



# Valuation & Lands Agency

## Annual Report & Accounts

2005-06



**DFP**

Department of Finance  
and Personnel  
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**VALUATION & LANDS**  
AGENCY



## **Valuation and Lands Agency**

Annual Report & Accounts  
for the year ended 31 March 2006

Laid before the Houses of Parliament  
by the Department of Finance and Personnel  
in accordance with Paragraph 12(2) and (4) of the Schedule to the  
Northern Ireland Act 2000 and Paragraph 36 of the Schedule to the  
Northern Ireland Act 2000 (Prescribed Documents) Order 2004

6 July 2006

Laid before the Northern Ireland Assembly  
under section 11(3)(c) of the Government Resources  
and Accounts Act (Northern Ireland) 2001 by the  
Department of Finance and Personnel

6 July 2006

Ordered by the House of Commons to be printed  
6 July 2006



**VALUATION & LANDS**  
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# Contents

<b>Chief Executive's Review</b>	4	<b>Section 4: Chief Executive and Commissioner's Report</b>	26
<b>Highlights Of The Year</b>	7	<b>Section 5: Remuneration Report</b>	29
<b>Section 1: Introduction</b>	8	<b>Section 6: Accounts</b>	34
Our Business	8	Accounts	39
Our Organisation	10	Notes to the Accounts	42
Vision and Mission	10		
DRC Allocation	10		
Office Network	11		
<b>Section 2: Summary of Performance</b>	12		
Ministerial Targets	12		
Balanced Scorecard	13		
<b>Section 3: Main Business Areas</b>	17		
<b>Rating</b>	17		
Current List Maintenance	17		
Domestic Revaluation	19		
<b>Valuation and Advice Service</b>	20		
Client Services	20		
Central Advisory Unit	21		
<b>Corporate Services</b>	22		
Information Systems	22		
Customer Service	22		
Human Resources	23		
Finance	25		

# Chief Executive's Review

During the year, in addition to dealing with its normal business, the Agency achieved a number of key milestones in the Domestic Revaluation project, which is central to the Government programme of Rating Reform in Northern Ireland. It was disappointing that system difficulties resulted in the failure to meet the original target date of end of April 2006 for publication of the capital-value assessments. However, with the benefit of effective and responsive project / programme management structures and the skill, dedication and sheer hard work of everyone in the Agency, we have overcome those problems and are on track to publish at the end of June 2006. This will still achieve the key objective of allowing a lengthy period for ratepayers to consider and, if necessary, query their valuations well before they take effect in April 2007.



## Business Performance

The Valuation and Lands Agency (VLA) has a challenging set of Ministerial targets that measure the outcomes important to our stakeholders and customers. This year was dominated by three targets related to the Domestic Revaluation, but the setbacks encountered resulted in failure to meet two of these. On a more positive note, however, the rescheduling of those targets has allowed more rigorous quality assurance of outcomes that will, we hope, ensure greater levels of acceptance by ratepayers. The Agency achieved its target measuring the cost-effectiveness of its Client Services work. The target of ensuring unification with our sister organisation, the Rate Collection Agency (RCA), has been deferred, as has the target for readiness of our customer contact management operations.

As well as taking forward the various projects that contribute to completion of the Domestic Revaluation the Agency has worked throughout the year with Local Authority Building Control agencies towards re-engineering and streamlining our normal rating business. The Agency entered into a contract with Belfast City Council's Building Control for a pilot project to prove this concept. Indications are that this joined-up working is indeed very effective and we are now in discussions with the parent Department on how this can be taken forward with other Councils and aligned with the Review of Public Administration.

The Client Services side of our business, non-rating valuations, has been subject to pressures throughout the year largely as a result of the redeployment of staff to meet the challenges of Domestic Revaluation and other project work. Our staff in this area have worked hard to ensure, as far as possible, the continuity of service levels to our key clients.

## Core Systems Replacement (CSR)

The Agency's commitment to Computer Assisted Mass Appraisal (CAMA), as well as investment in future e-government services, makes successful implementation of this new system critical for our future business. The failure to meet the anticipated "go-live" date of June 2005 caused significant knock on effects to our business throughout 2005-06: not only from prolonged involvement of key staff in development activities, but also in the development and implementation of contingency arrangements.

The supplier, LogicaCMG, worked with a wide cross-section of Agency staff to ensure that the new system effectively meets our present and anticipated business needs. Central Procurement Directorate and Office of Government Commerce provided expert support and advice throughout this process in respect of contractual issues.

The experience gained in this close collaboration also created, for the Agency, a cadre of very competent staff who subsequently delivered training to over 300 staff in the operation of the new system.

All were pleased to see the first phase of the new system "go-live" in January 2006 and this has supported our rating operations throughout most of the final quarter without any unplanned downtime. The success of the "go-live" is in no small part due to the efforts and dedication of all those Agency and supplier staff involved and we are confident that, when fully implemented, the new system will yield significant benefits to our rating business and for wider property and valuation services to the public sector in Northern Ireland.

## Domestic Revaluation

This year has been especially challenging for the Domestic Revaluation project. Against a background of continued difficulties with new core IT systems, a wide range of Valuer and IT skills have been applied to the development of contingency systems and operations. Initial testing of the proprietary revaluation software was encouraging but, having "used up" all of the resource contingency within the Revaluation plan in dealing with core IT system issues, we were unable to absorb and deal with difficulties arising with that software during the final quarter of the year within the planned timescales. We are, however, confident that the revised timescales approved by the Minister are, while challenging, achievable. The postponement of publication will ensure that we are able to deliver improved levels of quality assurance over the valuations produced. The Agency is implementing an information and contact management strategy to deal effectively with the outcomes from the publication of valuations.



## Staff

As clearly indicated above, our staff responded magnificently to meet a series of planned challenges and overcome major setbacks on the IT front. The achievement of revised milestones depended solely on the skill and professionalism of all our staff. All staff have risen admirably to the challenges of the past few years with enthusiasm and dedication.

We are committed to and continue to invest in the ongoing development of all our staff to equip them with the knowledge and skills needed to meet the vision of the Agency in the future, up to and after unification with the Rates Collection Agency and subsequent formation of a Land and Property Services Agency (LPSA). This customer-focused vision will entail significant change and the ability of staff to meet these challenges will be critical to success.

## Future

The reforms to the rating system in Northern Ireland pose significant challenges to the Agency in the years ahead and the Agency's change programme "VLA 2007" is preparing us to deal with this and the risks that will arise. The commitment of our staff and the embracing of new technology to support our work means that we are well placed to meet these challenges and indeed develop related opportunities to improve service to all of our customers.

Next year sees the completion and preparation for implementation of the Domestic Revaluation, a major challenge both professionally and logistically. The valuation assessments will be published on a phased basis commencing at the end of June 2006 and we expect considerable volumes of contacts from ratepayers, seeking information or querying the values produced. To manage this effectively we have developed a customer contact strategy utilising a Call Centre front-end backed up by VLA staff, thereby ensuring that queries can be handled at the most appropriate level.

The VLA and RCA have commenced the implementation of the Unification Programme announced in February 2005 by the then Minister, the Rt. Hon. Ian Pearson MP. This represents the most significant change in our 150-year history and will deliver improvements to the rating system, and the service we offer to our customers.

The work done in that will also ensure progress toward the creation, in 2008, of the wider Land and Property Services Agency, announced by the Secretary of State for Northern Ireland in March 2006 as part of the Review of Public Administration in Northern Ireland. That body will incorporate VLA, RCA, Ordnance Survey of Northern Ireland (OSNI) and the Land Registers of Northern Ireland (LRNI) and participating in the larger, multi-faceted organisation will bring many new and exciting opportunities for this Agency and all its staff.

A handwritten signature in blue ink, appearing to read 'Nigel Woods'.

## N D Woods

Chief Executive & Commissioner of Valuation

22 June 2006



# Highlights of the Year

## During the year:

- A wide cross-section of Agency staff worked with LogicaCMG to achieve successful “go-live” for the Agency’s new core IT system in January 2006.
- 600,000 CAMA based valuations were produced for Domestic Revaluation.
- A further 100,000 manually assessed valuations of non-bulk type domestic properties.
- The Agency signed a contract with a Call Centre supplier as part of the contact management strategy.
- Over 300 Agency staff were trained in the use of the new core IT system.
- Team structures were established to take forward VIA / RCA unification.
- A “proof of concept” pilot of joined-up working with Belfast Building Control was successful in demonstrating cost effectiveness.
- 6 staff achieved success in the Royal Institution of Chartered Surveyors Assessment of Professional Competence and 1 staff member was successful in the RICS Rating Diploma.
- 6 staff were successful in general service promotion boards.





# Section 1: Introduction

## Our Business

The Valuation and Lands Agency has been an Executive Agency within the Department of Finance and Personnel (DFP) since 1993. Originally known as the Valuation Office we have been responsible for rating assessments for over 150 years, and since 1945, for a range of general valuation and estate management services within the public sector.



### **Our main business goals are:**

**“To maintain a Domestic Rating Assessment Service which achieves high credibility with all stakeholders, delivering regular Revaluations, the next by April 2007”.**

We are mandated to undertake this statutory function by the Rates (Northern Ireland) Order 1977 and the Ministerial announcement in December 2002 of a capital-value Domestic Revaluation. The current Domestic entries in the Valuation List have a Net Annual Value (NAV) of £131.7m (1976 values).

**“To maintain a Non-Domestic Rating Assessment Service which achieves high credibility with all stakeholders”.**

We are mandated to undertake this statutory function by the Rates (Northern Ireland) Order 1977. The current Non-Domestic element of the Valuation List has an NAV of £1,272m (2001 values).

The Valuation List, both Domestic and Non-Domestic, is the basis for the generation of £918.5m rates revenue.

**“To deliver a Valuation and Advice Service to the public sector which achieves high levels of satisfaction with all stakeholders”.**

The Departmental Objective B “to deliver efficient and cost effective services to the public in the Department’s areas of executive responsibility” provides our mandate for the majority of this business area. We were mandated to undertake the estate management function following a report by the Northern Ireland Efficiency Scrutiny on the “Management and Disposal of Government Owned Land” (March 1994).



## Our Organisation

Our Chief Executive, who also occupies the statutory post of Commissioner of Valuation (CEO / COV), is responsible to the Minister for the effective operation of the Agency, the fulfilment of its statutory functions, and providing valuation services to the public sector. The Chief Executive is assisted by:

- Two Assistant Commissioners - Assistant Commissioner Operations, Assistant Commissioner Corporate and Professional Services;
- Management Board - which comprises the CEO / COV, 2 Assistant Commissioners, 6 District Valuers and the Head of Corporate Services.

Some 327 Staff worked in the Agency in 2005-06 of whom 178 are in the Professional and Technical discipline.

We deliver our services from a network of 7 District offices across Northern Ireland. The public have access to all of these offices (see Office Network).

## Vision and Mission

### **Vision:**

"To be recognised as a leading public sector valuation organisation."

### **Mission:**

"To provide a property valuation and advice service which: meets the needs of DFP in the fair operation of the property taxation system and of the public sector in carrying out its functions; and is open and accessible to the public in general".

## DRC Allocation

The Agency was allocated £11.10m in respect of Departmental Running Costs (DRC) in 2005-06.



# Office Network

District Office	District Council Area	Address, Telephone and Fax Numbers
Ballymena	Ballymena, Ballymoney, Carrickfergus, Larne, Moyle, Newtownabbey	Government Offices, 12-14 George Street, Ballymena BT43 5AP Tel: 028 2566 0713 Fax: 028 2566 0711 Email: Ballymena.VLA@dfpni.gov.uk
Bangor	Ards, Castlereagh, North Down	Crown Buildings, Hamilton Road, Bangor BT20 4LQ Tel: 028 9127 9049 Fax: 028 9147 1644 Email: Bangor.VLA@dfpni.gov.uk
Belfast - Rating	Belfast	Queen's Court, 56-66 Upper Queen Street, Belfast BT1 6FD Tel: 028 9054 3922 Fax: 028 9054 3930 Email: Belfast.VLA@dfpni.gov.uk
Belfast - Client Services		Queen's Court, 56-66 Upper Queen Street, Belfast BT1 6FD Tel: 028 9054 3926 Fax: 028 9054 3930 Email: Belfast.VLA@dfpni.gov.uk
Craigavon	Armagh, Craigavon Newry & Mourne	Marlborough House, Central Way, Craigavon BT64 1AD Tel: 028 3832 0016 Fax: 028 3832 0177 Email: Craigavon.VLA@dfpni.gov.uk
Lisburn	Antrim, Banbridge Down, Lisburn	1 The Sidings, Antrim Road, Lisburn BT28 3AJ Tel: 028 9262 3531 Fax: 028 9262 3555 Email: Lisburn.VLA@dfpni.gov.uk
Londonderry	Coleraine, Derry, Limavady Magherafelt, Strabane	Waterside House, 75 Duke Street, Londonderry BT47 6FP Tel: 028 7131 9056 Fax: 028 7131 9087 Email: Londonderry.VLA@dfpni.gov.uk
Omagh	Cookstown, Dungannon Fermanagh, Omagh	Boaz House, 19 Scarffe's Entry, Omagh BT78 1JG Tel: 028 8225 4737 Fax: 028 8225 4880 Email: Omagh.VLA@dfpni.gov.uk
Central Advisory Unit		Queen's Court, 56-66 Upper Queen Street, Belfast BT1 6FD Tel: 028 9025 0700 Fax: 028 9054 3770 Email: CAU.VLA@dfpni.gov.uk

# Section 2: Summary of Performance

## Ministerial Targets 2005-06

DFP's Internal Audit has validated performance against the following targets.

Ministerial Targets	Results Achieved
To have generated initial capital-value assessments for all domestic properties by 31 October 2005.	<b>Not Achieved.</b> Completed on 14 December 2005.
By 30 January 2006 to have verified and signed-off all valuations to ensure that a new List is ready for publication by 31 March 2006.	<b>Not Achieved.</b> A new List of capital-values will be published by 30 June 2006.
By March 2006 to have in place all facilities needed for public interaction relating to the new capital-value assessments - notifications, call centre, website, interview and further access arrangements.	<b>Deferred</b> until 30 June 2006 in line with the publication of the Valuation List.
To demonstrate the ability to achieve full-cost recovery in respect of Client Services.	<b>Achieved.</b>
By 31 March 2006 to ensure the successful unification of VLA and RCA.	<b>Deferred.</b> A date change to this target was agreed in 2006, and should now read "By 31 March 2007 to ensure the successful unification of VLA and RCA".



# Balanced Scorecard

## Table of Achievement

To facilitate the achievement of the Ministerial targets and ensure success in delivering its business, the Agency uses the Balanced Scorecard approach in developing key operational challenges and targets.

A Performance Indicator was developed for each Key Challenge specified in the Business Plan. The tables below show the Key Challenges, the Performance Indicators and the Level of Achievement.

<b>Balanced Scorecard: 1. Deliverables</b>			
<b>No.</b>	<b>Key Challenges</b>	<b>Performance Indicators MT = Ministerial Target</b>	<b>Level of Achievement</b>
1.1	Domestic Revaluation - Delivery of Valuations.	<b>MT - To have generated the initial capital -values estimates for all properties by 31 October 2005.</b>  <b>MT - By 30 January 2006 to have verified and signed-off all valuations to ensure that a new List is ready for publication by 31 March 2006.</b>	<b>Not Achieved.</b> Completed on 14 December 2005.  <b>Not Achieved.</b> A new List of capital-values will be published by 30 June 2006.
1.2	Dealing effectively with Applications.	Report on A3CNs and A3CDs outstanding.	
1.3	Dealing effectively with Appeals.	Turnaround of 12 weeks average.	<b>Achieved</b> 11.93 weeks.
1.4	Non-Domestic Revaluation 2009.	To produce Project Initiation Document (PID) and outline business case for Non-Domestic Revaluation no later than end of December 2005.	<b>Partly Achieved.</b> Draft Project Initiation Document produced. Business Plan delayed due to other work pressures.
1.5	Client Satisfaction.	Maintain CPI for Clients in work programme at 2004-05 outturn of 74.5  Research and establish internal timeliness targets for all areas of work and develop related WiP benchmarks to monitor District pressures.	<b>Deferred.</b> Survey postponed until 2006-07.  Targets established for all work. Benchmarks await CSR reports.
1.6	Average Days for Key Rating Cases (Timeliness).	Average Days New Domestic 90 days. Non-Domestic Alterations 120 days. New Non-Domestic 90 days. Non-Domestic Applications 150 days.	<b>Not Achieved.</b> New Domestic = 91 days. ND Alterations = 222 days. New ND = 141 days. ND Applications 531 days.
1.7	Rating Cases completed and outstanding.	Monthly Report to Management Board.	33,376 Cases completed, 44,707 Cases outstanding.

### Balanced Scorecard: 1. Deliverables

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
1.8	Value new / altered properties accurately and on time (Valuation Standards).	Monitor List Leakage for A3CN Cases on a cumulative basis from 1 April 03 (excluding deletions).	<b>Deferred.</b> No figures available due to VALCOM / AO reconciliation difficulties.

### Balanced Scorecard: 2. Improvement / Capacity Building

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
2.1	Core System Replacement (CSR).	<p>AODR "go-live" 1 April 2005. (full implementation May 2005).</p> <p>System passes Acceptance Testing by 30 May 2005.</p> <p>Phase I sign-off and "go-live" (including Contingency) by 24 June 2005 - programmed for end of August 2004.</p> <p>Release Shell with Phase II developments for VLA test by 29 July 2005.</p> <p>Phase II sign-off and "go-live" (including Contingency) by 18 November 2005.</p>	<p>AODR "go-live" achieved 01/04/05</p> <p><b>Not Achieved.</b> System passed Phase I Acceptance Testing, going "fully live" on 17 January 2006.</p> <p><b>Not Achieved.</b> System "go-live" achieved on 17 January 2006.</p> <p>Phase II tasks to be taken forward under CSR Support Agreement (currently under development).</p>
2.2	Rating Database.	Complete an Audit report for Non-Domestic and issue data standards by December 2005.	<b>Not Achieved.</b> Action delayed due to other work pressures.
2.3	Improvement Projects.	<p>Take forward a review of the BCNI Project, including experience gained from wider Belfast Pilot, by 31 March 2006.</p> <p>To report progress, each quarter, on BCNI Project.</p>	Work ongoing and progress being monitored. 6-month review approved by the Project Board.
2.4	Rating Reform.	VLA input to contribute to bringing forward reforms on target. Update to Management Board.	<b>Achieved.</b>
2.5	Development and Training Strategy.	Complete HR Strategy and Implementation Plan by 30 September 2005.	<b>Not Achieved.</b>



<b>Balanced Scorecard: 2. Improvement/Capacity Building</b>			
<b>No.</b>	<b>Key Challenges</b>	<b>Performance Indicators</b> <b>MT = Ministerial Target</b>	<b>Level of Achievement</b>
2.6	Public Interface Project (PIP).	<p><b>MT - By 31 March 2006 to have in place all facilities needed for public interaction relating to the new capital-value assessments - notifications, call-centre, website, interview and further access arrangements.</b></p> <p>Business Case approved by 1 July 2005.</p> <p>Procurement to be achieved by 1 December 2005.</p>	<p><b>Deferred</b> until 30 June 2006 in line with the publication of Valuation List.</p> <p>Business Case approved 7 July 2005.</p> <p>Procurement completed during December 2005.</p>
2.7	VLA / RCA Unification.	<p><b>MT - By 31 March 2006 to ensure the successful unification of VLA and RCA.</b></p> <p>By 1 June 2005 to have project management structure in place and PID approval and proven, at best, resource neutral.</p>	<p><b>Deferred.</b> Ministerial target rescheduled to 31 March 2007.</p>
<b>Balanced Scorecard: 3. Processes</b>			
<b>No.</b>	<b>Key Challenges</b>	<b>Performance Indicators</b> <b>MT = Ministerial Target</b>	<b>Level of Achievement</b>
3.1	Client SLAs.	<p>All SLAs for notional clients to be reviewed by December 2005 in line with Departmental Charging Review Plan.</p> <p>All SLAs for hard-charged Clients to be reviewed by December 2004.</p>	<p><b>Not Achieved.</b> 4 out of 7 reviewed.</p> <p><b>Not Achieved.</b> 6 out of 8 reviewed.</p>
3.2	Client Management.	<p>Internal budgets allocated to clients by 31 May 2005.</p> <p>Monitoring arrangements in place by CSR "go-live" plus 4 months.</p>	<p><b>Achieved.</b></p> <p><b>Deferred</b> to 2006-07.</p>
3.3	Freedom of Information (Fol).	<p>Ensure the Agency answers Fol requests within the 20-day deadline.</p>	<p><b>Achieved.</b> 55 questions answered since 1 January 2005, all within deadline.</p>
3.4	Corporate Governance.	<p>Satisfactory internal report from the Audit Risk Committee (ARC) on 6-monthly basis. Stewardship Statements to be completed on time.</p>	<p><b>Achieved.</b></p>



**Balanced Scorecard: 4. Resources**

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
4.1	Expenditure.	Maintain expenditure within limits and plans.	<b>Achieved.</b>
		Finance update to MB.	<b>Achieved.</b>
4.2	Full-Cost Recovery.	<b>MT - To demonstrate the ability to achieve full-cost recovery in respect of Client Services.</b>	<b>Achieved.</b>
4.3	Receipts.	Monthly update to MB.	<b>Achieved.</b>
4.4	Rating Unit Cost.	Achieve Rating Unit Cost target.	<b>Not Achieved</b> due to redeployment of resources into CSR and revaluation.
4.5	Resource agreed Work Programme.	Report on exceptional deviation from plans.	

# Section 3: Main Business Areas

## Rating

### Current List Maintenance

#### Review of the Year

Five non-recurring factors influenced list maintenance activity in 2005-06:

- The completion of the Revaluation of all Domestic property and the unplanned additional calls on resource from that quarter;
- The extended deployment of experienced staff to work in testing and development of the new core IT system, and the training of all rating staff prior to "go-live" in January 2006;
- As expected staff took time to become familiar with the new system with a resultant further impact on productivity;
- When the system went live a number of problems were identified that were required to be rectified before any real progress could be made to complete casework;
- The first stage of the phase out of industrial derating began on 1 April 2005.

This diversion of resources resulted in a significant impact on productivity after November and, as a result, during the year we completed 33,376 cases against a projected target of circa 51,500. Prioritisation of casework ensured that we concentrated on (most value significant) new properties - both domestic and non-domestic and on non-domestic properties that had been subject to major changes.

The lower than planned output resulted in an increase in the total number of cases awaiting action, with an increase over the March 2005 position of 14,992 cases to a total of 44,707 outstanding. A key objective for the year ahead will be the effective management and reduction in the volume of backlog cases.

The targets set for the Agency in 2005-06 focused on the delivery of a Domestic Revaluation and the Public Interface Project, which will deliver the customer-facing structures needed to handle enquires and appeals post publication. List maintenance targets were therefore relegated to Chief Executive (CE) targets. The priority of work in connection with the Domestic Revaluation and the problems associated with the introduction of our new IT system meant that these CE targets were not achieved.

The main target is always Rating Unit Cost, which is a measure of our efficiency in dealing with casework. The target was to achieve a rating unit cost of no greater than £233 expressed in 2001-02 prices. The table below gives details of, and comparison with, previous years and clearly demonstrates the impact on productivity referred to above.

Rating Unit Cost	2003-04 Outturn	2004-05 Outturn	2005-06 Target	2005-06 Outturn
Unit Cost	£233 *	£233 *	£233 *	£268 *

\* All totals are expressed in 2001-02 prices



### **Main Activities**

Priority was given to new properties with 9,462 new houses and apartments and 1,168 new non-domestic properties being valued. Additionally 2,570 non-domestic properties and 12,054 domestic properties were revalued following alterations. In addition, we dealt with 662 cases where either industrial derating or charitable exemption had to be decided. An application for revision is the first stage of the appeals process and we dealt with 1,295 non-domestic and 804 domestic cases where applicants were seeking a revision of the Valuation List.

### **Appeals and Lands Tribunal**

During 2005-06 the Chief Executive targets for appeals were as follows:

- Valuation Standards - alterations to valuations to be within +/- 10% in 87% of non-domestic cases and 95% of domestic cases.  
The respective outturns were 88% and 95%.
- Timeliness - a turnaround time for all appeals of 12 weeks.  
Actual performance was 11.93 weeks.

As with mainstream List maintenance activity the appeals section was affected by external factors beyond its control. In particular the changeover to the new computer system during December and January had a significant impact on timeliness.

The section also dealt with a number of appeals to the Lands Tribunal. By their nature these cases are difficult, contentious and time-consuming even though few actually go to a full hearing. The Tribunal encourages dispute resolution without the need for appearances in court and several recent cases have been successfully resolved on this basis.



## Domestic Revaluation

Revaluation, for rating purposes, of over 700,000 domestic properties for the first time in 30 years on the basis of capital-values was always going to be challenging. 600,000 of these properties were valued using Computer Assisted Mass Appraisal (CAMA) techniques for the first time. The remaining 100,000 made up of properties that do not readily fall into a bulk classification - mansions, apartments etc., were valued manually by professional staff. During the year valuation models, which complied with international standards, were developed for each market area.

The initial testing of the proprietary revaluation software was very encouraging and indicated that valuations would be produced to acceptable levels of accuracy. However, difficulties arose with the full-scale run of the software and, having "used up" all of the resource contingency within the Revaluation plan in dealing with core IT system issues, we were unable to absorb and deal with these new problems during the final quarter of the year.

The Agency undertook an extensive review and validation of the modelling and valuation processes, and drew on external advice and expertise from the International Association of Assessment Officers (IAAO). Further refinement of the valuation modelling software was, after a short delay, completed early in 2006. Procedures were validated and improvements incorporated as appropriate.

The initial target date of 31 March 2006 for completion of the Revaluation exercise including Valuer reviews of the computer generated estimates, was revised to 24 May 2006 and the Agency is now on target to meet that new deadline. It is planned to publish the new assessments at the end of June 2006, the values to come into effect on 1 April 2007.

During 2005-06 a Public Interface Project was initiated with the objective of developing the systems and procedures that had to be in place to ensure that householders had open and transparent access to information relevant to the new domestic property capital-values. At that time we were working towards a publication date of April 2006.

The Project aimed to provide a range of channels to allow ratepayers access to the Agency to resolve queries they might have on specific property assessments.

Although the publication timetable has slipped to end June 2006, we have completed a procurement for a "Managed Service" contact centre which is expected to commence operations in June / July 2006 and to handle over 130,000 telephone calls. We are also on target to publish the revaluation details via the Agency's website in June 2006 and to write to the 700,000 owner / occupiers with details of their individual property assessments during July and August 2006.

## Valuation and Advice Service

### Client Services

The Valuation and Lands Agency provides services to government departments and public sector bodies. We do not currently undertake work for private individuals, commercial organisations, charities, community groups or other voluntary bodies.

### Review of the Year

Further focus on core activities resulted in a reduction of approximately 6% in incoming work. During the year staff in Client Services division helped out with the capital valuations being prepared for the Domestic Revaluation. Despite the reduced intake, non-asset valuation work in progress increased by around 1,200 cases to 3,980 at the year-end.

Activities generated £1.13m in receipts and the key target of demonstrating the ability to achieve full-cost recovery was met.

### Main Activities

The main professional services we offer are closely related to the functions of the main departments and public bodies. During 2005-06 the most commonly requested services fell into the categories of:

**Procurement** - providing professional input into expenditure appraisals, assisting with the formulation of property options and carrying out site and premises searches. When a preferred option has been identified we negotiate terms for purchase or lease.

**Compulsory Acquisition** - advising acquiring authorities both before and after vesting on all aspects of compulsory purchase and negotiating individual claims for compensation on their behalf.

**Compensation** - assessing and negotiating compensation arising out of criminal damage, the acquisition of wayleaves for public utilities and the restriction of agricultural operations in Areas of Special Scientific Interest.

**Accounts Valuations** - the VLA holds detailed property records on all public sector property for non-domestic rating purposes. This is supplemented with details needed to produce asset valuations in connection with resource accounting and during the year we provided valuations of whole portfolios for inclusion in financial statements and also provided indices for adjustment of values between revaluations.

**Disposals** - advising Clients, in line with Government Accounting and other guidance, at all stages of the disposal process. We valued surplus property for transfer to other departments, undertook direct negotiations with former owners and sitting tenants, advised on the best means of disposal, appointed agents and approved selling prices. We also worked closely with the Central Advisory Unit, to ensure disposing departments complied with their statutory and legal responsibilities.

**Landlord and Tenant** - advising on the processes and conduct of negotiations in respect of new leases, rent reviews, lease renewal or surrender and the requesting or granting of landlord consents under a lease. We also undertook lettings, rent reviews and lease renewals for tenanted property owned by clients.

**Property Asset Management** - Government Accounting Northern Ireland requires that holdings of freehold and leasehold land and buildings be kept under constant review. We advised on opportunities to maximise the value of property assets held by Clients and helped identify development potential and property, which may be surplus to requirements.



**Grant Funding Appraisals** - carrying out development appraisals and advising on the need for shortfall funding in respect of urban regeneration, heritage and economic development schemes. We also worked closely with grant awarding bodies and their grant-aided partners in the design and operation of overage and claw back arrangements. These ensure an equitable split between the partners of any windfall gain not anticipated when the grant was made.

**Valuation** - we undertook capital and rental valuations of agricultural, residential, commercial and industrial land and property for a wide range of statutory and extra-statutory purposes including social security benefits, housing grants, rental allowances, transfer between bodies etc. We also handled appeals under the Housing Executive's House Sales scheme and the NI Co-ownership Housing Association's Equity sharing scheme.

**Taxation** - we provided valuations to Her Majesty's Revenue and Customs for the purpose of National Taxation: Capital Gains Tax, Inheritance Tax, Corporation Tax, Income Tax and Stamp Duty Land Tax. We advised on separate values attributable to elements of a property entitled to relief and negotiated settlements with taxpayers or their representatives.

**Consultancy** - providing consultancy advice on specific property related schemes and programmes, many related to urban regeneration, and in respect of general functions related to land and property. Urban regeneration advice covered scheme definition, land assembly, use of compulsory purchase powers, the structuring and operation of development agreements, and the implement of claw back and overage provisions. General advice included Estate Management and Disposal Strategies for larger estates.

## Central Advisory Unit (CAU)

The CAU exists to promote excellence in estate management practice in the public sector. This covers strategic planning for property at estate and individual asset level, and involves the giving of advice on acquisition, economic appraisal, management and disposal activities. In addition, the Unit has specific responsibility for the maintenance of guidelines on the disposal of surplus public sector land and property.

### Review of the Year

During the year the Unit devoted most of its resources to the provision of advice on issues associated with the disposal of surplus lands. This was given on a case-by-case basis for individual clients. The Unit also continued to provide a clearing-house for surplus land by circulating details to other public bodies that might be interested in acquiring it.

The guidelines on disposal of surplus property were revised during the year in response to the Northern Ireland Audit Office report on Health Estates and other changes in law and practice since the last revision was carried out.

A judicial review into the disposal of former New Town lands in Ballymena has been ongoing throughout the year and the Unit has continued to provide expert witness support and advice.

In its general advice role the Unit covered a wide range of topics. A number of these arose from the vacation of former security force bases and the emphasis attached to taking a "joined-up approach" to their disposal and subsequent redevelopment.

## Corporate Services

### Information Systems

#### Core System Replacement (CSR)

A contract was awarded in early 2003 to LogicaCMG (as prime contractor) for the development and implementation of a system to replace the VLA's then current, but obsolete, core IT business system, VALCOM. The new system would be implemented using a valuation software package in widespread use in the USA and Canada - Assessment Office (AO).

The overall project was phased and the contractor completed development of the first phase and released it for user testing in February 2004. However, protracted difficulties were encountered in testing that led to the introduction of a new supplier management team and a revised contract was agreed in early 2005.

As part of that contract revision LogicaCMG implemented an interim system to support the Agency's prime business target - Domestic Revaluation. The purpose of this was to minimise the impact that any further problems with the CSR project might have on the Domestic Revaluation programme. The interim system went live in early 2005-06 and successfully supported the data management activities of Domestic Revaluation throughout 2005-06.

The first, main phase of the CSR system went live in January 2006 and is bedding down well, providing full support to the business-as-usual activities of the Agency. LogicaCMG are supporting the system under an interim agreement and a final full support arrangement, also covering outstanding areas of development from the main project, is expected to be agreed first quarter 2006-07.

#### Other Developments

The Domestic Revaluation project used Computer Assisted Mass Appraisal techniques that delivered specialist valuation software components for calculation of domestic property capital valuations. The CAMA software is based around Geographical Information System (GIS) technology and it is planned that such tools will be made more widely available to Agency staff during the incoming year.

The Agency's Information System Services (ISS) unit continues, in addition to its main project work, to support a range of bespoke valuation-related systems and services and standard office automation software products. These deliver significant efficiency benefits in support of various Agency business activities.

### Customer Service

The policy of the Agency continues to be: to agree operational arrangements with clients by way of Service Level Agreements (SLAs); and to meet the requirements of Service First.

#### Service First

The Agency applies the principles of Service First. Our Charter Statement and Customer Complaints procedures are available from all our offices and can also be supplied, on request, in large type, audiotape, Braille and in some languages other than English. These documents are also available on our website.

We remain firmly committed to meeting the Service Standards laid down by government and systems have been put in place throughout the Agency to monitor performance against these standards.



### **'Publishing Service Standards'**

The Agency continued to meet this standard. Charter and Complaints procedure documents are available to all callers and may also be viewed on the internet at [www.http://vla.nics.gov.uk](http://vla.nics.gov.uk) - together with the Valuation List. In addition, the Agency may be contacted by email at [email.vla@dfpni.gov.uk](mailto:email.vla@dfpni.gov.uk)

### **'Service Accessibility'**

We are available between 9:30am and 4:00pm at all our offices and can be contacted by telephone and email. If necessary, we will visit ratepayers in their own homes.

### **'Seeing Callers'**

Our performance against this target is shown below -

#### **Seen within 10 minutes**

<b>2004-05</b>	<b>2005-06</b>
100%	100%

### **'Answer telephone calls'**

Our target is to answer all calls to a designated telephone query point at our headquarters (028 9054 3840) within six rings. All calls are answered within this target.

### **'Answering Letters, Faxes and Emails'**

Our target is to answer all correspondence within 10 days and our performance against this target is shown in the table below.

#### **Answered within 15 days**

#### **Answered within 10 days**

<b>2004-05</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2005-06</b>
100%	-	100%	90.3%

### **'Have a Complaints Procedure'**

The Agency has a Complaints procedure as detailed above. In addition we have a complaints officer in each office and guidance on the complaints procedure has been published.

Following a review of our Customer Service Standard in-year, Complaints Procedures have been reviewed and revised. All staff will receive training in the new procedures.

## **Human Resources**

The Agency's Personnel and Training team plays a key role in ensuring there are appropriate levels of staff with the necessary skills to deliver our key targets and objectives and to meet the many changes and challenges ahead.

### **Personnel**

This was a very busy year for the section, during which the Agency recruited 48 new staff, 3 of whom are temporary contract employees and several others who are on-loan or otherwise temporarily deployed to VLA for project purposes.





Additionally, we employed 9 Sandwich Students and 14 summer students on a temporary basis. These temporary staff make a valuable contribution to the work of the Agency on different levels and all gain useful experience of the work environment from their time with the Agency.

5 Graduate Trainees (GTAV) and 1 Assistant Valuer (AV) successfully completed their Assessment of Professional Competence (APC) and were through graded to Valuer 2. Additionally 6 administrative staff were successful in general service promotion competitions - two have been retained in the Agency. The Agency's Personnel Section has played a central part in maintaining staffing levels, deputising arrangements and in ongoing development of internal policies and procedures. It was pleasing to note that despite the pressures on staff during the year the level of absenteeism was reduced.

The Department's Personnel Division and Central Personnel Group continued to provide invaluable support during the year on various staffing matters.

The Agency's staff are Civil Servants within the Northern Ireland Civil Service Terms and Conditions of Service.

### **Staff Development**

People management and development is a key issue for the Agency with expert staff being crucial to the achievement of our vision and mission.

Development needs based on business objectives were identified at strategic, divisional and individual levels at the beginning of the year and formally reviewed mid-year. Plans were put in place to meet those development needs but the impact of the operational setbacks experienced during the year has meant that not all training originally planned was delivered.

Senior Management recognised the pressures on staff resulting from the number of business change projects being taken forward and have taken steps to mitigate this through operational prioritisation and initiatives such as the delivery of stress awareness seminars for all staff.

The Agency recognises the need to provide proper development for new staff joining the Agency. The existing induction and training programme for new AO Caseworking staff, Graduate Trainee Assistant Valuers and Sandwich Students was reviewed and an improved course was delivered to new staff this year.

We remain committed to developing the professionalism of all of our staff in support of our vision to be a leading public sector valuation organisation. We are currently assisting 28 staff who are working towards the Assessment of Professional Competence to enable them to achieve professional membership of the Royal Institution of Chartered Surveyors (RICS). Three staff achieved their APC in Spring 2005, three were successful in Autumn 2005 and a further four have applied for the Spring 2006 assessment.

As part of the Agency's "VLA 2007" programme of change the HR section is developing an HR Strategy for the Agency. The objective of this is to develop and implement management strategies and plans and to ensure appropriate staff availability for the Agency's managers to deliver results at a business level. We looked at the strategic drivers, including the Government's Reform and Modernisation Programme and other external influences that have significant implications for us over the next three years. This strategy has been reviewed in 2005-06 business year and a revised Strategy and HR Balanced Scorecard detailing the key actions and targets for the 2006-07 year have been developed. This will allow us to monitor and report on progress on a continuous basis.

### **Investors in People (IiP)**

The Agency is aiming for re-recognition against the Investors in People standard in November 2006. We remain committed to developing a culture of excellence in people management and development and, in association with this aim, to maintain the IiP standard.



### **Health and Safety**

We adhere to Departmental Policy and work closely with the Departmental Health and Safety Officer to ensure the effective implementation of Health and Safety policies and Strategies. The fully revised and updated "Health & Safety in the Field" policy has been approved by the Agency's Management Board and became effective in December 2005. The Agency remains committed to the health and safety of its staff and to the development and implementation of related policies and procedures. The Agency's Health and Safety Committee, which meets regularly, is the forum for discussing these matters.

### **Equal Opportunities**

The Agency adheres to NICS policy in this area and continues to review its procedures to ensure compliance in all aspects and the development of best practice.

### **Finance**

The Agency's expenditure comprises mainly running costs, the major part of which relates to salaries and wages. Our receipts consist of charges for valuation services to non-Exchequer clients (NDPBs, District Councils, etc.) and Great Britain departments. Valuation services to Exchequer clients (NI Civil Service departments) are provided on allied service terms and these clients are advised on the cost of the work. There is no cross subsidisation between categories.

### **Performance**

The Agency's Ministerial target for 2005-06 in the area of finance was:

- **To demonstrate the ability to achieve full-cost recovery in respect of Client Services.** This is achieved through charging for the full-cost of services on either hard or notional basis.

Considerable investment in our business and financial planning processes has allowed us to set charge rates to recover all costs and therefore achieve this target. We have continued to develop and refine our procedures for the monitoring of workflows and the allocation of Valuer and management time and running costs.

The ability of these systems to ensure full-cost recovery is demonstrated by the outturn figures shown in the Accounts.

### **Accounts**

Our Annual Accounts have been prepared in accordance with the Department of Finance and Personnel Direction issued on 21 December 2005, which requires us to prepare our accounts in accordance with the Government Financial Reporting Manual (FRM). The Comptroller and Auditor General has audited the Accounts.

### **Financial Management**

The appropriateness of our current charging regime, whereby the Agency provides services to other Departments within NICS on allied service terms has been kept under review throughout the year. The Agency remains in close consultation with the Department on this issue and will move to charge all clients when policy has been agreed across NICS.

### **Accountability**

Current budget delegated limits remained unchanged during the year.

### **Pay Delegation**

The Chief Executive assumed responsibility for pay arrangements from 1 April 1996. The Agency shadowed the NICS core arrangements in 2005-06.

# Section 4: Chief Executive and Commissioner's Report

## **Accounts Direction**

These are the Valuation and Lands Agency's (VLA) audited Accounts for the Financial Year ended 31 March 2006. The Accounts have been prepared in accordance with the Department of Finance and Personnel Direction issued on 21 December 2005 and the Government Resources and Accounts Act (Northern Ireland) 2001.

## **History and Principal Activities**

The Valuation and Lands Agency has been an Executive Agency of the Department of Finance and Personnel in Northern Ireland since 1 April 1993.

Our core functions, as set out in the Framework Document are to:

- maintain the Valuation List for rating purposes in Northern Ireland;
- provide a complete valuation, estate management and property information service to the public sector; and
- provide the Department and Ministers with advice on matters relating to land management and valuation.

Additionally:

- the Central Advisory Unit within the Agency advises on effective policy in the management of the public sector property estate, and has responsibility for policy in connection with the disposal of surplus property.

## **Funding**

The Agency is funded entirely through the Department of Finance and Personnel's Resource Account. The main area of expenditure is pay.

## **Business Review**

A full review of our activities during the year is given on pages 8 to 25 of the Annual Report.

## **Events Occurring After Year-End**

There have been no significant events since the year-end that would affect these Accounts.

## **Future Developments / Research and Development**

The Minister announced, in December 2002, a Revaluation of all Domestic properties in Northern Ireland on a capital-value basis to be published in 2006. The publication date was subsequently rescheduled to 2007 and throughout this year the Agency has implemented strategies to ensure the timely delivery of this objective.

The development work on the Agency's new core IT system was a high priority during 2005-06. This system is a critical success factor in the Agency's ability to deliver the Domestic Revaluation. The first phase of the new system, which supports the Agency's core business, went live in January 2006. Further enhancement and functionality will be added through 2006-07.

The effectiveness of the Agency is highly dependant on the use of IS / IT and modern core systems will enhance the Agency's ability to share and make better use of information under "e-government" and "Modernising Government" initiatives.



## Management Board

The Agency Management Board deals with strategic, financial and personnel issues and the relationship with the Department and comprises:

	<b>Chairman</b>
N D Woods	Chief Executive & Commissioner of Valuation
	<b>Board Members</b>
D Rainey	Assistant Commissioner, Operations Division
A Bronté	Assistant Commissioner, Corporate and Professional Services
D Annett	District Valuer
P McGuckin	District Valuer
A Hanna	District Valuer
A Hazlett	District Valuer
J Blacker	District Valuer
H Spence	District Valuer
D Stanfield	Corporate Services

## Financial Performance

The Income and Expenditure account on page 39 shows expenditure of £14.0m within which £9.6m was spent on staff costs, £0.44m on depreciation and £3.9m on other operating costs. Interest on capital employed amounted to £0.128m.

The key financial target for 2005-06 was to be able to demonstrate the ability to achieve full-cost recovery in respect of Client Services, through charging for the full-cost of chargeable services and raising notional invoices (on the same basis) in respect of non-chargeable services for Exchequer bodies. This target has been achieved and details are given on page 12.

## Fixed Assets

The Agency's fixed assets comprise computer equipment and applications software valued at £3.3m. There were £0.47m of additions acquired by the Agency during the year, which related mainly to the purchase of new core system software.

The Agency has adopted Departmental capitalisation thresholds and has reconciled its own and Departmental Fixed Asset Registers.

### **Prompt Payment Code**

We are committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 and British Standard BS 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

Regular reviews conducted to measure how promptly we paid our bills show that 99.06% of bills were paid within this standard. In this context it is relevant to note that the Agency does not itself pay suppliers directly, but processes all invoices through the Department of Finance and Personnel.

### **Employee Policies and Involvement**

We recognise that our most valuable asset is our people. We are therefore committed to, and operate within, the Department of Finance and Personnel policies on equal opportunity and responsibility for employment and career development of all staff irrespective of gender, ethnic background or disability.

Throughout the year we have sought to increase the involvement of staff and operational managers in clarifying their contribution to overall Agency goals. The views of all staff continued to be canvassed via Team Days, discussions with the Chief Executive Officer, team briefings and circulars. In addition, there are regular meetings between management and the local employee representatives.

### **Equality of Opportunity**

The Agency follows the NICS policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for the work.

### **Disabled Employees**

The Agency follows the Northern Ireland Civil Service Code of Practice on the employment of disabled people. The Agency aims to ensure that disablement is not a bar to recruitment or advancement. In the year 2005-06 the Agency employed 17 disabled staff.

### **Health and Safety**

We continue to pay special attention to the welfare of staff and clients, including matters relating to their health and safety. The Agency's Health and Safety policy is subject to continuous review, especially with regard to staff working in the field.

### **Auditors**

The financial statements are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. All relevant information was made available to auditors.

The audit certificate is reproduced on pages 37 and 38.



**N D Woods**

Chief Executive & Commissioner of Valuation

22 June 2006

# Section 5: Remuneration Report

## Remuneration Policy

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

The officials covered in this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments are contained in the Northern Ireland Civil Service (NICS) Staff Handbook. Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of VLA were as follows:

Name and Title	2005-06		2004-05	
	Salary (as defined below)	Benefits in kind (rounded to nearest £100)	Salary (as defined below)	Benefits in kind (rounded to nearest £100)
	£'000	£'00	£'000	£'00
N D Woods Chief Executive & Commissioner	85 - 90	-	85 - 90	-
D Rainey Assistant Commissioner	65 - 70	-	Consent to disclosure withheld	
A Bronte Assistant Commissioner	55 - 60	-	55 - 60	-
P McGuckin District Valuer	55 - 60	-	Consent to disclosure withheld	
D Annett District Valuer	55 - 60	-	55 - 60	-
A Hazlett District Valuer	50 - 55	-	50 - 55	-
A Hanna District Valuer	50 - 55	-	Consent to disclosure withheld	
J Blacker District Valuer	50 - 55	-	50 - 55	-
H Spence District Valuer	45 - 50	-	45 - 50	-
D Stanfield Head of Corporate Services	40 - 45	-	40 - 45	-



### Salary

"Salary" includes gross salary, performance pay or bonuses, any allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by VLA and thus recorded in these Accounts.

### Benefits in Kind

The monetary value of benefits in kind covers any benefit provided by the employer and treated by the Inland Revenue as a taxable emolument. No director was in receipt of any benefit in kind in the year.

Name and Title	Accrued pension at age 60 as at 31/03/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/03/06	CETV at 31/03/05	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'00
N D Woods Chief Executive & Commissioner	42.5 - 45 plus lump sum of 127.5 - 130	0 - 2.5 plus lump sum of 2.5 - 5	788	730	32	-
D Rainey Assistant Commissioner	27.5 - 30 plus lump sum of 85 - 87.5	0 - 2.5 plus lump sum of 2.5 - 5	458	444	22	-
A Bronté Assistant Commissioner	20 - 22.5 plus lump sum of 62.5 - 65	0 - 2.5 plus lump sum of 2.5 - 5	317	286	16	-
P McGuckin District Valuer	22.5 - 25 plus lump sum of 72.5 - 75	0 - 2.5 plus lump sum of 0 - 2.5	419	390	15	-
D Annett District Valuer	22.5 - 25 plus lump sum of 72.5 - 75	0 - 2.5 plus lump sum of 0 - 2.5	431	402	15	-
A Hazlett District Valuer	17.5 - 20 plus lump sum of 52.5 - 55	0 - 2.5 plus lump sum of 0 - 2.5	300	277	14	-
A Hanna District Valuer	20 - 22.5 plus lump sum of 62.5 - 65	0 - 2.5 plus lump sum of 0 - 2.5	358	332	14	-
J Blacker District Valuer	22.5 - 25 plus lump sum of 67.5 - 70	0 - 2.5 plus lump sum of 0 - 2.5	372	346	13	-
H Spence District Valuer	17.5 - 20 plus lump sum of 55 - 57.5	0 - 2.5 plus lump sum of 0 - 2.5	305	278	13	-
D Stanfield Head of Corporate Services	15 - 17.5 plus lump sum of 50 - 52.5	0 - 2.5 plus lump sum of 0 - 2.5	292	268	12	-



## Pension

Pension benefits are provided through the Civil Service Pension (CSP) 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 Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership 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. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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, the employer will match these 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 cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

## Cash Equivalent Transfer Values

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued 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 from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

#### **Real increase in CETV**

This 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 the end of the period.

A handwritten signature in blue ink that reads 'Nigel Woods'.

#### **N D Woods**

Chief Executive & Commissioner of Valuation

22 June 2006



Notes:

# Section 6: Accounts

## Statement of Agency, Chief Executive and Commissioner's responsibilities

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel requires the Valuation and Lands Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Valuation and Lands Agency and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Department of Finance and Personnel has designated the Chief Executive as the Accounting Officer of the Valuation and Lands Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Valuation and Lands Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in Government Accounting Northern Ireland.

## Statement of Internal Control

### 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the Department'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 Northern Ireland (GANI).



## **2. The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than 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 and prioritise the risks to the achievement of departmental 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 Valuation and Lands Agency for the year ended 31 March 2006 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

## **3. Capacity to Handle Risk**

Risk management is led by the Agency's Audit and Risk Committee (ARC), which comprises the Agency's Management Board and representatives from DFP Internal Audit and the Northern Ireland Audit Office. I chair this Committee and ownership of significant Agency risks is allocated to appropriate members of the Agency's Board. The Committee meets formally several times a year.

All members of the Committee have received training in the identification, assessment and control of risk. A number of key projects are ongoing and are controlled by managers trained in Prince2 and project risk management. Project risks are reviewed on a monthly cycle and reported to the Agency's Management Board.

At operational level Risk Control Frameworks have been developed in conjunction with the Department's Internal Audit Unit and are implemented to encompass all areas of operations. These frameworks are reviewed on a regular basis and are subject to annual formal review.

## **4. The Risk and Control Framework**

We have carried out appropriate procedures to ensure that we have identified the Agency's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk to the achievement of the departmental objectives.

The Management Board has ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. The Audit Risk Committee formally reviews risks and controls on a regular basis. Risk management has been incorporated fully into the corporate planning and decision-making processes of the Agency.

The Management Board receives periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and to monitor progress reports on key projects.

Key projects ongoing within the Agency are managed within a Programme environment, each project is owned by the appropriate member of the Agency Board and managed within a Prince2 project structure, by a project manager trained in Prince2 and risk analysis. The Gateway review process has been implemented for priority projects. These projects, and associated risks, are subject to monthly review by the Agency's Management Board.

The Department has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The Agency's Audit and Risk Committee agrees with the Head of this Unit a strategy for review of Risk and Control Frameworks for the incoming period, receives the Internal Audit reports on these reviews and manages the implementation of any recommendations contained therein. At end-of-year I receive Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control with recommendations for improvement.

#### **5. Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. 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 and the Audit Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Agency's Audit and Risk Committee meets on a regular basis to review the Risk and Control frameworks and is advised by the relevant risk managers, by Gateway Review reports (for priority projects) and the Head of Internal Audit.

#### **6. Significant Internal Control Problems**

In her Annual Assurance Report for the period the Head of Internal Audit has advised that a "substantial" level of assurance is appropriate for VLA systems, with the exception of concerns due to the level of non-compliance in relation to quality assurance checks of valuations within the Client Services division of the Agency. Only "limited" assurance is provided in this regard. This was discussed at the Agency's Audit Risk Committee meeting and steps have been taken to remedy this situation.

During the year the risk of delay in completion of the capital-value assessments for Domestic Revaluation was realised, resulting in publication being rescheduled to 30 June 2006. Initial testing of the proprietary revaluation software had been encouraging but, having "used up" all of the resource contingency within the Revaluation plan in dealing with core IT system issues, we were unable to absorb and deal with the difficulties arising with the revaluation software during the final quarter of the year.

The Agency undertook an extensive review and validation of the modelling and valuation processes, and drew on external advice and expertise from the International Association of Assessment Officers (IAAO). Further refinement of the valuation modelling software was, after a short delay, completed early in 2006. Procedures were validated and improvements incorporated as appropriate.



**N D Woods**

Chief Executive & Commissioner of Valuation

22 June 2006



## Valuation and Lands Agency

### The Certificate and Report of Comptroller and Auditor to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements of the Valuation and Lands Agency for the year ended 31 March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Income and Expenditure Account and Statement of Recognised Gains and Losses, 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.

#### Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency, Chief Executive and Commissioner's Responsibilities.

My responsibility is to audit the financial statements 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 the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. 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. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, 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 relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 34 to 36 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or 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. This other information comprises only the Chief Executive's Review, Highlights of the Year, Introduction, Summary of Performance, Main Business Areas, Chief Executive and Commissioner's Report and the unaudited part of the Remuneration Report. 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 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.

### **Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2006 and of the net cost of operations, recognised gains and losses and cash flows 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 the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; 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.



**J M Dowdall CB**  
Comptroller and Auditor General

27 June 2006

Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

# Accounts

## Income and Expenditure Account

For the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Income</b>	2	1,138	1,497
<b>Expenditure</b>			
Staff Costs	4	9,636	8,554
Depreciation	8	442	16
Other Operating Costs	5	3,936	4,148
<b>Total Expenditure</b>		14,014	12,718
<b>Cost of Operations Before Interest</b>		(12,876)	(11,221)
Interest on Capital Employed	7	(128)	(124)
<b>Net Cost of Operations</b>		<b>(13,004)</b>	<b>(11,345)</b>

The net cost of operations arises wholly from continuing operations.

The notes on pages 42 to 54 form part of these Accounts.

## Statement of Recognised Gains and Losses

For the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Unrealised Surplus / (Deficit) on Revaluation of Fixed Assets</b>	8	14	4

The notes on pages 42 to 54 form part of these Accounts.





## Balance Sheet

As at 31 March 2006

	Notes	2006 £'000	£'000	2005 £'000
<b>Fixed Assets</b>				
Tangible Fixed Assets	8		3,311	3,221
<b>Current Assets</b>				
Stock	9	45		51
Work in Progress	9	301		221
Debtors	10	542		827
		<b>888</b>		<b>1,099</b>
<b>Current Liabilities</b>				
Creditor amounts falling due within one years	11	575		307
<b>Net Current Assets / (Liabilities)</b>			313	792
<b>Total Assets less Current Liabilities</b>			3,624	4,013
Provision for Liabilities and Charges	12	163		169
			163	169
			<b>3,461</b>	<b>3,844</b>
<b>Financed by:</b>				
<b>Capital and Reserves</b>				
General Fund	13		3,190	3,587
Revaluation Reserve	13		271	257
			<b>3,461</b>	<b>3,844</b>

**N D Woods**

Chief Executive & Commissioner of Valuation

22 June 2006

The notes on pages 42 to 54 form part of these Accounts.



## Cash Flow Statement

For the year ended 31 March 2006

	<b>Notes</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Operating Activities</b>			
Net cash outflow from continuing Operating activities	15	(9,704)	(8,874)
Purchase of Fixed Assets	8	(467)	(673)
<b>Net cash outflow before financing</b>		(10,171)	(9,547)
<b>Financing</b>			
Net cash inflow from financing	16	10,171	9,547
<b>Increase / Decrease in Cash</b>		-	-

The notes on pages 42 to 54 form part of these Accounts.

# Notes to the Accounts

## 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2005-06 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM follows UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the 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.

### 1.1 Accounting Convention

The Accounts have been prepared in accordance with the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current costs.

The Accounts meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, in so far as those requirements are appropriate.

### 1.2 Fixed Assets

The Agency's fixed assets comprise computer equipment and applications software, which are revalued annually using appropriate indices compiled by the Central Statistical Office. The threshold for capitalisation as an individual or grouped fixed asset remains at £500 to ensure consistency throughout the Department of Finance and Personnel.

Where appropriate Surpluses and Deficits on revaluation are taken to the Revaluation Reserve and permanent reductions in the value of fixed assets are charged to the Income and Expenditure Account.

The Agency does not own the property it occupies, but incurs a notional accommodation charge.

### 1.3 Depreciation

Depreciation is provided on a straight-line basis in order to write off the valuation, less annual residual value of fixed assets over their estimated useful lives. The estimated useful lives, which are reviewed regularly, are:

Mainframe Application Software	10-14 years
Mainframe Computer Equipment	10-14 years
Other Computer Equipment	5 years
Office Equipment	5 years



#### **1.4 Stock and Work in Progress**

Stocks are valued at the lower of cost and net realisable value. Work in Progress is valued at "full-cost".

#### **1.5 Pensions**

The PCSPS(NI) is an unfunded defined benefit scheme, which produces its own resource accounts, but Valuation and Lands Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) Resource Accounts.

#### **For 2005-06 employers' contributions of**

Salary Bands		%
up to £18,999		16.5
£19,000 to £38,699		17.5
£38,700 to £83,599		21.5
£83,600 and over		23.5

#### **1.6 Early Departure Costs**

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. The total costs of these programmes are recognised in the year the announcement is made.

#### **1.7 Research and Development**

Ongoing expenditure on Research and Development incurred by VLA is expended in the year in which it is incurred.

#### **1.8 Taxation**

VAT is reclaimed centrally by the Department of Finance and Personnel. All items in the accounts are therefore exclusive of VAT. However, balances in respect of trade debtors and creditors have been adjusted to include the VAT component.

## 2. Income

Charges are not levied for Statutory Rating work, however charges are recovered for Valuation List Extracts and Bookmakers Valuations.

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Income comprises:</b>		
Chargeable Clients work	1,128	1,484
Rating	10	13
	<b>1,138</b>	<b>1,497</b>



### 3. Segmental Analysis of Business attracting Fees and Charges

The financial objective relating to Client Services is to recover the full-cost of services provided.

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Client Services</b>		
Income *	1,128	1,484
Expenditure	3,105	3,722
Deficit	(1,977)	(2,238)
<b>Rating</b>		
Income	10	13
Expenditure	11,037	9,120
Deficit	(11,027)	(9,107)
<b>Deficit for the Year</b>	<b>(13,004)</b>	<b>(11,345)</b>

\* If within the Income and Expenditure account for Client Services, notional income of £1,790k (2005: £2,132k) were included and expenditure and adjusted downward to reflect increased notional WiP of £280k (2005: increased WiP of £57k) the deficit for the year would be reduced to £10,934 (2005: £9,156k).

The full-cost including notional costs, as shown in the Income and Expenditure Account are apportioned to each business segment on the basis of actual time spent weighted by cost per grade of staff.

#### 4. Staff Numbers and Related Costs

	<b>2006</b>	<b>2005</b>
Average number of full-time equivalent persons employed, including Senior Management, during the year, was as follows:	327	313
<b>Analysis of Employees by Category:</b>		
Board and Senior Management	31	31
Professional and Technical	147	147
Executive, Administrative and Ancillary	149	135
	<b>327</b>	<b>313</b>
Full Time	314	297
Temporary	11	14
Secondment	2	2
	<b>327</b>	<b>313</b>
	<b>£'000</b>	<b>£'000</b>
<b>The costs incurred in respect of employees were:</b>		
Salaries and Wages	7,741	7,112
Social Security Costs (ERNI)	587	549
Pension Costs (Superannuation)	1,308	893
<b>Total</b>	<b>9,636</b>	<b>8,554</b>



The PCSPS(NI) is an unfunded defined benefit scheme, which produces its own resource accounts, but Valuation and Lands Agency is unable to identify its share of the underlying assets and liabilities. The most up-to-date actuarial valuation was carried out as at 31 March 2003, details of which are available in the PCSPS(NI) resource accounts.

For 2005-06, employers' contributions of £1,307,920 were payable to the PCSPS(NI) (2003-04: £892,773) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2004-05 were between 12 to 18%). The rates have increased from 1 April 2005 as a result of the latest actuarial 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 joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employee contributions of £969 (2004-05: nil) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £2,767 (2004-05: nil) 0.8 per cent of pensionable pay were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No contributions to partnership pension providers were prepaid at the Balance Sheet date.

## 5. Other Administration Costs - Operating Costs

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Early Departure Costs	130	-
Travel and Subsistence	360	349
Computer Operational Expenses	75	111
Supplies and Services consumed	1,195	1,387
Impairment of Fixed Assets	1	18
Work in Progress	(80)	63
Notional Costs (see Note 6)	2,255	2,219
Loss on Disposal of Assets (see Note 8)	-	1
<b>Total</b>	<b>3,936</b>	<b>4,148</b>



## 6. Notional Costs (without transfer of cash)

	<b>2006</b> <b>£'000</b>	<b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Services Provided by DFP:</b>			
Finance	169		165
Personnel	138		135
Miscellaneous	398		434
		705	734
<b>Other Notional Costs:</b>			
Northern Ireland Audit Office	8		8
DFP Accommodation	1,421		1,402
Insurance *	-		-
Miscellaneous	121		75
		1,550	1,485
		<b>2,255</b>	<b>2,219</b>

\* Notional Insurance costs have been calculated to be £17,564 (2005: £15,700). If included in the Operating Costs the deficit for the year would have been £13,022k (2005: £11,361k).

## 7. Interest on Capital Employed

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Interest on tangible Fixed Assets	114	100
Interest on Working Capital	14	24
	<b>128</b>	<b>124</b>

Interest on capital is calculated at 3.5% (2005: 3.5%) of the average capital employed during the year.



## 8. Tangible Fixed Assets

	<b>Computer Equipment £'000</b>	<b>Software £'000</b>	<b>Office Machinery £'000</b>	<b>New Computer System £'000</b>	<b>Total £'000</b>
<b>Cost of Valuation</b>					
At 1 April 2005	302	4,092	16	3,012	7,422
Additions	17	312	-	138	467
Disposals	(88)	-	(9)	-	(97)
Transfer from DFP	55	669	-	(669)	55
Adjustments	(10)	-	-	-	(10)
Revaluation	-	98	-	-	98
Impairment	(9)	-	-	-	(9)
<b>At 31 March 2006</b>	<b>267</b>	<b>5,171</b>	<b>7</b>	<b>2,481</b>	<b>7,926</b>
<b>Accumulated Depreciation</b>					
At 1 April 2005	178	4,010	13	-	4,201
Provided In-Year	83	358	1	-	442
Disposals	(88)	-	(8)	-	(96)
Transfer from DFP	2	-	-	-	2
Adjustments	(10)	-	-	-	(10)
Revaluation	-	84	-	-	84
Impairment	(8)	-	-	-	(8)
<b>At 31 March 2006</b>	<b>157</b>	<b>4,452</b>	<b>6</b>	<b>-</b>	<b>4,615</b>
<b>Net Book Value</b>					
At 1 April 2005	124	82	3	3,012	3,221
<b>At 31 March 2006</b>	<b>110</b>	<b>719</b>	<b>1</b>	<b>2,481</b>	<b>3,311</b>

## 9. Stock and Work in Progress

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Stock	45	51
Work in Progress	301	221
	<b>346</b>	<b>272</b>

## 10. Debtors and Prepayments

Amounts falling due within 1 year.

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Trade Debtors	499	787
Prepayments and Accrued Income	43	40
	<b>542</b>	<b>827</b>

The Agency provides services to other government bodies for which notional charges are issued. There were no outstanding balances at 31 March 2006.

## 11. Creditors and Accruals

Amounts falling due within 1 year.

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Accruals	509	213
Tax and other Social Security Costs	66	94
	<b>575</b>	<b>307</b>



## 12. Provision for Liabilities and Charges

### Early Departure Schemes:

	1996-97 Scheme £'000	2001-02 Scheme £'000	2002-03 Scheme £'000	Total £'000
At 1 April 2005	14	145	-	159
Provisions 2005-06	50	64	16	130
Payments to Participants in Year	(16)	(101)	(9)	(126)
<b>At 31 March 2006</b>	<b>48</b>	<b>108</b>	<b>7</b>	<b>163</b>

## 13. Reconciliation of Movement in Reserves and Government Funds

	General Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 April 2005	3,587	257	3,844
<b>Movements on Reserve:</b>			
Net Cash inflow from Financing	10,171		10,171
Total Expenditure	(13,004)		(13,004)
Notional Costs	2,255		2,255
Capital Charges	128		128
Accommodation Costs Recoverable	-		-
ISU Additions	53		53
Consolidated Fund Extra Receipts	-		-
Fixed Asset Adjustments	-		-
Early Retirement Adjustment	-		-
On Revaluation of Fixed Assets	-	98	98
Backlog Depreciation	-	(84)	(84)
<b>At 31 March 2006</b>	<b>3,190</b>	<b>271</b>	<b>3,461</b>

#### **14. Capital Commitments and Contingent Liabilities**

Amounts contracted for but not provided in the financial statements in respect of the Core System Replacement project total £754k (2004-05: £711k).

The Agency has a potential liability with regard to ongoing legal cases. It is not possible to estimate the volume of the liability at this time due to the uncertainty surrounding the cases.

VLA has entered into a contract with ESRI Ireland for the use of 250 consultancy days on the Domestic Revaluation project. As at 31/03/2006 VLA had a contractual commitment equivalent to £10k in respect of unused days. It is envisaged that all these days will be fully used over the course of the next financial year.

VLA has entered into a capital commitment with HELM in respect of "Sequel Server Contract" the cost, including support costs, total £36k.



## 15. Reconciliation of the Net Cost of Operations to Net Cost Outflow from Continuing Operating Activities

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Cost of Operations before Interest	(12,876)	(11,221)
<b>Adjustments for Non-Cash Transactions</b>		
Depreciation Charge	442	16
Impairment	1	18
Notional Costs	2,255	2,219
Consolidated Fund Extra Receipts	-	-
Post Year-End Payments	-	-
Net Movement in Provision for Liabilities and Charges	(5)	(153)
Loss on Disposal	-	1
Early Retirement Adjustment	-	-
Accommodation Costs Recoverable	-	-
	<b>2,693</b>	<b>2,101</b>
<b>Adjustments for Movements in Working Capital</b>		
Stock	6	(3)
Debtors	285	41
Work in Progress	(80)	63
<b>(Increase) / Decrease in Current Assets</b>	<b>211</b>	<b>101</b>
Accruals	296	127
VAT	(28)	18
<b>Increase / (Decrease) in Current Liabilities</b>	<b>268</b>	<b>145</b>
<b>Cash Inflow / (Outflow) from Operating Activities</b>	<b>(9,704)</b>	<b>(8,874)</b>

## 16. Financing

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Gross Parliamentary Grant	11,569	11,104
Accruing Resources	(1,398)	(1,557)
<b>Net Parliamentary Grant</b> [DFP Vote 1]	<b>10,171</b>	<b>9,547</b>

### This was used to finance:

Net cash outflow from operating activities.

## 17. Related Party Transactions

The Department of Finance and Personnel is regarded as a related party. During the year, the Agency has had material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

In addition, the Valuation and Lands Agency has had a significant number of material transactions with other Government Departments and other central Government bodies. In the main most of these transactions have been with the Department of the Environment (NI) and the Department of Health and Social Services and Public Safety.

During the year, none of the Board members, members of key management staff or other related parties have undertaken any material transactions with the Agency.



Notes:





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AGENCY

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ISBN 0-10-294063-0



9 780102 940633