

Government Decontamination Service

Annual Report and Accounts 2006-07



HC 631

**Annual Report and Accounts
For the financial year ended 31st March 2007**



**The UK Government Decontamination Service is an Executive Agency of
the Department for Environment Food & Rural Affairs**

**Presented to Parliament pursuant to Section 7(2) of the Government
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CHIEF EXECUTIVE'S FOREWORD



I have the pleasure of presenting to Parliament the second Annual Report and Accounts which, for the first time, covers a full 12 month period, of the Government Decontamination Service (GDS).

The nature of the GDS service means that we carry out work which can be both very unusual and unexpected, as was demonstrated by our operational involvement in various incidents over the past year; in particular the anthrax incidents in Scotland and Northern England and the Polonium incident in London. These three incidents provided a significant test of the Agency's ability to respond quickly and effectively and tested the ability of our contractors to do the job for which they were engaged, as part of the specialist suppliers framework. As a result of these incidents I am able, in this report, to highlight our key role as the UK's lead organisation on issues relating to the decontamination of buildings and infrastructure following the HazMat¹ incidents mentioned

above. Currently the anthrax incident in Scotland has been successfully concluded, with the premises involved either being cleared for reuse, or having been successfully decontaminated and then cleared for reuse. Similarly, the majority of the premises contaminated by polonium have now been decontaminated and returned to their owners, and are now back in use.

The various incidents have demonstrated how Government Agencies can work successfully together, along with the local authorities and other agencies involved, despite the absence of precedents and well tried arrangements. Whilst it is difficult to single out any agency, or department, I would like to record my thanks to NHS Borders, HPS² and to the HPA³ for the effective working relationship we forged during the various incidents: this bodes well for the future. I would also like to record my thanks to Westminster City Council for their role during the Polonium incident and as I said at the time, when commenting on our role, "the GDS, which is a relatively new Government Agency, is working with Westminster City Council and other local authorities to facilitate the decontamination as a result of having previously identified and evaluated specialist suppliers that could be engaged rapidly under pre-negotiated arrangements."

We now need to build on this success and harvest the lessons that have already been identified so we can further improve the robustness of the Agency and our ability to respond to CBRN⁴ incidents and related situations. Therefore, for 2007-08, I have set a strong agenda for the service, including various programmes of work designed to both underpin and increase our relevance to the wider CBRN agenda. Although we do have a remit following significant HazMat incidents, I specifically mention the CBRN agenda as this area of work represented the principle reason why Ministers decided to create a Government Decontamination Service. During this process the Agency will review our doctrine, protocols and procedures in light of experience gained from incidents with a view to ensuring the Agency continues to develop its own capability and that of our specialist suppliers.

Robert Bettley-Smith FRICS

Chief Executive, Government Decontamination Service

8 June 2007

¹ HazMat - an accidental incident involving Hazardous Materials

² HPS - Health Protection Scotland

³ HPA - Health Protection Agency

⁴ CBRN - a terrorist incident involving Chemical, Biological, Radiological or Nuclear substances

MISSION STATEMENT

The UK Government Decontamination Service increases resilience by providing advice and guidance to those responsible for dealing with decontamination following a CBRN or major HazMat incident.

VISION

"The GDS will be a key element of the Government Machinery that will help the country prepare for a CBRN or significant HazMat incident, and minimise its impact on people, society, the economy and the environment . To ensure the UK has a highly effective decontamination capability."

This will be achieved by fulfilling three principal functions:

1. GDS will provide high quality advice and guidance to authorities responsible for responding to CBRN and significant HazMat incidents.
2. GDS will work hand in hand with specialist suppliers and advisors to rigorously assess the ability of companies in the private sector to carry out decontamination operations, and to ensure that responsible authorities have ready access to services if the need arises.
3. GDS will be the Government's eyes and ears on the national capability for the decontamination of buildings, infrastructure, mobile transport assets and the open environment.

The GDS's work will be underpinned by scientific support and research pursued in concert with Government Departments, responsible authorities, specialist suppliers, research organisations and other nations to improve decontamination technologies and capabilities.

These key functions will allow the Government to collate centrally the expertise available in a coherent and comprehensive manner, which will allow responsible authorities to function more efficiently and to gain the benefit of an element of pre-planning rather than to procure the work independently.

PRINCIPAL OBJECTIVES

- To become an acknowledged and highly respected provider of practical guidance and help, in both the planning and emergency response phases, to those who have to deal with decontamination after CBRN and major HazMat incidents.
- To work with and assist other Government Departments, the emergency services, local authorities and others to increase awareness, particularly in the public sector, of the need for detailed CBRN and major HazMat incident contingency planning.
- To maintain and further develop a framework of specialist suppliers with proven expertise in decontamination through which responsible authorities can draw on their services.
- To regularly take part in international, central Government-sponsored, and appropriate local authority-sponsored exercises to test and develop emergency preparations.
- To advise ministers, the Lead and other central Government Departments and Devolved Administrations on the national decontamination capability and steps that might be taken to improve it.
- To ensure that the UK incorporates examples of best practice from around the world wherever appropriate.

MANAGEMENT COMMENTARY

The second report of the Government Decontamination Service (GDS) covers a full year of activity (the previous report was for six months from the Agency's creation in October 2005). The activity has been against the background of the UK's response to terrorist threats and GDS readiness to respond.

Operational Review

The Year in Brief

The first full year of GDS as an Agency has seen a move from the project to create the Agency to practical working. It includes further development in terms of strengthening resources, embedding robust governance arrangements, and engaging with suppliers and stakeholders, both routinely and in operational circumstances.

Operations (including exercises and incidents)

GDS staff have participated and helped to plan a number of multi-agency exercises throughout the year. In addition GDS has undertaken a number of practical exercises with Specialist Framework Suppliers in order to assess capability. The Agency has also engaged in a number of operational deployments in relation to contamination from hazardous materials which were in excess of local capability. These included working with Westminster City Council and others to identify and clear contamination resulting from the Polonium-210 death in London. There was also a successful decontamination of various premises in Scotland following a death from anthrax. GDS Specialist Framework Suppliers were successfully used on both of these incidents.

Science

GDS has continued to work closely with Centres of Scientific Excellence throughout the UK science base. The Agency has also maintained contact with the Home Office, and through them, with the Ministry of Defence to avoid duplication of Research and Development projects. GDS have taken on board comments from members of the Royal Society and Chief Scientists in Defra and Home Office. GDS will participate in an independent review of its use of science, and reconstitute their Science Advisory Board. GDS has participated in the Home Office Science and Technology Programme by managing a number of decontamination research and development projects on their behalf.

Status and Governance

The GDS is an Executive Agency of Defra. It is accountable to Parliament through the Secretary of State for Environment Food and Rural Affairs, who chairs a board of ministerial colleagues from departments with an interest in the Service and the devolved administrations. The Ministerial Board provides a strategic steer for the Service. An Ownership Board advises the Secretary of State on matters of overarching policy and strategy, and the annual process of target setting for the GDS. The Chief Executive chairs the GDS Management Board with representatives attending from the Defra policy sponsor and the Home Office alongside non-executive support and reports to the Ownership Board. Annex 1 sets out the structure of the governance arrangements for the Agency.

Risk

The Audit and Risk Committee (ARC) has responsibility to consider the Agency Risk Strategy and the overarching Risk Register. The Agency has worked closely with Internal Audit in the

embedding of risk management. Risks are reviewed on a monthly basis and reported through the appropriate governance processes.

Development

Throughout the year the Agency has worked hard to establish relationships with Specialist Framework Suppliers; its stakeholders and to recruit, induct and train staff. In addition it was very important to successfully redeploy the majority of the project team as the project to create GDS was wound down.

Stakeholders

Work carried out with stakeholders in 2006-07 enabled the GDS to gain a greater understanding of their requirements through, for example, GDS Stakeholder and Supplier conferences, stakeholder survey, strategic planning event and stakeholder segmentation exercise.

Successes

The Agency has provided advice, guidance and framework support to responsible authorities as part of the recovery from a number of incidents involving hazardous materials. This included the remediation following the Polonium-210 contamination in London and the clear-up following a death from anthrax in Scotland.

Trends in Developing the Agency

As a relatively new agency there are still many processes and procedures to bring to maturity. We have made a good start with reasonable reports from Internal Audit which recognise the work still to be done. The resulting lessons identified from operational incidents will give us a good platform to continue our development.

Environmental Performance and Sustainable Operations

GDS is committed to the implementation of sustainable development throughout its core business activities and general operations. We have embraced the initiatives that Defra promote and make the best use, as far as possible, of energy efficient equipment and ecology friendly services. Our current accommodation in Stafford has been refurbished and we have worked with our contractors to ensure that we have the best energy saving environment possible. We ensure the sustainable development principles are embedded in our procurement process.

GDS actively engages with the key stakeholders and specialist suppliers nationally and internationally. This is an essential aspect of our business. Staff undertake a significant amount of travel but, where practical, use public transport, share cars and avoid air transport.

During 2007 we will highlight this commitment with the development and publication of a Sustainable Development Action Plan, in line with the Government's published sustainable development strategy "Securing the Future". We will integrate this throughout GDS to put into operation sustainable practices in all our activities and general estate matters.

Key Messages

GDS has developed and improved its systems and procedures in planning for decontamination work. Practical experience through exercises and more importantly, actual incidents has identified improvements that can be made. GDS is available to provide informed advice to Stakeholders, and others as required, on decontamination of buildings and other infrastructure, transport assets, and the open environment to support remediation after a CBRN or significant HazMat incident, or in preparation for an incident.

Changes in External Environment

Part of the work of the Agency is to monitor and review the external environment with regard to changing CBRN issues and develop a response to this for the UK. We have been working closely with other Government Departments to build relationships and ways of responding to incidents. We have attended demonstrations by various overseas administrations to learn from their experiences and participated in both open and closed seminars.

Looking forward to 2007-08 – Challenges and Opportunities

Moving forward GDS will take the opportunity to review existing procedures and protocols and to strengthen its foundations in terms of funding, internal governance structures, and the embedding of a risk management culture. Additionally, it will look to improve the wider understanding of its relevance to the CBRN agenda; and to further develop as the UK's foremost public service advisory centre on issues relating to the decontamination of buildings and infrastructure following a CBRN or significant HazMat incident.

Achievements Against Key Performance Targets 2006-07

Summary

As the GDS Business Plan has developed along the strategic staircase set out in the Corporate Plan targets continued to be challenging. Set out below is a summary of achievements in each of the six key areas of activity:

1. Specialist Suppliers

To strengthen relationships with specialist suppliers by:

- *Agreeing suppliers' work programmes by 30 March 2007*
- *Testing or assessing at least three suppliers in practical decontamination situations*
- *Holding a conference for specialist suppliers by the end of September 2006*

Work programmes were generally agreed with suppliers during the year. This included the presentation of case studies on particular aspects of their expertise. We carried out a practical biological exercise at the Fire Service College and had two practical exercises in Scotland. These involved a transatlantic deployment and then the sampling for classification and clearance in a biological situation. Additionally, GDS and a number of its suppliers have been engaged in operational work over the reporting year. This has provided the opportunity for GDS to assess suppliers in decontamination situations. Lessons have been identified from this work and will be used to inform further case studies or practical exercises. The first Supplier conference was held in September 2006 receiving very positive feedback from those in attendance.

2. Operations

To put in place and agree operational structures by September 2006, including:

- *Validation of the Emergency Operations Centre within two months of occupying the new site*
- *Putting in place a fully revised Business Continuity Plan within three months of occupying the new site*
- *Enabling Responsible Authorities to validate their plans for decontamination by March 2007*

Operational procedures, including the revised Business Continuity Plan and the working of the Emergency Operations Centre (EOC), were tested internally during exercise Artic Fox (November 2006) and further validated by Defra Internal Audit (February 2007). The procedures and the EOC arrangements were further tested during a number of operational incidents. Liaison Teams have undertaken a programme of visits and presentations to Regional and Local Resilience Forums, and engaged on local exercises, to support the Responsible Authorities in validating their plans for decontamination.

3. Technical Knowledge

To ensure that technical knowledge and expertise continues to improve by

- *Building on working relationships with centres of excellence through memoranda of understanding and other agreements*
- *Consulting across government to avoid duplication of work*
- *Hosting jointly with the Home Office, a workshop on decontamination issues by December 2006*

GDS has continued to work closely with Centres of Scientific Excellence throughout the UK science base. These centres include the Health Protection Agency (HPA), Defence Science and Technology Laboratory and Veterinary Laboratory Agency amongst others. We have developed working relationships with overseas agencies in the United States and Canada with further collaboration planned in the forthcoming year. On two occasions, we have used our working relationships during operational deployment resulting from the release of biological and radiological materials.

GDS has maintained contact with the Home Office, and through them, with the Ministry of Defence to ensure that no duplication of research and development work has occurred. We have participated fully in the Home Office's Science and Technology Programme by managing a number of decontamination research and development projects on their behalf and by taking part in capability analysis and prioritisation exercises. We are also represented on steering boards for a number of projects led by Communities and Local Government. We have contributed to specialist working groups looking at areas of science and technology impacting upon the decontamination and remediation of CBRN releases.

GDS jointly sponsored with the Home Office and the Royal Society of Chemistry, a Decontamination Workshop at the Fire Service College in October 2006. The conference was attended by approximately 100 delegates drawn from Government Agencies and Laboratories, private industry and academia. The aim of the conference was to highlight research requirements in the area prior to the Home Office initiating a second procurement process for research and development projects in 2007-08.

4. People

To put in place and induct the GDS workforce including:

- *Occupying the refurbished headquarters building in Stafford by September 2006*
- *Completing the recruitment of staff by November 2006*
- *Formally closing the GDS project and deploying remaining staff elsewhere by December 2006*

GDS recruitment and induction was undertaken in line with the Agency structure and training strategy. Recruitment was largely completed but one post is proving difficult to fill. We achieved

IIP accreditation through the Defra submission and we are now considering plans to seek re-accreditation as an Agency. The training strategy was revised and updated to include suggestions from all areas of the business as to what is important for their work. Due to the operational situation over the last five months the formal closure of the GDS project and associated redeployment of staff will now take place in the next financial year. The project closure document is currently being finalised and at the present time only one project team member remains to work on this. The Agency successfully relocated to its new Staffordshire Headquarters in September 2006.

5. Stakeholders and Partners

To lay the foundations for effective relationships with stakeholders and partners by:

- *Putting in place memoranda of understanding (MoU) with key partners and holding a conference by March 2007*
- *Putting in place a communications strategy by March 2007*
- *Establishing a baseline of stakeholder/partner satisfaction by March 2007*

Over the reporting year we have held a number of events for and involving stakeholders, including a Stakeholder conference in October 2006. The feedback and suggestions from this event have been very useful. We have developed a number of MoUs where appropriate and discussions are continuing to finalise these. We have also undertaken a stakeholder satisfaction survey, the results from which have informed business planning for the year ahead. These were considered at a business planning event in January 2007 that involved our major stakeholders. A communications strategy, informed by stakeholder and supplier feedback, has been agreed by the Management Board.

6. Financial

To operate within financial requirements, including

- *Producing and implementing an Efficiency Delivery Plan by July 2006*
- *Securing funding for the year 2007-08 to ensure a smooth continuation of operations*
- *Remaining within budget and balancing the GDS books for the financial year 2006-07 within Government guidelines.*

A draft efficiency plan has been produced and is to be discussed with the Defra efficiency team. Further work is required in cooperation with Defra Efficiency Team but the efficiency principles are being adopted. Funding plans for 2007-08 are subject to budget finalisation with Defra and other departments and GDS has submitted an Evidence Framework to the Defra CSR07 team for consideration.

Budgets have been profiled and monitored over the year and controls put in place. Generally expenditure was under budget and re-profiling and forecasting took place as required. An Anti- Fraud policy implementation plan was presented to the Management Board and was explained to the Whole Team Meeting in November.

Financial Review

Financial Performance

The Agency has completed its first full year of operation. It is funded through the Defra Estimate and contributions from other Government Departments and Devolved Administrations. It is regarded as being a Front Line operation and expenditure is considered as Programme Costs. Total expenditure for the year to 31st March 2007 is £2,204,000 with the bulk being for salaries at £1,143,000. There was a considerable saving against the original projected budget mainly on the expenditure against the specialist suppliers. This results from the involvement with operational work and supplier contact was necessarily limited. With the move to the new accommodation and almost full staff levels the overhead cost level has been determined. This has resulted in savings in many areas over the budget although travel and subsistence costs are higher than originally estimated (£228,000 against £206,000 budget). This is partly as a result of operational involvement in Scotland and London.

Financial Review Statement

As stated above the main expenditure was on staff costs £1,143,000 and this will continue to be one of the most significant areas of expenditure. The cost of maintaining and developing the supplier capabilities rose from the previous year to £409,000 compared with the six months expenditure of £121,000. This has involved all specialist suppliers who now have regular liaison visits. In addition all specialist suppliers completed at least one case study in the year. Further we conducted three practical exercises to test deployment and capabilities. Other costs include travel and subsistence expenses of £228,000 and Defra charges for services such as HR and internal audit of £107,000. The new accommodation on MoD Stafford was refurbished by Defra. The building required the capital purchase of a switchboard facility and video conferencing equipment (total capital expenditure was £38,000). There is no significant capital expenditure planned for the future.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory bases 'final salary' defined benefit schemes (classic, premium and classic plus). A full explanation is included in the Remuneration Report.

Supplier Payment

GDS expects to pay all suppliers within 30 days of receipt of invoice in accordance with government guidelines. Pay performance for this year was 94%. The Defra Shared Service Organisation administers payments to suppliers on behalf of the Agency.

Auditors

The Agency's auditor, appointed by statute, is the Comptroller and Auditor General. A notional audit fee of £36,000 has been agreed for 2006-07 (£32,000 for 2005-06). There have been no payments for non-audit work.

Accounting Officer's Audit Disclosure Statement

So far as the Accounting Officer is aware, there is no relevant audit information of which the GDS auditors are not aware.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the GDS auditors are aware of that information.

REMUNERATION REPORT

Remuneration Policy

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Review Body on senior salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- regional/local variations in labour markets and their effects on the recruitment and retention of staff.
- government policies for improving the public services including the requirement on departments to meet the targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it received about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioner's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. Early termination other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The Chief Executive, Robert Bettley-Smith, is a permanent Civil Servant and was appointed as Chief Executive designate on the 4 July 2005, and then Chief Executive from the 1 October 2005, on a four year contract, on the launch of the Agency. His total remuneration including non-pensionable performance bonus for the period is shown in the table on page 12. The Chief Executive's remuneration is set according to an employment contract with Defra. The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme (PCSPS). There are no other taxable benefits, compensation or redundancy arrangements payable for premature loss of office.

The Deputy Chief Executive is a permanent Civil Servant and was appointed on 1 December 2005. His total remuneration for the period is shown in the table on page 12. The Deputy Chief Executive's remuneration is set according to an employment contract with Defra. The Deputy Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme (PCSPS). There are no other taxable benefits, compensation or redundancy arrangements payable for premature loss of office.

Members of the Ownership Board are from the following Government Departments:

- Defra
- Home Office
- Communities and Local Government
- Department of Trade and Industry
- Department for Transport
- Department of Health
- HM Treasury
- Ministry of Defence
- Cabinet Office
- Scottish Executive
- Northern Ireland Office
- Welsh Assembly Government

Each of these Government Departments bears the costs of their representatives. In addition, the Ownership Board includes three non-Executive members. The cost of these non-Executive members is borne by core Defra.

The salaries and pension information relating to the Management Board is summarised in the table on page 12. The figures in column 2 relate to a part year, either from the formation of the Agency in October 2005 or from the recruitment of the board member.

In addition to Mr Bryan Dennis who was appointed on 1 January 2006, the other non-Executive members of the Management Board are Mr Alan Doig CBE and Mrs Margaret May FCMA, both appointed in this year. Fees for their services to GDS in 2006-07 were Mr Dennis £7,200, Mr Doig £1,800 (paid to Staffordshire Fire and Rescue Services) and Mrs May £4,500. No fees were paid in 2005-06. Mr Dennis is also a non-executive member of the GDS Ownership Board.

Management Remuneration and Pension Disclosure (audited)

2006-07	1. Salary (as defined below) (£000)	2. Prior year salary (as defined below)	3. Real increase in pension and related lump sum at age 60 (£000)	4. Total accrued pension at age 60 and related lump sum (£000)	5. CETV at 31 March 2007 (£000)	6. CETV at 31 March 2006 (£000)	7. Real increase in CETV after adjustments for inflation and changes in market investment factors (£000)	8. Benefit in Kind 2006-07 (prior year Nil)
Mr R Bettley-Smith Chief Executive Officer Commenced 1/10/05	70-75	35-40	0-2.5	97.5-100	486	463	3	0
Mr N Wilson Deputy Chief Executive Officer Commenced 1/12/05	55-60	10-15	2.5-5	27.5-30	196	156	31	8
Mr D Hewlett Head of Science Commenced 19/12/05	45-50	5-10	2.5-5	25-27.5	107	90	15	1
Mr S Thomas Corporate Strategy Commenced 3/01/06	50-55	5-10	10-15	52.5-55	178	138	37	0
Mr S Varley Liaison Team 3 Representative Commenced 14/11/05	50-55	10-15	15-17.5	55-57.5	259	183	68	0

Salaries include gross salaries, reserved rights to London weighting or London allowances, recruitment and retention allowances and Chief Executive's performance bonus. Benefits in kind relate to relocation expenses.

Pension benefits are provided through the Civil Service Pension arrangements. Civil Servants may be in one of the three statutory based "final salary" defined benefit schemes (Classic, Premium and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. New employees may choose between membership of Premium or a partnership pension account. There were no members with a stakeholder pension account.

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service, but there is no automatic lump sum on retirement. Classic Plus is essentially a variation of Premium, but with benefits in respect of service prior to 1 October 2002 calculated broadly as per Classic.

The partnership pension account is a stakeholder pension arrangement where the employer pays a basic contribution of between 16.2% and 24.6% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions these will be matched by the Employer up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit (death in service and ill health retirement).

Further details about the Civil Service Arrangements can be found on the internet www.civilservice-pensions.gov.uk

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 widow(er) pensions.

Columns 5 and 6 of the table on the previous page shows the member's Cash Equivalent Transfer Value (CETV) accrued at the end of the reporting period and twelve months prior to this date. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of period.

A CETV is the actuarially assessed capitalised value of the pension scheme accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouses pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and other pension details also include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within guidelines and framework prescribed by the institute and Faculty of Actuaries.

The increase in the CETV's from 31 March 2006 to 31 March 2007 is attributable to changes in the basis of actuarial valuations.

Summary and Explanation of the Remuneration Policy and Methods used by GDS to assess Performance.

The Government Decontamination Service is a small Agency. In order to concentrate its resources on delivery of its main functions and to ensure efficiency, a conscious decision has been taken to keep the number of support staff to the lowest practicable level. The Agency has therefore elected to adopt Defra terms and conditions, standards, systems, practices and procedures wherever possible. The remuneration of the Agency's Chief Executive is determined by Defra's Remuneration Committee, membership of which is detailed in Defra's Annual Report.

With reference to the remuneration of its staff, the Agency uses the same pay scales and allowances as those used within Defra. Before recruiting staff below Chief Executive level, job descriptions were drawn up for each post within the Agency's structure and sent to Defra's Job Evaluation team to obtain their confirmation that the grading of the posts was appropriate.

GDS believes that those of its staff who consistently produce good quality results should be both recognised and rewarded. Again, we have elected to adopt the same approach for the payment of in-year and annual bonuses as are used by our parent Department. Defra's SCS Pay Strategy sets out the circumstances which govern the basis for line managers making pay recommendations, based on Cabinet Office guidance. The SCS Pay Committee chaired by the Permanent Secretary takes the final decisions on relative assessments of staff performance; the Defra Human Resources team carries out the calculations to make individual payments based on a matrix.

Individual performance for the majority in the SCS is assessed relative to all others in their peer group; consolidated pay awards and unconsolidated bonuses are calculated entirely on the basis of their achievements. Each consolidated award is different depending on their position on the pay range and their level of performance.

Performance management is a vital ingredient in the successful delivery of the Agency's priorities. The Agency has also decided to use the Defra procedures to assess performance for staff below SCS level. Shortly after their recruitment (and on an annual basis thereafter), staff and their line manager agree personal objectives underpinning the corporate objectives stated in the Agency's Business Plan.

Performance is regularly reviewed by each staff member together with their line manager throughout the year and honest feedback is provided to enable staff to know how well they are performing and to identify skills gaps and development requirements that need to be met. These skills gaps are then provided on a prioritized basis.

Below Senior Civil Service level, Defra operates a High Performance Bonus Scheme, the key elements of which are Annual bonuses (payable to the top 10% of staff for outstanding performance during the year) and In-Year bonuses (payable to permanent and casual staff) in recognition of outstanding work or achievement of goals within a more limited period. Awards may be paid to individuals or teams and may not normally exceed £750 per individual, whether or not as part of a team.

Summary and Explanation of Policy on Duration of Contracts, Notice Periods and Termination Payments.

The contract for the Chief Executive conforms to standard Senior Civil Service contracts as determined by the Cabinet Office. The Chief Executive has to give three months notice on resignation; on dismissal for inefficiency the Department would have to give 5 weeks for less than 4 years service, for 4 years and over, 1 week plus one week for every year of continuous service up to a maximum of 13 weeks, or if terminated compulsorily 6 months notice. The Civil Service Compensation Scheme would apply in the case of redundancy/early departure/severance.

The majority of staff below Senior Civil Service level working for the GDS Agency are on permanent contracts that include standard Civil Service terms. Under their terms and conditions, if their employment is terminated before the end of four weeks service, they will be given a period of notice appropriate to the circumstances. This will not exceed five weeks and will not be less than two weeks. Permanent staff with at least four weeks continuous service but less than four years service will receive five weeks notice.

Staff with four or more years continuous service will receive a minimum notice period not less than one week for each year of continuous employment plus one week up to a maximum of 13 weeks.

Other than in misconduct cases if the minimum period of notice cannot be given staff will receive pay instead of the outstanding period.

One member of the GDS Management Board is currently seconded to GDS from the Marine and Coastguard Agency. His terms and conditions are also based on standard Civil Service terms.

Robert Bettley-Smith FRICS, Chief Executive
8 June 2007

STATEMENT OF AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 the Treasury has directed the Government Decontamination Service to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction on page 35 of these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to comply with the FreM prepared by the Treasury, and in particular 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 disclose and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Agency will continue in operation.

The Accounting Officer for the Department for Environment Food & Rural Affairs has designated the Chief Executive of the Government Decontamination Service as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for keeping of proper records, are set out in the Accounting Officers Memorandum, issued by the Treasury and published in "Government Accounting".

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

GDS delivers its aims and objectives as agreed with the Secretary of State, and the Agency's cross departmental Ministerial Board, and within delegations from Defra. These delegations are described in the Accounting Officer letters, Framework Document and other documents as applicable. This statement contributes to the assurances in Defra's statement on internal control. Line management is through the Director General of Defra's Climate Change Group who also chairs the Ownership Board that provides a strategic oversight.

The Purpose of the Statement on Internal Control

The system of internal control is designed to manage risk at a reasonable level, rather than to eliminate all risk of failure to achieve the aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The development of the system of internal control is an ongoing process, designed to identify and prioritise the risks to the achievement of our aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. The system of internal control that was being developed, as reported previously, has continued to be refined during this year in accordance with HM Treasury guidance.

Governance

Ministerial Board

This board is chaired by the Secretary of State for Environment Food and Rural Affairs and has as its members representatives from the Service's main sponsor departments. These are in addition to Defra, the Home Office, Communities and Local Government and the devolved assemblies of Scotland and Northern Ireland. The Ministerial Board will only meet when the Ownership Board considers that it is necessary to do so.

Ownership Board

The Ministerial Board has reporting to it an Ownership Board chaired by the Director General Climate Change Group, Defra and with representatives from the other Government Departments as represented on the Ministerial Board plus representatives from Cabinet Office, Department of Health, Ministry of Defence and HM Treasury. The Ownership Board also includes three non-executive members. The Ownership Board met on a quarterly basis and received updates as required in the interim.

Management Board

I, as CEO, chair the Management Board which reviews the strategic risks to the delivery of our aims and objectives and the progress against the Service's business plan. The Management Board is responsible for ensuring effective performance, risk management and control. The Board comprises the CEO, Deputy CEO, the Head of Corporate Strategy, the Head of Science and one of the Liaison Team Heads plus three non-executive members. These are Bryan Dennis, who chairs the Audit and Risk Committee (appointed in January 2006), Alan Doig, Chief Fire Officer Stafford,

who joined in April with Margaret May, FCMA appointed in July 2006. In addition there are representatives from our policy sponsor in Defra and our major stakeholder, the Home Office.

The Board met regularly throughout the year and in addition some business was handled by correspondence and endorsed at a future meeting. The Board considered the strategic approach to the work of the Agency through the Business Plan and discussion of the resources and activities in the year.

The Head of Science now reports to the DCEO and the Management Board on scientific matters affecting our work, so that science can correctly be seen to be part of the wider support function for the liaison work, and we are seeking independent peer-review by the wider scientific community for matters affecting our work.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is now fully constituted in accordance with latest Treasury guidance and comprises three non-executive members of the Management Board. In addition it is attended by representatives from Defra, GDS senior management, internal audit and the NAO. The Chair also reports to the Ownership Board on a regular basis. The ARC met five times during the year. Its activities included:

- Endorsing the accounts and Statement of Internal Control for the Annual Report
- Approving the risk management strategy
- Overseeing the development of risk management in the Agency
- Receiving regular reports from management including highlighting any emerging risks and reporting on the strategic risk register activity
- Reviewing progress to develop budgetary control and financial reporting procedures
- Considering the audit arrangements (internal and external). It receives reports from Internal Audit (a bought in service from Defra), and the audit reports from the NAO and discusses any identified weaknesses
- Continuing to develop a strategic oversight and challenge process.
- Reviewing the performance, membership and activities of the ARC in accordance with new Treasury guidance – and subsequently implementing improvements

Strategy and Planning

The GDS strategy is based on the requirements of the Framework Document published in July 2005 and the three year Corporate Plan agreed with the Ownership Board and Ministers. An Annual Business Plan is also agreed by Ministers and monitored by the Board. This Plan includes the Vision, Mission and Objectives for the Agency. The Business Plan focuses on the main areas of the business: the specialist suppliers, building and using technical knowledge, the operational needs, our people, our customers or stakeholders, effective financial planning together with management and control. The key performance targets are included and linked to objectives (see pages 5-7) as reported in this Annual Report and Accounts.

The Business Plan and the targets contained within that document are underpinned by a risk assessment and mitigation action for those risks. The risks are considered by the Management Board and reported to the Ownership Board. This work has been developed as the Agency builds its knowledge and expertise in this area.

Preparation for the 2007-08 Business Plan included a strategic planning event to validate and pull together the strategic objectives of our cross government sponsors. GDS, as part of its remit, is

monitoring the changing CBRN horizon and planning for any change in decontamination requirements.

Risk Management

The Management Board has oversight of the risk management process that has been put in place. A risk summary aligned to the GDS objectives is presented with commentary at each meeting. Risk strategy, risk appetite and mitigation are areas that are discussed or are being developed by the Board.

A Business Continuity Plan (BCP) has been produced for the on-going operation of the Agency and this has been adapted for the changing accommodation and business priorities. This was updated and tested shortly after we occupied the permanent headquarters accommodation at Stafford. This was designated Exercise Arctic Fox and was attended by Internal Audit to review emergency preparedness.

Change Management

The Corporate Plan set the strategic staircase for the GDS. 2006-07 was the Year of Quality and the Business Plan and performance measures were adopted to show progress with this. These are reported within the Annual Report and Accounts. During the year we have undertaken exercises with Local Authorities and our specialist suppliers. From the lessons learnt from this and actual incidents we are reviewing our procedures and capability requirements from suppliers.

Performance Management

The GDS performance against its key performance indicators has been monitored by the Management Board throughout the year. The out-turn was assessed, on behalf of Defra, by Internal Audit and reported to the Defra Board

Individual performance management agreements and objectives were linked to the agreed Business Plan. The targets set in that plan and for individuals are to be SMART – specific, measurable, achievable, relevant and time-limited. We have surveyed our staff and stakeholders to look at progress and the areas for improvement.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the managers within the Agency and comments from the external auditors made in their management letter and other reports. I have been advised on the implications of the results from my review of the effectiveness of the system of internal control by the Management Board and the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is to be put in place. This plan will be regularly reviewed and updated, as necessary, in agreement with the Management Board and Audit and Risk Committee.

Internal Audit have completed a programme of audit including Key Controls Testing and I am pleased to note that few weaknesses have been identified. Where there have been issues an action plan will be drawn up to address these in the coming months. The opinion is that GDS has progressed during the year and while improvements can be made controls are adequate.

In addition I and my staff participated in a facilitated workshop to look at governance in the Agency. The workshop considered various assertions on governance and emergency planning. In general the results pointed towards effective implementation of governance within GDS. The major matters that emerged are included in the significant control issues below.

Financial Control

Authority for the financial control of the Agency has been delegated to me by the Accounting Officer for Defra. I have delegated day to day control to the Deputy Chief Executive and Finance Director, a qualified accountant. Further delegation is agreed by me and published in delegation tables. Budgets and forecasts are well understood with close consultation with the heads of the business areas. During the year the Management Board began to formally review budgets against spend together with revised forecasts presented from time to time and adjusted priorities in line with delivery targets. We are reliant on the accounting systems and transaction services of the Defra Shared Services Organisation, a newly created body that incorporates part of the previous core Defra Accounting, HR and other services. Following identification of a credit card fraud, as reported last year, controls on the use of credit cards and for Travel & Subsistence were put in place. These have been assessed and endorsed by the key control testing that has taken place in the period.

Significant Internal Control Issues

Internal control issues for the Agency not only encompass our work to meet our business objectives but also issues that may be raised in the Defra statement as it may affect our business operation. The governance arrangements are now in place and I believe are working well. A Science and Technology Group is to be constituted with the first meeting scheduled for June 2007 and will provide advice and oversight of the developing science picture. There are still areas to address as stated below.

- Legal basis – as reported last year there was concern about the legislative basis for the work of GDS. Throughout the year investigation into this matter took place. A schedule of powers under which GDS functions was agreed with Defra's Legal Group to resolve this concern.
- The Shared Services Organisation is now a fundamental part of the Agency's business requirements. The organisation is very new and is developing its portfolio and standards to the various customers of its services. There is still discussion to be undertaken to agree the nature and controls within the service.
- Operational control has been tested and there are some lessons to be learnt from the anthrax incident in Scotland and the Polonium-210 incident in particular. The timing of engagement of contractors needs to be carefully considered and the responsible authority identified and clear as to the implication of costs and contract matters as early as possible.
- GDS have been involved in various incidents the scope and number of which are arguably beyond what was originally envisaged. This gives a capacity vulnerability in an operational situation that may impact on the smooth functioning of the office. The governance and expectations of the Agency's ability in terms of risk assessments needs to be made clear to all. This has been recognised in our business planning and will be reviewed as the year develops.

Robert Bettley-Smith FRICS, Chief Executive
8 June 2007

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Government Decontamination Service for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Management Commentary and Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in

the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

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

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the operating costs, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Management Commentary and Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

12 June 2007

GOVERNMENT DECONTAMINATION SERVICE 2006-2007 ACCOUNTS

Operating Cost Statement for the year ended 31 March 2007

	Note	2006 – 07		2005 – 06
		£'000s	£'000s	(6 months) £'000s
Programme Cost Expenditure				
Staff Costs	2	1,143		446
Other Programme Costs	3	916		417
Depreciation	4	2		0
GDS Programme Costs for the year			2,061	863
Departmental Charges and Other Costs				
Defra service recharges		107		55
Notional audit fees - NAO		36		32
Total Other Costs			143	87
Operating Costs for the year			2,204	950
Operating costs brought forward			950	0
Total Operating costs carried forward			3,154	950

All Activities arise from continuing operations
The Agency had no other recognised gains or losses in 2006-07

The notes on pages 26 to 34 form part of these financial statements

Balance Sheet as at 31 March 2007

		31 March 2007		31 March 2006
	Note	£'000s	£'000s	£'000s
Fixed Assets				
Tangible Fixed Assets	4	36		0
Total Fixed Assets			36	0
Current Assets				
Debtors and prepayments	5	762		56
Cash at bank	8	345		20
Total Current Assets			1,107	76
Creditors: amounts falling due within one year				
Creditors	6	(296)		(605)
Total Creditors			(296)	(529)
Net Current Assets			811	(529)
Total assets less current liabilities			847	(529)
Taxpayers Equity				
General Fund	7		847	(529)

The notes on pages 26 to 34 form part of these financial statements

Robert Bettley-Smith
Accounting Officer for the Government Decontamination Service
8 June 2007

Cash Flow Statement for the year ended 31 March 2007

		2006 – 07 £'000s	2005 – 06 £'000s (6 months)
Net cash outflow from operating activities	Note 8a	(3,129)	(314)
Capital expenditure and financial investment		(38)	
Cash outflow before financing		(3,167)	(314)
Financing			
Defra operational funding		2,004	2
Funding from OGD's		1,488	30
MOD staff funding		0	
Increase in cash in the year	8b	325	2

The notes on pages 26 to 34 form part of these financial statements

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2006–07 Financial Reporting Manual (FReM) issued by HM Treasury. Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

a) *Accounting Convention*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. Financial information is included in the accounts on an accruals basis where reasonable costs are available. Exceptionally staff bonuses are expensed in the year they are paid as there is no certainty of cost and agreement when they are potentially earned.

b) *Tangible Fixed Assets*

Tangible fixed assets are capitalised if the purchase cost equals or exceeds £2,000 and where there is an expected useful economic life of more than one year. All tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

c) *Depreciation*

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of disposal but not in the month of purchase. Asset lives are normally in the following range:

Office equipment	10 years
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d) *Value Added Tax (VAT)*

Most of the activities of the Agency are outside the scope of VAT and, in general output tax does not apply and most input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of fixed assets.

e) *Defra Service Recharges*

Central overheads from the core Department for Environment Food and Rural Affairs (Defra) are charged on a notional basis and included in the accounts. The charges cover central services such as Human Resources, Accounting Services and Procurement and Contracts.

f) Administration, Programme Expenditure and Income

The Agency is a service provider and has been set up to deal with one of Defra's Top 10 Threats. Accordingly the Agency is deemed to be a Front Line Service and all expenditure is therefore classified as programme rather than administration. Programme costs reflect administration costs of frontline services and all the other non-administration costs, including certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or programme follows the definition of administration costs set by HM Treasury.

g) Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling at the date of each transaction. Balances held in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. These translation differences are dealt with in the Operating Cost Statement. In line with HM Treasury guidance, gains are treated as Consolidated Fund Extra Receipts (CFERs) and losses as programme expenditure.

h) Pensions

Pension benefits are provided through the Principal 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).

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover past and present employees; which is mainly non-contributory and unfunded except in respect of dependent's benefits.

Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Agencies covered by the PCSPS meet the cost of the pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate statement for the PCSPS as a whole. In respect of defined contribution schemes, the Agency recognises the contributions payable for the year.

Further information is provided in the Remuneration Report (page 11) and Note 2.

i) Leases

A finance lease is one which transfers substantially all the risks and rewards of ownership to the lessee. If the present value of the minimum lease payments amount to 90% or more of the fair value of the assets, then the lessee is assumed to carry all of the risk. An operating lease is a lease other than a finance lease.

Both the asset value and liability to pay future rentals under a finance lease are discounted at the interest rate implicit in the lease to derive the present value. Assets obtained under a finance lease are revalued and depreciated. The Agency does not have material finance lease and operating lease commitments.

j) Going Concern

The balance sheet at 31 March 2007 shows Taxpayers' Equity of £847,000. This shows assets falling due in future years which are to be paid to the UK Consolidated Fund. Such payments will be included with grants of Supply approved annually by Parliament, to meet the Net Cash Requirement of the Department for Environment Food and Rural Affairs of

which the Government Decontamination Service is part. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund by the Department for Environment Food and Rural Affairs other than required for the service of the specified year or retained in excess of that need.

In common with Government Departments, the future financing of the Government Decontamination Service is accordingly to be met by future grants of Supply to the Department for Environment Food and Rural Affairs and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2007-08 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

2. Staff Numbers and Costs

2a Staff costs

Staff costs consist of:

	Permanently Employed staff	Others	Year ended 31 March 2007	Six months ended 31 March 2006
	£'000s	£'000s	Total £'000s	Total £'000s
Salaries and wages	771	116	887	363
Social security costs	67	13	80	28
Other pension costs	158	18	176	55
Total net costs	996	147	1,143	446

2b Staff numbers

The average number of whole-time equivalent persons employed, including senior management, during the year was 24 (prior year 15, based on six months operation). This was made up as follows:

Staff employed	2006-07	2005-06
Permanently Employed	19	12
Others including secondees	5	3
Total Staff	24	15

2c Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Defra (GDS) is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk)

For 2006-07 employers' contributions of £157,569 were payable to the PCSPS (2005-06 £54,770) at one of four rates in the range 17.1% – 25.5% (2005-06: 16.2%- 24.6%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. GDS has no members of staff with such pension arrangements.

There were no persons (2005-06 0 persons) retired early on ill-health grounds.

2d Loans

Loans are made to staff to cover season ticket advances and to relocate. As at 31 March 2007 there were no standing balances to staff (2005-06 £176).

3 Other Programme Costs

These are made up as follows:

	Year ended 31 March 2007	Six months ended 31 March 2006
	£'000s	£'000s
Specialist Supplier Payments	409	121
Travel and Subsistence	228	84
Facilities charges	79	0
Professional Fees	56	61
Rent	32	91
Training	31	7
Conference costs	19	7
Agency staff costs	15	15
IT Costs	10	0
Other costs	37	31
Total Other Programme Costs	916	417

4 Tangible Fixed Assets

	Office Equipment
Cost or valuation	
At 1 April 2006	0
Additions	38
At 31 March 2007	38
Depreciation	
At 1 April 2006	0
Charges in year	2
At 31 March 2007	2
Net Book Value 31 March 2007	36
Net Book Value 31 March 2006	0

5. Debtors and Prepayments

Amounts falling due within one year:	As at 31 March 2007	As at 31 March 2006
	£'000s	£'000s
Debtors	751	55
Prepayments	2	
Other Debtors	9	1
Total Debtors and Prepayments	<u>762</u>	<u>56</u>
Balances with other central government bodies	757	55
Debtors external to Government	5	1

Prior years figures are based on six months operations

6. Creditors

Amounts falling due within one year	As at 31 March 2007	As at 31 March 2006
	£'000s	£'000s
Trade creditors	22	0
Other taxation and social security	1	0
Accruals Owing to Defra and its agencies	177	471
Accruals owing to Other Government Depts	12	13
Other Accruals	84	121
Total Creditors	296	605
Balances with other central government bodies	190	484
Creditors external to Government	106	121

Prior years figures are based on six months operations

7. General Fund

The GDS is funded by its sponsor, the Department for Environment Food and Rural Affairs (Defra) and by contributions from various Government Departments. In 2006-07 these include the Home Office, Department for Transport, Department for Trade and Industry, Northern Ireland Office and the Scottish Executive.

	2006-07	2005-06
	£'000s	£'000s
Balance at 1 April	(529)	0
Defra Operational Funding	2,004	20
Funding from OGD's	1,488	305
MOD Staff Funding Contribution	0	9
Operating Costs for the period	(2,204)	(950)
Non-cash items:		
Audit Fee	36	32
Defra Service Charges	107	55
Transfer from Defra General Fund	(55)	0
Balance at 31 March	847	(529)

All activities arise from continuing operations.

Prior years figures are based on six months operations

8. Notes to the Cash Flow Statement

8.a Reconciliation of operating costs to net cash outflow from operating activities

	Year ending 31 March 2007	Six months ended 31 March 2006
	£'000s	£'000s
Operating costs for the period	(2,204)	(950)
Depreciation	2	0
Defra service charges	107	55
Other notional charges added back	36	32
Notional transfer of funds	(55)	0
(Increase) in debtors and prepayments	(706)	(56)
Increase/(Decrease) in creditors	(309)	605
Net cash outflow from operating activities	(3,129)	(314)

8.b Reconciliation of net cash flow to movement in cash at bank

	As at 31 March 2007	As at 31 March 2006
	£'000s	£'000s
Increase in cash in the period	325	20
Cash at bank at 1 April	20	0
Cash at bank at 31 March	345	20

8.c The following balances at 31 March are held at:

Office of HM Paymaster General	290	20
Commercial bank accounts	55	0
Balance at 31 March	345	20

Prior years figures are based on six months operations

9. Capital Commitments

GDS has no capital commitments as at 31 March 2007 (31 March 2006 Nil).

10. Cost of Capital

Interest on Capital is notional and is calculated at 3.5% in accordance with the Treasury guidance on Fees and Charges. It is based on the average net assets employed throughout the year, excluding the cash balance with Paymaster where the charge is nil. The resulting calculation for 2006-07 is negligible (£141) and thus is not identified separately in the financial statements.

11. Contingent Liabilities

GDS is not aware of any contingent liabilities as at 31 March 2007.

12. Related Party Transactions and Senior Management Interests

As the GDS is an Executive Agency of the Department for Environment Food and Rural affairs and is sponsored by them, the Department is regarded as a related party. During the year, the GDS has had significant material transactions with the Department and some with the Health Protection Agency.

In addition, GDS has had various material transactions with other Central Government bodies. These include receiving funding from the Home Office, Department for Transport, Department for Trade and Industry, Northern Ireland Office and Scottish Executive. We have also had material transactions with the Emergency Planning College, National School of Government, the Essex Fire Authority, the Staffordshire Fire and Rescue Service and the Ministry of Defence.

None of the Senior Management has had any financial interest in the GDS during the financial year or since.

13. Financial Instruments

The Agency is required to disclose the role financial instruments had during the period, in creating or changing the risks faced in undertaking its activities. The non-trading nature of the Agency's activities and the way the Government Departments are financed, means the Agency is not exposed to the degree of financial risk faced by business entities. The GDS has no powers to borrow or invest surplus funds. Financial assets and liabilities generated by the day to day operational activities are not held to change the risks facing the Agency in undertaking its activities

Liquidity Risk: There is no exposure to liquidity risk, given that the Agency's net resource requirement is financed through resources provided by other Government Departments.

Interest Rate Risk: There is limited exposure to interest rate risk; the Agency's main financial assets and liabilities have either nil or fixed rates of interest.

Foreign Currency Risk: This is not significant, as there is no income and minimal expenditure in foreign currencies. Invoices received in foreign currency, mainly US Dollars, are converted to sterling for accounting purposes and paid in foreign currency when due. This may give rise to a gain or loss on exchange. There were no significant differences at the year end. No hedging contract has been put in place as HM Treasury have advised that there is a legal impediment against this.

14. Post Balance Sheet Events

GDS's financial statements are laid before the Houses of Parliament by the Secretary of State for Defra. FRS 21 requires GDS to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by GDS to the Secretary of State for Defra. The authorised date for issue is 15 June 2007.

ACCOUNTS DIRECTION GIVEN BY THE TREASURY

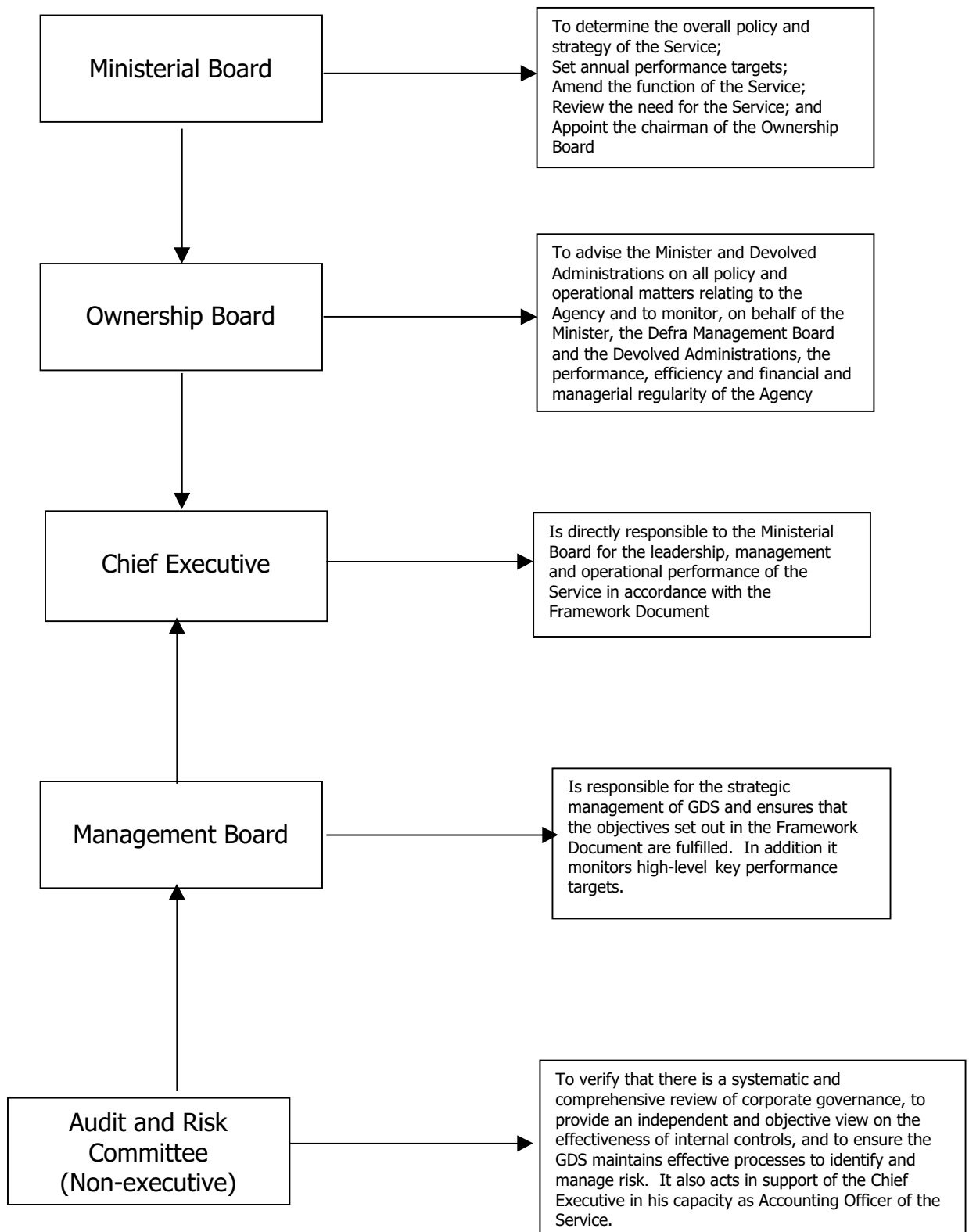
(in Accordance with section 7 (2) of the Government Resources and Accounts Act 2000)

1. This direction applies to the Government Decontamination Service, an Executive Agency of the Department for Environment Food and Rural Affairs.
2. This Executive Agency shall prepare accounts for the year ended 31 March 2007 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury which is in force for 2006-07.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the income and expenditure, total recognised gains and losses, and cash flows of the Agency for the financial year, and of the state of affairs as at 31 March 2007; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FreM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FreM is inconsistent with the requirement to give a true and fair view, the requirements of the FreM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with both the characteristics of the circumstances concerned and the spirit of the FreM. Any material departure from the FreM should be discussed in the first instance with the Treasury.

David Cruden FCA

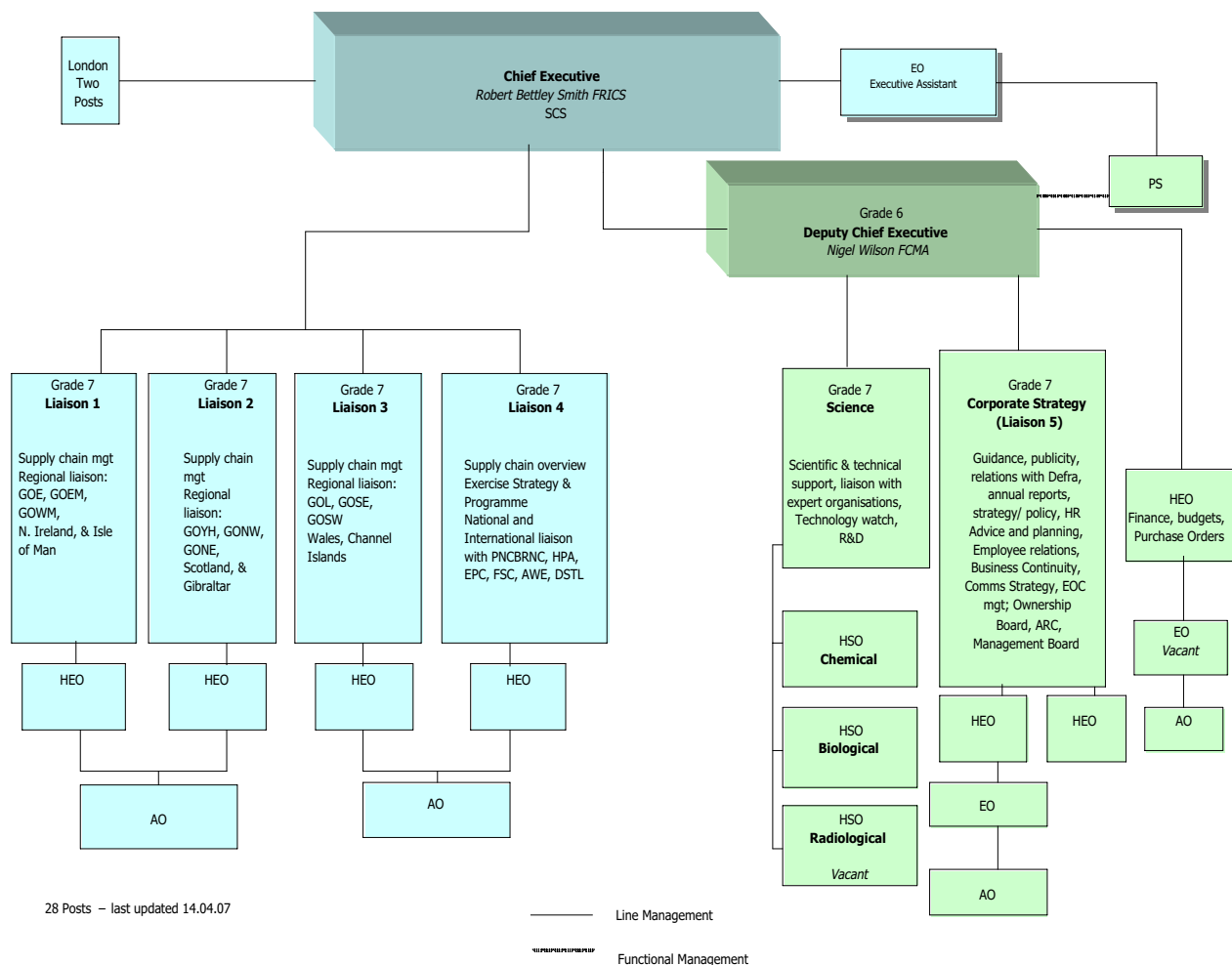
Head of the Central Accountancy Team, Her Majesty's Treasury

Annex 1 Outline Structure of Boards and Committees Relating to GDS



Annex 2 ORGANISATIONAL STRUCTURE

GDS Team



Key to abbreviations

SCS	Senior Civil Servant	GOE	Government Office for the East of England
SPS	Senior Personal Secretary	GOL	Government Office for London
PS	Personal Secretary	GOSE	Government Office for the South East
HEO	Higher Executive Officer	GOSW	Government Office for the South West
HSO	Higher Scientific Officer		
EO	Executive Officer	IOM	Isle of Man
AO	Administrative Officer	Dstl	Defence Science and Technology Laboratory
SSO	Senior Scientific Officer	AWE	Atomic Weapons Establishment
GONW	Government Office for the North West	EOC	Emergency Operations Centre
GONE	Government Office for the North East	PN-CBRN-C	Police National CBRN Centre
GOYH	Government Office for Yorkshire and Humberside	HPA	Health Protection Agency
GOEM	Government Office for the East Midlands	EPC	Emergency Planning College
GOWM	Government Office for the West Midlands	FSC	Fire Service College
		MoU	Memorandum of Understanding
		SLA	Service Level Agreement

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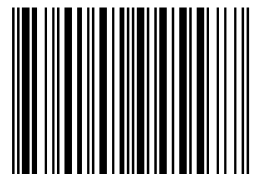
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