Actuary and advised by the Treasury. Rates for the 12 month period to 31 March 2005 were between 12% and 18.5% depending upon the pay band of each employee.

## 5. Other Operating Charges

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
<b>Charges Include:-</b>		
Auditors remuneration	56	65
Charges for plant and machinery operating leases	39	46
Charges for other operating leases	340	256
Travel and subsistence	1,142	901
Loss on sale of fixed assets	9	6
Other operating and external charges	7,282	6,633
<b>TOTAL</b>	<b>8,868</b>	<b>7,907</b>

## 6. Interest Receivable

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Bank and short term investment interest	432	348
Interest receivable on Voluntary Early Retirement prepayment	-	4
<b>TOTAL</b>	<b>432</b>	<b>352</b>

## 7. Interest Payable

	Year ended 31 March 2005 £000	Year ended 31 March 2004 £000
Interest payable on long term loan (See note 13)	135	-

## 8. Exceptional Item

The exceptional item represents a restructuring provision as a consequence that has arisen from the decision to close the permanent London office from 31st March 2006, which has resulted in a constructive obligation to pay redundancy costs. The previous year's comparative figure of £1,500,000 represented a reversal of a written off bad debt which had been assessed as recoverable in 2004.

## 9. Fixed Assets

	31 March 2005 Computer Equipment £000	31 March 2005 Plant & Equipment £000	31 March 2005 Fixtures & Fittings £000	31 March 2005 TOTAL £000	31 March 2004 TOTAL £000
<b>Cost</b>					
At beginning of period	1,036	108	387	1,531	1,056
Additions in period	46	12,148	-	12,194	588
Disposals	(536)	-	-	(536)	(113)
Revaluation	-	69	-	69	-
<b>At end of period</b>	<b>546</b>	<b>12,326</b>	<b>387</b>	<b>13,259</b>	<b>1,531</b>
<b>Depreciation</b>					
At beginning of period	774	19	28	821	801
Amount provided in period	118	235	77	430	124
Disposals during period	(528)	-	-	(528)	(104)
<b>At end of period</b>	<b>364</b>	<b>254</b>	<b>105</b>	<b>724</b>	<b>821</b>
<b>Net book value at 1/4/04</b>	<b>262</b>	<b>89</b>	<b>359</b>	<b>710</b>	<b>255</b>
<b>Net book value at 31/3/05</b>	<b>182</b>	<b>12,071</b>	<b>282</b>	<b>12,535</b>	<b>710</b>

Opening net book values at 1st April 2004 have been restated to distinguish between assets held in the Plant & Equipment and Fixtures & Fittings categories.

## 10. Stocks

	31 March 2005 £000	31 March 2004 £000
Fuel Stocks	84	-
<b>TOTAL</b>	<b>84</b>	<b>-</b>

# Notes to the Accounts

## 11. Debtors

	31 March 2005 £000	31 March 2004 £000
<b>Amounts falling due within one year</b>		
Trade debtors less provision for bad and doubtful debts	4,453	10,287
Other debtors	1,621	27
Prepaid Voluntary Early Retirement costs	17	23
Prepayments and accrued income	7,365	6,748
	<u>13,456</u>	<u>17,085</u>
<b>Amounts falling due after more than one year</b>		
Prepaid Voluntary Early Retirement costs	-	34
Other debtors	631	1,810
<b>TOTAL</b>	<u>14,087</u>	<u>18,929</u>

## 12. Short Term Investment

	31 March 2005 £000	31 March 2004 £000
Balance on deposit with National Loan Fund	-	3,500

## 13. Creditors

	31 March 2005 £000	31 March 2004 £000
<b>Amounts falling due within one year</b>		
Trade creditors	1,398	3,365
Other taxes and Social Security costs	815	1,153
Other creditors	1,215	615
Other loans	1,379	-
Accruals and deferred income	6,033	4,936
<b>TOTAL</b>	<u>10,840</u>	<u>10,069</u>
<b>Amounts falling due after more than one year</b>		
Trade creditors	482	1,725
Other loans	6,895	-
<b>TOTAL</b>	<u>7,377</u>	<u>1,725</u>
<b>Maturity of Debt</b>		
<b>Amounts falling due within:</b>		
One to two years	1,379	-
Two to five years	4,137	-
Over five years	1,379	-
<b>TOTAL</b>	<u>6,895</u>	<u>-</u>

A long term loan of £8,274,000 was taken out on 31st December 2004 to finance the Whitehall Systems acquisition. The loan is to be repaid by December 2010. Interest on the loan is to be levied at 6.5% with a capital repayment of £1,379,000 in the first year.

## 14. Lease Obligations

	As at 31 March 2005		As at 31 March 2004	
	Other £000	Land & Buildings £000	Other £000	Land & Buildings £000
<b>Operating lease rentals due within:</b>				
One Year	6	6	10	134
Two to Five Years	4	-	27	-
Over Five Years	-	84	-	84
<b>TOTAL</b>	<b>10</b>	<b>90</b>	<b>37</b>	<b>218</b>

The lease on the Royal Liver Building premises expired at the end of the financial year and the new lease has not yet been finalised. An “account to notice” has been served on the Landlord by OGCbuying.solutions negotiation agents in order to protect tenure.

## 15. Provision for Liabilities and Charges

The Voluntary Early Retirement (VER) provision for liabilities and charges is in respect of liabilities for future payments to employees who have or are due to retire early. The Agency bears pension costs from the date of early retirement until age 60, when the liability is assumed by the Principal Civil Service Pension Scheme (see Notes 1.7 and 4.4 in the Notes to the Accounts).

	31 March 2005			31 March 2004	
	VER £000	Restructuring Provision £000	Total £000	VER £000	Total £000
Balance at beginning of period	58	-	58	-	-
Utilised in the period	(34)	-	(34)	120	120
Increase in the period	305	1,088	1,393	(62)	(62)
<b>Balance at the end of period</b>	<b>329</b>	<b>1,088</b>	<b>1,417</b>	<b>58</b>	<b>58</b>

The Restructuring Provision is in respect of a constructive obligation that has arisen from the decision to close the permanent London office from March 2006. (See note 8 in the notes to the accounts.)

## 16. Public Dividend Capital

	31 March 2005	31 March 2004
	£000	£000
Issued Pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	250	250
<b>Balance at end of period</b>	<b>350</b>	<b>350</b>

## 17. Revaluation Reserve

	31 March 2005	31 March 2004
	£000	£000
Revaluation Reserve at 1st April	-	-
Revaluation of plant and equipment	69	-
Revaluation Reserve at 31st March	69	-

# Notes to the Accounts

## 18. General Reserve

	31 March 2005	31 March 2004
	£000	£000
Balance at beginning of period	16,159	14,018
Retained surplus for the period	422	2,141
<b>Balance at end of period</b>	<b>16,581</b>	<b>16,159</b>

## 19. Capital Commitments

Capital commitments contracted for at 31 March 2005 were £nil (2004: £nil).

Capital commitments authorised but not contracted for at 31 March 2005 were £nil (2004: £12,200,000).

## 20. Financial Objective

The financial target was set at an annual average of 6.5% per annum Return on Capital Employed. The target was met for the period 1 April 2004 to 31 March 2005. The Agency's surplus of £1,647,000 (excluding exceptional item: £2,735,000) represents an ROCE of 6.5% (excluding exceptional item: 11.6%).

## 21. Related Party Transactions

OGCbuying.solutions is a Trading Fund of the Office of Government Commerce (within HM Treasury) established on 1 April 2001.

The Office of Government Commerce is regarded as a related party. During the year ending 31 March 2005, OGCbuying.solutions has had various material transactions with this body.

In addition, OGCbuying.solutions had various material transactions with most Government Departments and other Central Government bodies, devolved administrations, the NHS and many local authorities.

None of the Board members, key management staff or other related parties have undertaken any material transactions other than payment of salaries and expenses with OGCbuying.solutions during the period.

## 22. Financial Instruments

OGCbuying.solutions has powers to borrow funds, a long term loan (see note 2.2) of £8,274,000 was taken out on 1st January 2005 to finance the Whitehall Systems acquisition. The loan is to be repaid by December 2010. Interest on the loan is to be levied at a fixed rate of 6.5%, which ensures no down-side exposure from increases in interest rates.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from this disclosure.

OGCbuying.solutions policies for managing its financial risks are set to achieve compliance with the regulatory framework. The Agency follows Government Accounting rules.

### Liquidity Risk

The Agency faces some liquidity risk as revenue resource and capital expenditure requirements are financed solely by its trading activities.

### Interest Rate Risk

The Agency places funds on short-term deposit with the National Loans Fund at fixed rates of interest. Sums held in the Post Master General's Office account or the commercial bank account are deposited overnight at a fixed rates basis.

### Foreign Currency Risk

The Agency has no foreign currency income. Foreign currency expenditure has not exceeded £5,000 in the financial year. The Agency is not exposed to currency risk.

Transactions have not been hedged.

## Financial Assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Fixed rate		
					Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity Years
<b>As at 31 March 2005</b>							
Sterling - PGO	9,700	-	9,700	-	4.25	0.10	-
Sterling - Commercial	300	-	300	-	1.90	0.25	-
Other	631	-	-	631	-	-	2
<b>Gross financial assets</b>	<b>10,631</b>	<b>-</b>	<b>10,000</b>	<b>631</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 31 March 2004</b>							
Sterling - PGO	3,800	-	3,800	-	4.10	-	-
Sterling - Commercial	1,400	-	1,400	-	1.86	0.25	-
Sterling - National Loan Fund	3,500	3,500	-	-	3.84	1.00	-
Other	1,844	-	-	1,844	-	-	3
<b>Gross financial assets</b>	<b>10,544</b>	<b>3,500</b>	<b>5,200</b>	<b>1,844</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial Liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Fixed rate		
					Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity Years
<b>As at 31 March 2005</b>							
Sterling	6,895	-	6,895	-	6.50	6	-
Other	482	-	-	482	-	-	2
<b>Gross financial liabilities</b>	<b>7,377</b>	<b>-</b>	<b>6,895</b>	<b>482</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 31 March 2004</b>							
Sterling	-	-	-	-	-	-	-
Other	1,725	-	-	1,725	-	-	3
<b>Gross financial liabilities</b>	<b>1,725</b>	<b>-</b>	<b>-</b>	<b>1,725</b>	<b>-</b>	<b>-</b>	<b>0</b>

## 23. Intra-Government Balances

Details of debtor and creditor balances with entities falling within the Whole of Government Accounts (WGA) boundary were as follows:

	Central Government Bodies		Local Authorities	
	£000		£000	
Debtors	5,134		-	
Creditors	5,289		29	

There were no balances with NHS Trusts or public corporations and other trading funds.

## 24. Contingent Liabilities

There are no contingent liabilities as at 31 March 2005.

## 25. Post Balance Sheet Events

There are no post balance sheet events.

# Treasury Minute Dated 13 January 2004

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to that fund it shall be his duty:
  - a. To manage the funded operations so that the revenue of the fund:
    - i. consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
    - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account,
  - b. To achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. OGCBuying.solutions Trading Fund was established as the Buying Agency Trading Fund with effect from 1 April 1991. The name of The Buying Agency was amended to OGCBuying.solutions with effect from 3 April 2001 in pursuance of OGCBuying.solutions Trading Fund Order 1991 (S.I. 2001 No. 922).
3. The Chancellor of the Exchequer, being the responsible Minister, has determined that a further financial objective desirable of achievement by OGCBuying.solutions Trading Fund for the 5 year period from 1 April 2004 to 31 March 2009 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 6.5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
4. This minute supercedes that dated 20 March 2002.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

# Five Year Summary

1 January 2000 to 31 March 2005

	15 months to 31 March 2001 £000	Year 2001/02 £000	Year 2002/03 £000	Year 2003/04 £000	Year 2004/05 £000
<b>Balance Sheet</b>					
Fixed Assets	334	365	255	710	12,535
Total current Assets less liabilities	4,020	10,443	14,233	15,857	13,259
<b>Assets Employed</b>	<b>4,354</b>	<b>10,808</b>	<b>14,488</b>	<b>16,567</b>	<b>25,794</b>

## Financed by

Provision for liabilities and changes	245	175	120	58	1,417
Public Dividend Capital	350	350	350	350	350
Long Term Loan	-	-	-	-	6,895
Long Term Creditors	-	-	-	-	482
Revaluation Reserve	-	-	-	-	69
General Reserve	3,759	10,283	14,018	16,159	16,581
	<b>4,354</b>	<b>10,808</b>	<b>14,488</b>	<b>16,567</b>	<b>25,794</b>

## Operating Accounts

<b>Turnover</b>	14,544	40,838	47,618	51,164	60,067
Operating Surplus	1,246	6,896	4,398	3,031	1,350
Interest Receivable	204	234	309	352	432
<b>Surplus on ordinary activities</b>	1,450	7,130	4,707	3,383	1,782
Interest payable on long-term loan	-	-	-	-	(135)
<b>Surplus for the year</b>	1,450	7,130	4,707	3,383	1,647
Dividend payable to OGC	(377)	(606)	(972)	(1,242)	(1,225)
<b>Retained Surplus</b>	<b>1,073</b>	<b>6,524</b>	<b>3,735</b>	<b>2,141</b>	<b>422</b>

# Notes



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