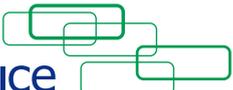


# **The Rent Service**

## Annual Report and Accounts 2007-08

Part of the Department for Work and Pensions

the rent service   
specialists in rental valuations

# **The Rent Service**

## Annual Report and Accounts 2007–08

1 April 2007 to 31 March 2008

Part of the Department for Work and Pensions

HC 729

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£25.75

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# Introduction

by the Chief Executive



I am pleased to present The Rent Service (TRS) Annual Report and Accounts for the financial year 2007-08. The document reports actual performance against key business targets and objectives and details the additional business actions undertaken by the Agency to support the introduction of the new Local Housing Allowance (LHA) as part of the Government's wider Welfare Reform agenda.

It has been a highly successful year for TRS and its staff and possibly the most challenging year since the inception of the Agency on 1 October 1999. We performed extremely well against key Secretary of State targets having met or exceeded 10 of the 12 key targets, narrowly missing two service delivery targets as a result of an increased caseload and issues with the IT system. In addition to our usual business, we have prepared the business and our staff for the transfer of its residual functions to the Valuation Office Agency (VOA) which takes place on 1 April 2009.

Our contributions in supporting and implementing the LHA were significant and this work was undertaken alongside reviewing our own business practices in readiness for the transfer. Successful pilots in Maidstone and Warrington ensured that the newly created Central Processing Unit (CPU), based in the North East of England, was launched to maximise business benefits by centralising the administrative processes for Housing Benefit (HB) casework. The upgrading of our core caseload processing system VICTER4 was successfully achieved with minimal disruption to our usual business and ensured a continuous service provision to our customers. The development of a dedicated web portal for the exchange of LHA information with local authorities and other customers was likewise achieved while continuing with day to day service provision.

In preparing for the LHA we increased our engagement with customers and stakeholders. We consulted them and shared with them best practice, data and information. Our commitment to openness and transparency will continue during the coming year.

Our staff have once again been exceptional. They have risen to the business challenges faced by the organisation and continued to deliver a high quality service against an uncertain future. I would like to take this opportunity to thank them for their dedication and hard work.

A handwritten signature in blue ink that reads "Patrick Boyle". The signature is written in a cursive, slightly slanted style.

**Patrick Boyle**

Chief Executive

The Rent Service, 7 July 2008

# 1 Management Commentary



## Introduction

This document reports on performance against key Secretary of State targets, as well as objectives and initiatives that were published in TRS Business Plan 2007-08.

Key Business Plan priorities in 2007-08 were:

### Service Delivery

- to restructure the Agency and continue to achieve stretching service delivery targets – in terms of quality, customer satisfaction and speed of processing
- to support the introduction of the LHA
- to deliver further efficiencies in carrying out our business

### Staff

- to ensure that our staff have the necessary skills to face the challenges ahead by continuing to invest in learning and development
- to provide staff with timely communication on the implementation of the LHA
- to involve our staff and their representatives fully in the changes

## Our Business

TRS is an executive agency of the Department for Work and Pensions (DWP), and we are a front-line service delivery organisation. Our role is to provide rental valuation services for the private rented housing sector for HB purposes and the new LHA that became operational on 7 April 2008.

TRS also carries out fair rent determinations and provides non-statutory advice to customers and stakeholders within the public, private and charity sectors.

## Our Customers

Our main customers are local authority HB departments and landlords and tenants.

## Our Stakeholders

Our main stakeholders are DWP, and Communities and Local Government (CLG), which have policy and legislative responsibilities for HB and fair rents respectively.

Other stakeholders include staff and their trade unions; other government departments; and a range of other organisations, including landlords' and tenants' groups, charities, housing associations and advice bureaux.

## Our Mission

*"To be England's leading provider of impartial, professional rental valuation services that are fair to our customers and other stakeholders"*



## Core Values

TRS shares the core values of the whole of DWP.



### Achieving the best

- Providing a high quality cost effective and value for money service, that actively seeks and takes account of the views of our customers and other stakeholders.
- Continually improving in practice and performance.



### Respecting people

- Acting with integrity and impartiality.
- Being honest with our customers and other stakeholders.
- Treating everybody with equality and fairness.



### Making a difference

- Acting with propriety and giving reasons for the decisions we make.
- Inspiring and guiding behaviours that lead to success.



### Looking outwards

- Working in partnership with customers, stakeholders and local communities.
- Being transparent about the way we do business.



## Our Aims

TRS contributes to one of the DWP's Public Service Agreement (PSA) objectives and targets:

*"Ensure customers receive a high quality service, including high levels of accuracy."*

We also contribute to one of CLG's PSA strategic priorities and targets:

*"By 2008, to improve the effectiveness and efficiency of local government in leading and delivering services to all communities."*

## Summary of performance

The financial statements for the year, which are prepared in accordance with the Financial Reporting Manual, are shown on pages 49 to 81 of the Annual Report and Accounts. A summary of outturn against budget is shown in Figure 1.

**Figure 1: Financial outturn against budget**

Resource	Budget £'000	Outturn £'000
Running Costs	32,323	32,420
Early release funding	4,531	4,702
Notional Items	2,080	1,972
<b>Total Resource Expenditure</b>	<b>38,934</b>	<b>39,094</b>
Capital Expenditure	1,066	1,012
<b>Net Total Expenditure</b>	<b>40,000</b>	<b>40,106</b>

We met or exceeded 10 of our 12 key performance targets, which focus on the quality of determinations and valuations undertaken by our Rent Officers, value for money, customer satisfaction and speed of processing.

We continued to achieve improvements in organisational efficiency during 2007-08 through the implementation of our change management programme TRANSFORM, creation of a CPU in Washington, Tyne and

Wear, and further reductions in our estate portfolio which are shown at Figure 2. Further details of office closures and relocations can be found at pages 28 and 29.

**Figure 2: Reduction in operational offices since 2004-05**

Financial Year	Number of operational offices at the end of each year
2004-05	33
2005-06	33
2006-07	24
2007-08	23



## Our Structure

TRS is an executive agency of DWP. DWP is the Agency's policy sponsor and main stakeholder, having both legislative and policy lead for around 93% of the Agency's workload that is HB-related. CLG is responsible for the policy and legislative lead affecting the remaining 7% of the Agency's workload which consists of fair rent cases. TRS is also supporting DWP with the implementation of the wider Welfare Reform agenda.

During 2007-08 we operated from 24 offices, which reduced to 23 offices by the end of the financial year.

The Chief Executive is responsible for the strategic management of TRS, and is the Agency's Accounting Officer, directly accountable to the Secretary of State for DWP. He is also responsible for the management and operation of the Agency, including the achievement of the Secretary of State's key performance targets.

The Chief Executive is supported by the Agency Management Board (AMB). This Board is responsible for building a customer and stakeholder driven culture with a strong focus on service delivery, customer satisfaction and quality. The Board is assisting with transforming the organisation into a service that is more open and visible to staff and customers, driving government reforms through to front line operations.



*The Chief Executive is responsible for the strategic management of TRS, and is the Agency's Accounting Officer, directly accountable to the Secretary of State for DWP.*



## Agency Management Board



**Patrick Boyle**  
Chief Executive (Chair)  
Tel: 020 7023 6221



**Norman Foster**  
Deputy Chief Executive  
Tel: 020 7023 6023



**Mark Brookfield**  
Finance Director  
Tel: 020 7023 6064



**Neil Prosser**  
Human Resources Director  
Tel: 020 7023 6270



**Keith Wheeler**  
Service Delivery Director  
Tel: 0121 410 3811



**John Swinnerton**  
Valuation Assurance Director  
Tel: 020 7023 6183



**Pauline Moore**  
Head of HR Operations  
& Learning  
Tel: 020 7023 6280

### **Invited Attendees:**

**Colin Hitchin**  
Head of  
Communications &  
Customer Service

**Andrew Rogers**  
Head of TRANSFORM  
Programme

**Heather Starr**  
Trade Union  
Representative

The new Chief Executive Patrick Boyle took up the position on 4 June 2007. During the year Norman Foster was acting Chief Executive from 26 February until 3 June 2007; John Swinnerton Valuation Assurance Director from 26 February 2007; and Keith Wheeler Service Delivery Director from 10 September 2007.

Bill Goldfinch, Head of Property and Purchasing; Jim O'Donnell, Head of Communications; Dino Joseph, Head of IT; and Joanne Lang, Finance Director were also representatives of the former Senior Management Team (SMT) prior to the AMB being established on 12 September 2007. The Trade Unions (TUS) were represented by Heather Starr. The SMT/AMB met eleven times during the year.

During the period of review, no member of the AMB held company directorships or any other significant interest that would conflict with their management responsibilities.

## Advisory Board

The Agency also has an Advisory Board, which provides advice to the Chief Executive and comments on the strategic direction of the Agency. The Advisory Board also advises Government Ministers of the Agency's aims, objectives and performance. During 2007-08 the Advisory Board met three times. The members of the Advisory Board were:



**Shirley Trundle**  
DWP Director, Benefits and Strategy (Chair)



**Paul Howarth**  
DWP Head of Housing Benefit Strategy Division



**Janet Pope**  
External Member



**Ilona Blue**  
DWP Head of Local Authority Performance Division



**Derek McMahon**  
DWP Deputy Director Planning & Performance Management Directorate



**Paul Sanderson**  
VOA Director of Data & Special Projects



**Valerie Pearce**  
External Member Local Government Association Representative



**Simon Llewellyn**  
CLG Head of Private Renting and Leasehold Division

The Agency's Chief Executive, Deputy Chief Executive, Finance Director and Human Resources Director are also members of the Advisory Board.

## Audit Committee

The Audit Committee is a sub-group of the Agency's Advisory Board. Its members and attendees during 2007-08 were:



**Janet Pope**  
External Member (Chair)



**Neil Prosser**  
Human Resources Director



**Norman Foster**  
Deputy Chief Executive



**Michael Lynham**  
VOA Financial Advisor



**Richard Harrison**  
Head of Redeterminations  
Unit



**Steve Sammon**  
Territorial Manager  
(Midlands & East)



**Derek McMahon**  
DWP Deputy Director  
Planning & Performance  
Management Directorate



**Harriet Stephens**  
Valuation Team Manager  
(Bristol)

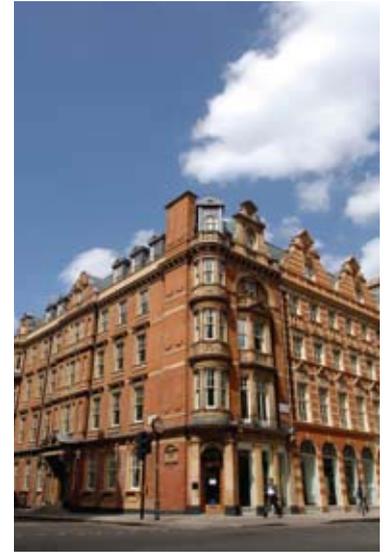
### Attendees

**Patrick Boyle**  
**Mark Brookfield**  
**Jennie Baldwin**  
**Andrew Manning**  
**Nick Corker**  
**Colin Wilcox**  
**James Ferris**  
**Tim Drew**  
**Scott Birch**  
**Anita Etienne**  
**Roland Knell**

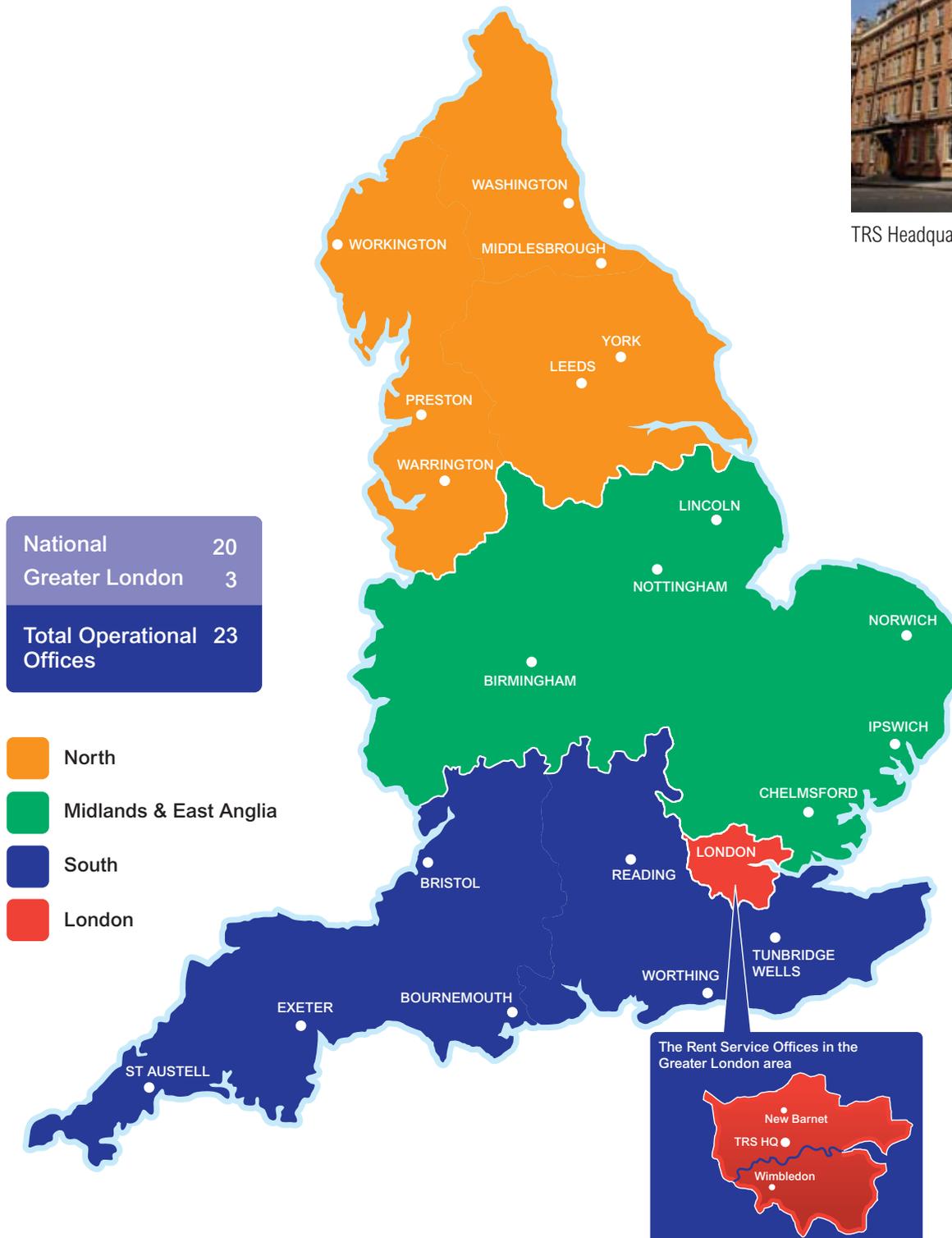
TRS: Chief Executive  
TRS: Finance Director  
TRS: Head of Financial Services  
Deloitte: Head of Internal Audit  
Deloitte: Internal Audit Delivery Manager  
NAO: Director  
NAO: Audit Manager  
PKF: Partner  
PKF: Senior Manager  
TRS: Senior Financial Accountant  
TRS: Risk Improvement Manager

## TRS offices

At the end of 2007-08, the Agency was operating from 23 offices as shown in the following map. Five of these offices now operate from VOA office locations. These are Preston, Birmingham, Tunbridge Wells, Worthing and St Austell.



TRS Headquarters



## How to contact us

The address of the Agency's headquarters is:  
The Rent Service  
5 Welbeck Street, London W1G 9YQ

The address of all other offices, together with more information on The Rent Service, can be obtained from our website:  
[www.therentservice.gov.uk](http://www.therentservice.gov.uk)

Alternatively you can contact The Rent Service on: 08450 264696  
or email: [customer.services@therentservice.gov.uk](mailto:customer.services@therentservice.gov.uk)

Leaflets are available in a range of languages, in larger print or in Braille and can be obtained from our customer services section.



## 2 Service Delivery

This section reports on the Agency's performance throughout 2007-08 against key Secretary of State targets, internal targets and business initiatives. This section also includes the steps the Agency has taken to demonstrate its commitment to raising standards and how it has improved service delivery to customers and stakeholders whilst improving quality and efficiency of operations.

### Secretary of State key performance targets

The Agency's Secretary of State targets cover three strategic areas:

1. Service Delivery
2. Value for Money
3. Customer Service

### Service Delivery Targets

The service delivery targets cover the different case types determined by Rent Officers and include HB with and without inspections, Pre-tenancy Determinations (PTDs), Redeterminations, (which are an independent review of a determined HB case); and fair rent cases.

The target for each case type consists of a set number of days in which Rent Officers are required to process each case type.

2007-08 was an exceptional year for TRS. Caseload was the highest in the Agency's history. HB-related cases were approximately 9% greater than forecast at nearly 1.2 million. Fair rent cases were as forecast at approximately 85,000.

This higher caseload took place against a background of significant change and reducing resources. During the year the Agency successfully introduced an upgraded IT processing system known as VICTER4 (for HB casework in October 2007 and for fair rent casework on 1 May 2008) in order to provide an improved system for casework processing and to deliver a more efficient service. This was a substantial undertaking.





*Despite the period of change and increased caseload the Agency met or exceeded three of its service delivery targets and only narrowly missed the other two.*



In addition, in January 2008 the Agency transferred its manual administrative processing functions for HB-related casework to a new CPU in Washington, Tyne and Wear. The main objective of the CPU was to deliver a more efficient and effective service for our customers (see pages 22 and 23).

At the same time the Agency was preparing for the introduction of the Government's new LHA on 7 April 2008 and the impending transfer of TRS's residual functions to the VOA in April 2009. This work inevitably means significant changes to the organisation and its business which in turn will impact on staffing resources necessary to deliver the LHA and Broad Rental Market Areas (BRMA).

Despite the period of change and increased caseload the Agency met or exceeded three of its service delivery targets and only narrowly missed the other two. Results are shown at Figure 3.

The first half of the year saw targets being missed due to increased casework and issues with the IT system. Our new caseload processing system VICTER4 was not ready to be rolled out until October 2007, but once this occurred the cumulative position on service delivery targets improved dramatically, especially for HB-inspected and non-inspected casework. By December 2007 the processing of HB non-inspected casework had improved by as much as 18%, and overall, performance returned to previous high levels. Figure 3 shows actual performance for service delivery targets for 2007-08 against our target of 94% for all case types.

**Figure 3: Service Delivery Targets**

Type of Determination	Timescales	2007-08 Target (%)	2007-08 Actual (%)
<b>Housing Benefit:</b>			
With an inspection	within 15 working days	94	94
Without an inspection	within 3 working days	94	92
Pre-Tenancy	within 4 working days	94	97
Redeterminations	within 15 working days	94	96
<b>Fair Rents</b>	within 40 working days	94	93

During 2007-08 we received more casework in every case type than was forecast at the beginning of the year, except for fair rent. This is shown in more detail at page 19. Figure 4 compares our original estimates to the actual casework received. Our estimates were based on previous years' results.

**Figure 4: Percentage increase in case type**

Case type	Business Plan figures	Actual casework received	Change (%)
Housing Benefit	963,000	1,048,175	+8.79
Pre-tenancy	117,000	133,603	+14.19
Redeterminations	11,000	13,173	+14.55
Fair Rents	85,000	85,360	-0.16
Total	1,176,000	1,280,311	+8.73

Figure 5 shows the percentage difference in performance between the first and second halves of the financial year. These tables demonstrate how effective and efficient TRS has been in achieving targets against the increased casework.



**Figure 5: Percentage difference in performance**

Case type	Apr – Oct (%)	Nov – Mar (%)	Difference (%)
HB IV	92.89	96.51	3.62
HB NIV	90.15	94.71	4.56
PTDs	97.26	98.73	1.47
RD	97.66	95.24	-2.42
FR	91.47	95.69	4.22

Figure 6 shows performance during the final four months against service delivery targets. Only one target was narrowly missed in January for redetermination casework. All other targets were met.

**Figure 6: Performance December 2007 – March 2008**

	Dec(%)	Jan(%)	Feb(%)	Mar(%)
Housing Benefit with an inspection	94	99	99	99
Housing Benefit without an inspection	98	99	99	99
Pre-tenancy determinations	99	99	99	99
Redeterminations	96	<b>93</b>	96	94
Fair Rents	96	98	98	98



## Value for Money

The value for money target consists of three elements:

1. Productivity
2. Cost per case
3. Quality

### Productivity

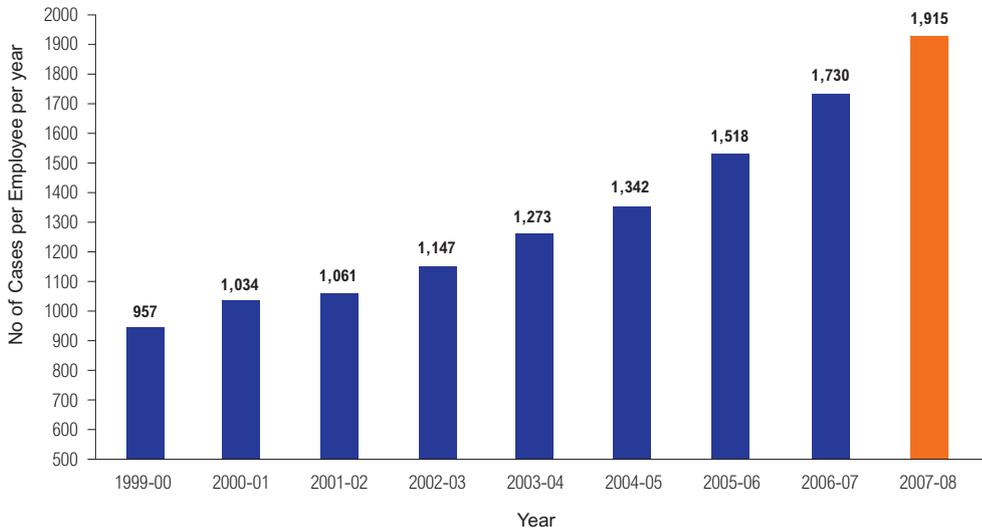
As the amount of casework received was far greater than predicted, new performance management techniques were introduced that included increased monitoring of individual performance to ensure consistency on a national basis. This enabled senior managers to address caseload by area and to move cases between areas to maximise use of resources and maintain service delivery standards. The CPU played a major role in assisting with processing casework when it began operating in January 2008.

By the end of the financial year, however, productivity had increased by 10.7% against a target of 5% as shown in Figure 7. This is an exceptional result considering the factors affecting this target. Figure 8 shows increases in productivity since the inception of the Agency in 1999.

**Figure 7: Increases in productivity**

Target	2006-07		2007-08	
	Actual	Target	Actual	Actual
% Increases in productivity	13.9	5		<b>10.7</b>
Cases processed per member of staff per year	1,730	1,766		<b>1,915</b>

**Figure 8: Productivity performance since 1999-00**



### Cost per case

The target for 2007-08 was to reduce the cost per case by 1.5% in real terms by the end of the year.

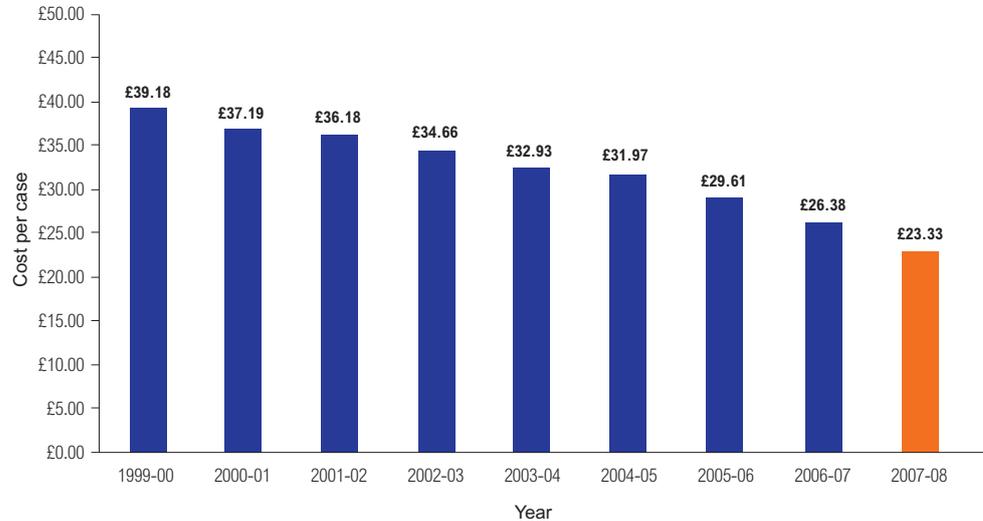
We exceeded this target. As at 31 March 2008 the average cumulative cost per case for 2007-08 was £23.33. This is a reduction of nearly 12% when compared with 2006-07. Figure 9 shows the percentage reductions achieved in cost per case for 2007-08 and Figure 10 shows actual monetary reductions achieved since 1999.

**Figure 9: Reductions in cost per case**

Description	2006-07	2007-08	
	Actual	Target	Actual
% Decrease in cost per case	6	1.5	<b>11.6</b>



**Figure 10: Reductions in cost per case since 1999-00**



### Quality

Our quality target is measured for both HB and fair rent casework on the proportion of rental determinations that are verified as being accurate following our quality assurance checks. Performance in 2007-08 for both quality targets is shown at Figure 11. This shows that we exceeded these targets and provides a good demonstration that day to day processing is of high quality.

**Figure 11: Quality Performance**

Target	2007-08	
	Target (%)	Actual Outturn (%)
Housing Benefit determinations that are checked as part of our quality assurance processes are verified as being accurate.	95	<b>98</b>
Fair rent valuations that are checked as part of our quality assurance processes are verified as being accurate.	95	<b>98</b>

### Customer Service Targets

Customer service remained a priority focus throughout 2007-08 as we achieved our highest results to date in our national customer satisfaction surveys. The Agency has two customer satisfaction targets by which to measure our success. These are as follows:



### Local Authority Housing Benefit Department Customers

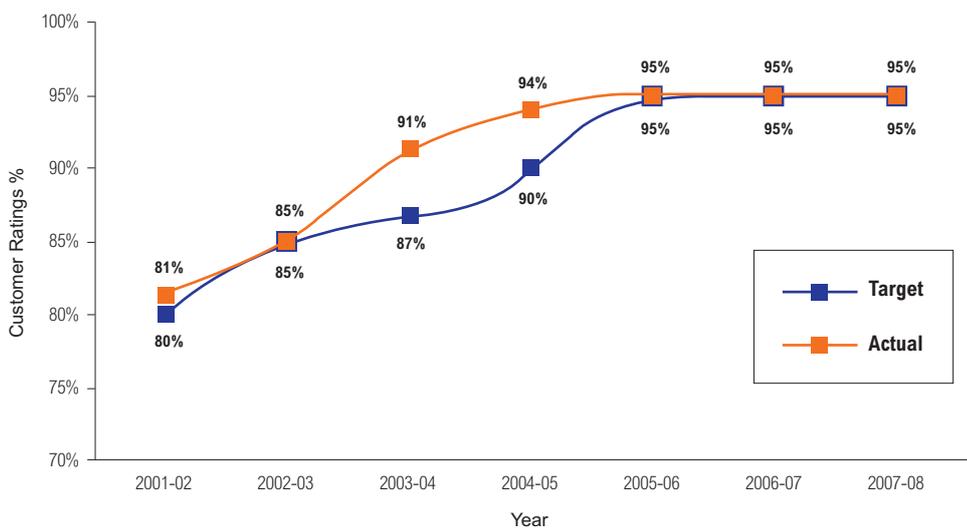
Our target is to ensure that 95% of our local authority customers who responded to our survey rated our service as satisfactory or better during the year.

In 2007-08 we achieved a 95.6% rating from local authority customers. This is an exceptional achievement by the Agency especially when considering the changes that TRS was proposing to localities as a result of the national reviews that began in 2006-07 as part of the initial work for the introduction of the LHA.

Figure 12 shows the trend in customer satisfaction surveys for local authority HB Department customers since 2001-02.



**Figure 12: Customer satisfaction ratings for HB**



### Fair Rent Customers & Housing Benefit Inspections

Our target is to ensure that at least 95% of our fair rent customers, and those HB customers that we inspect, who respond to our survey rate our service as satisfactory or better during the year.

In 2007-08 we achieved a 96.4% rating. This again demonstrates the professionalism and dedication that Rent Officers have applied in carrying out their duties.

Our 2007-08 customer satisfaction results are the highest achieved by the Agency since inception.



## Workload

Figure 13 shows HB casework to be the highest proportion of the Agency's workload. In 2007-08, we received 102,000 more HB-related cases than originally predicted in our business plan.

Fair rent cases have, in general, declined year on year as would be expected following the introduction of the Housing Act 1988, when the option to secure or inherit a regulated tenancy ceased. This year, however, the volume of fair rent cases has remained static at around 85,000 cases.

**Figure 13: Proportion of casework**

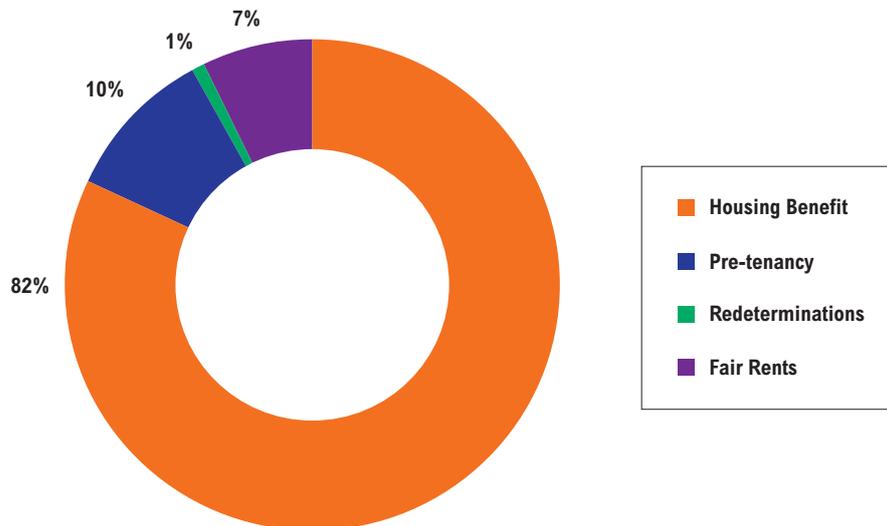


Figure 14 shows the total amount of casework received for all case types for 2007-08.

**Figure 14: Number of cases**

Type of Valuation	2001-02 Actual Outturn (‘000)	2002-03 Actual Outturn (‘000)	2003-04 Actual Outturn (‘000)	2004-05 Actual Outturn (‘000)	2005-06 Actual Outturn (‘000)	2006-07 Actual Outturn (‘000)	2007-08 Planned Outturn (‘000)	2007-08 Actual Outturn (‘000)
<b>Housing Benefit Cases</b>								
With & without an inspection	696	746	781	777	873	969	963	1,048
Pre-tenancy Determinations	63	64	73	80	101	124	117	134
Redeterminations	10	10	11	10	10	11	11	13
<b>Total HB Cases</b>	<b>769</b>	<b>820</b>	<b>865</b>	<b>867</b>	<b>984</b>	<b>1,104</b>	<b>1,091</b>	<b>1,195</b>
Fair Rents	118	113	115	99	94	84	85	85
Housing Renovation Grants	1	0	0	0	0	0	0	0
<b>Total Workload</b>	<b>888</b>	<b>933</b>	<b>980</b>	<b>966</b>	<b>1,078</b>	<b>1,188</b>	<b>1,176</b>	<b>1,280</b>

## Inspections

To assist Rent Officers in completing quality determinations a proportion of HB properties are visited by them and inspection details recorded onto our case processing system, VICTER4. This is only undertaken where the inspection helps the valuation process and is usually done at properties that are let below the Local Reference Rent (LRR). In 2007-08 we committed to inspecting at least 15% of our total caseload which considering the increased casework received was a considerably stretching target.

Between 1 April 2007 and 31 March 2008, HB inspection rates for each territorial area are as shown in Figure 15.

**Figure 15: HB inspection rates for each territorial area**

	2007-08 Target (%)	No of inspections required to meet the target	No of inspections undertaken %	2007-08 Total number of inspections undertaken
London	15	34,847	6.90	16,029
North	15	48,036	13.21	42,303
Midlands and East Anglia	15	43,543	10.25	29,754
South	15	50,259	11.85	39,705
<b>National Inspection Total</b>	<b>15</b>	<b>176,685</b>	<b>10.91</b>	<b>127,791</b>



Whilst this is below our target of 15%, it was evident from the second quarter of the reporting period that we would not meet this target as casework continued to increase above the forecast in the third and final quarter reporting periods. This increasingly difficult challenge became a higher business priority as the year progressed.

## Housing Benefit Reform

Following the publication of the Green Paper on Welfare Reform (“A new deal for welfare: Empowering people to work”), in January 2006 and reinforcement of the Government’s commitment to radically reform the HB system, the LHA was introduced on 7 April 2008.

In order to properly prepare for the introduction of LHA and the transfer of functions to the VOA the Agency established a dedicated change programme – TRANSFORM – to help successfully deliver this. As part of the TRANSFORM programme the Agency restructured in September 2007.

The change programme reviewed a range of measures to support and develop staff during the period of change that included key business priorities, values and behaviours, strategic aims, work streams and a timeline of events.

The responsibility of the Rent Officer under the LHA system is to determine the BRMAs and from within that area collect a representative sample of lettings information from which the LHA is derived.

### Review and Assurance

During 2007-08 TRS completed a fundamental review of all localities (locality was a forerunner of the BRMA that was necessary for the introduction of the LHA). TRS set itself a tight timetable to complete these reviews and established a dedicated team of Rent Officers to deliver the programme. The reviews involved a wide range of stakeholders and our aim was to get broad agreement with all local authorities before implementing the revised localities. TRS completed its programme of locality reviews as planned by 30 September 2007 with the exception of the London localities.

The review process in London was more challenging because of the size and complexity of the authorities within London and the potential impact of the changes. The London reviews were finally completed by 1 March 2008 following a legal challenge and subsequent agreement with Westminster City Council.

The review involved consideration of 305 localities and the reduction of this number to 153. All 354 local authorities in England were consulted during the process. This was a huge body of work which was nevertheless completed successfully while continuing with the day-to-day business of the organisation.

As a result of the review process TRS has learnt a number of key lessons which will be taken forward into a more formal consultation process for future reviews.

Indicative LHAs were delivered on target on 31 October 2007, and BRMAs were notified to local authorities (except London) at the end of January 2008. The London BRMAs were notified in March 2008.



## Market Evidence Data Strategy and Collection

The creation of a specialist Lettings Research Team as part of the new structure has greatly improved the collection of market information within the private rented housing sector, particularly targeting gaps in the data. Valuation Rent Officers have continued to meet agents and collect lettings information making significant contributions to the increasing amount of market evidence held on the market evidence database.

The Lettings Research Team attended over 300 landlord forums during the year, firstly fulfilling a promise made to local authorities during the year, and secondly to maximise the potential contact with landlords who work with local authorities. A highlight of the year was attendance at the *London Landlord Show* in late September where the event provided an opportunity to address a large audience of landlords.

Since the introduction of the Lettings Research Team, data collection of lettings information from properties for let in the private rented sector has increased from an average of 20,000 to over 30,000 items of data per month. Within this dataset the levels of contractual data have risen from 70% to over 80% nationally.

During the last 6 months lettings research has been focussing on meeting key milestones identified in the implementation of LHA. These were:

- Delivery of indicative LHAs at the end of October 2007
- Delivery of provisional LHAs at the end of January 2008
- Provision of the live rates on 18 March 2008 ready for the launch of LHA

A process has been developed to ensure the accurate provision of LHA figures to local authorities each month. This process allows for quality assurance of data and checking for errors and duplication.

### Central Processing Unit (CPU)

We recognised that the existing uneven distribution of administrative resources would not deliver the flexibility needed to cope with fluctuations in caseload and the unpredictable churn rate. (Churn being the reduction in HB cases due to the introduction of the LHA). For this reason the Agency decided to centralise the administrative processes, which would also assist with mitigating risks associated with the LHA.



The legislative changes relating to the LHA meant inevitable changes to workload and business workflows. The churn rate and the geographical variations of where the decrease in caseload will occur remain unpredictable.

The key purpose of the CPU is to deliver the administrative functions for the Service Delivery Teams on a national basis, ensuring that all teams and local authority customers receive the same, consistent level of service. Centralisation allows the caseload to be monitored more effectively and for trends to be identified early.



The CPU was launched on 14 January 2008, having been successfully piloted in Maidstone and Warrington before going live. The work from local TRS offices was gradually transferred to the CPU through a scheduled programme. The project has been a resounding success, supported by and involving all areas of the business. As with most projects of this size and nature, it was reliant on specialist and technical advice through our in-house IT specialists who were heavily involved in the challenge of delivering an IT solution fit for purpose.

Its success was key to maintaining service delivery performance in the latter part of the year. Figure 16 shows the increase in casework each month, demonstrating the rate at which the CPU was able to take on work from TRS offices whilst continuing to input cases already being received from local authorities. The number of cases input on day one dipped slightly in March whilst the CPU received increasing numbers of local authority casework for processing. The increase in calls to the contact centre and helpdesk shows the effectiveness of the communication strategy in launching the CPU to local authorities and customers.

**Figure 16: CPU performance**

CPU Performance	January 2008	February 2008	March 2008
No of cases received	18,887	32,319	42,100
% of cases input on day 1	97.50	97.80	92.00
No of calls - Contact Centre	2,550	5,893	12,848
No of enquiries - Helpdesk	50	275	475



A number of strategies were introduced to ensure communication and customer services were maintained and where possible enhanced to provide a one-stop-shop for customers and stakeholders. These were:

- A dedicated national Contact Centre to deal with all telephone calls for Service Delivery enquiries was established
- An internet web portal providing regularly updated information for local authority customers was developed and delivered by 14 January 2008
- CPU Helpdesk set up to deal with all internal and external email enquiries
- An internal intranet CPU Hot Page for all TRS staff was established
- Information Service Delivery/CPU Liaison Group set up to allow all staff to input into the process and promote best practice
- Service Delivery managers given access to internal CPU shared drive
- Ongoing learning programme established

The CPU encountered significant issues caused by higher than estimated caseload and telephone enquiries during the initial three months of operation. However, peaks in caseload were identified, managed centrally and additional temporary resource secured or additional working hours arranged. The ability of the CPU to react so swiftly to unexpected increases in work clearly demonstrates its value and contribution to both performance delivery and customer service with a creditable 97% of cases input on the first day that they are received.

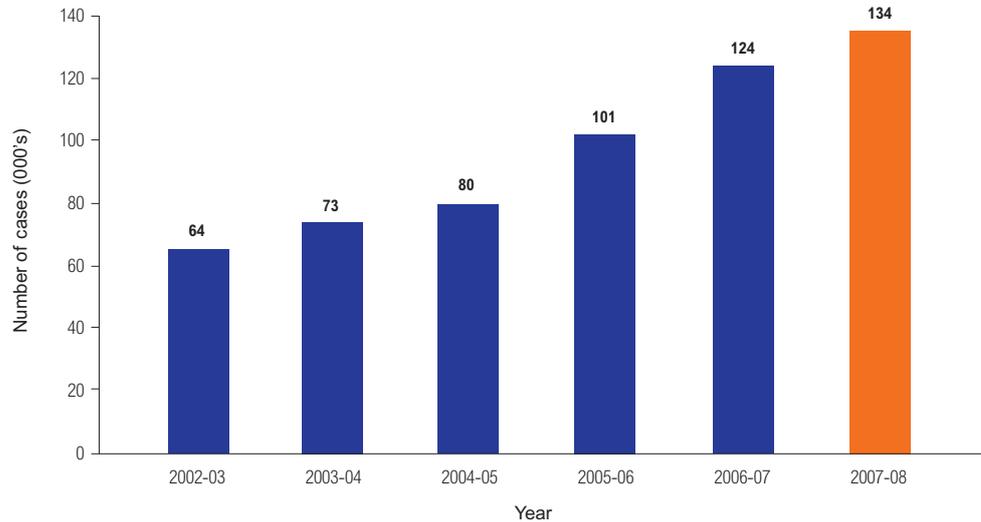
## Pre-tenancy determinations (PTDs)

A PTD is where a customer can ask what the rent is likely to be on a private rented property, and therefore the amount of HB that is likely to be paid to them, before they enter into a tenancy agreement. This case type has experienced a steady increase over the past six years. In 2007-08, the target was to determine 94% of PTDs within 4 working days. Despite the rise in casework, we achieved 97% completed within the required time-frame.



Figure 17 demonstrates the increase in PTD referrals over the past six years.

**Figure 17: Pre-tenancy Determinations**



## Redeterminations

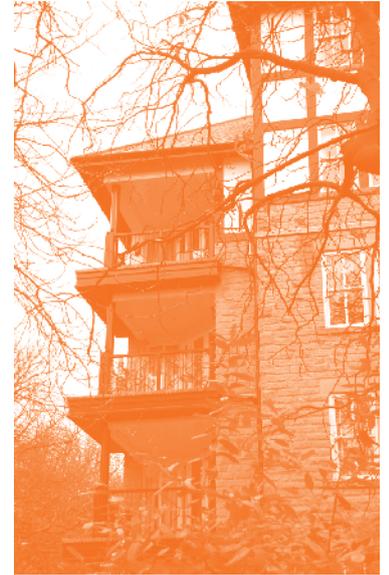
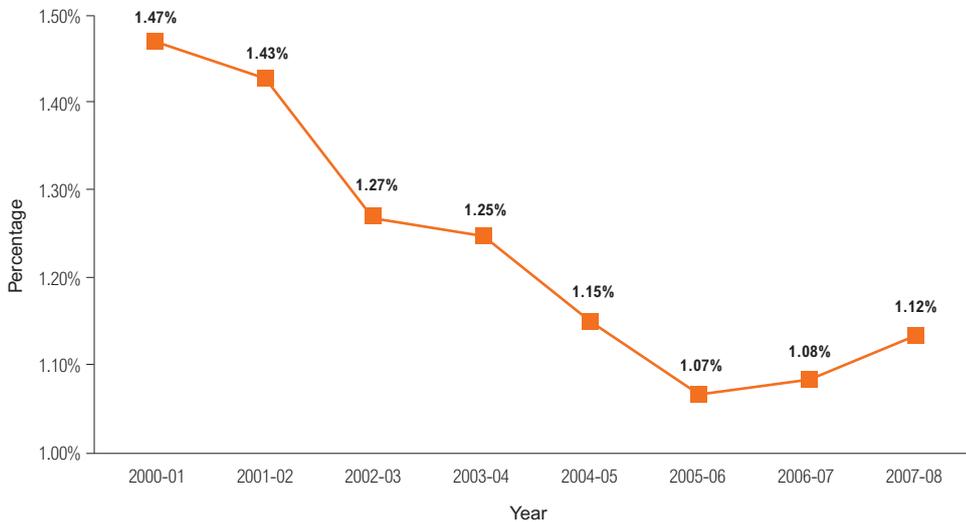
In 2007-08 the key Secretary of State target for processing redeterminations was 94% within 15 working days. This target was exceeded, achieving 96.67% by the end of the financial year. This was an excellent performance considering the reduction in the number of Redetermination Officers at the beginning of the year and a higher than predicted caseload.

Caseload was significantly higher than the previous year with comparative figures showing just over 13,000 during 2007-08 against 11,000 in 2006-07. In addition, the Redetermination Officers had an operational target to inspect between 35-45% of cases referred. By the end of the year, 37.62% of cases had been inspected.

We also set an operational target to quality assure 5% of all redetermination cases. This was achieved through casework sampling and by testing compliance against policy and procedures. The target was achieved with 5.18% quality assured. The Redetermination Unit continued to provide quality decisions to high standards and made a significant contribution towards identifying systems and processes for redetermination casework within the CPU.

Figure 18 shows the proportion of Redeterminations received against HB valuations (including PTDs). Although casework received during 2007-08 is slightly higher than expected the general trend for redetermination casework shows it has declined significantly over the past six years. This demonstrates high customer satisfaction in the quality of the Rent Officers' original valuations.

**Figure 18: Proportion of Redeterminations against Housing Benefit valuations (inc PTDs)**



## Fair Rents

As forecast, we received approximately 85,000 fair rent applications during 2007-08. This case type is generally declining each year as the right to secure or inherit a fair rent tenancy in the private rented sector was deregulated in 1989. It is also difficult to forecast the number of cases we receive each year as they are generally submitted on a 2 year cyclical basis. The number we receive generally depends upon the number of applications submitted by Registered Social Landlords, which we usually receive in large quantities over a short time-frame. This can make casework more difficult to manage at times, and such peaks and troughs can have an effect on other service delivery targets.

Figure 19 shows the trend in fair rent cases since 2002-03. Since this time, TRS has received 590,000 fair rent cases.

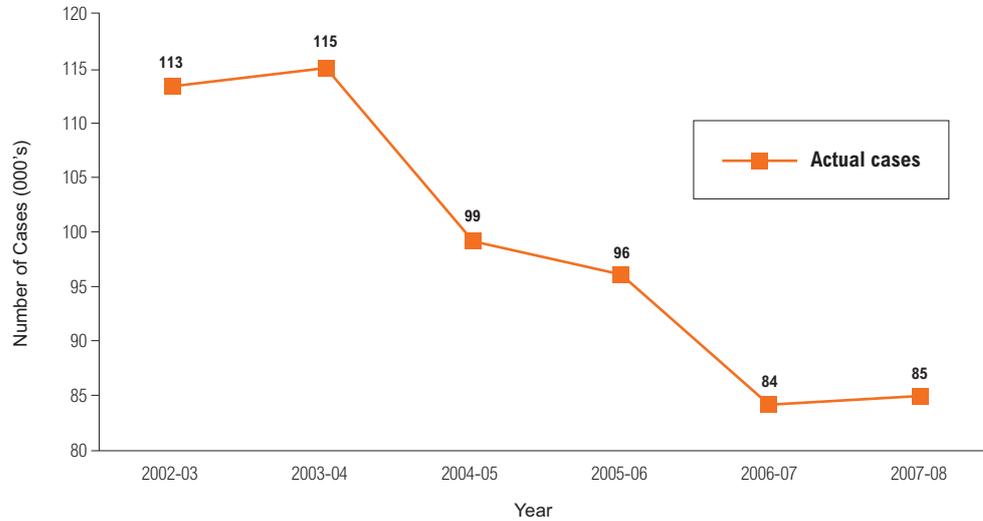


*As forecast, we received approximately 85,000 fair rent applications during 2007-08.*





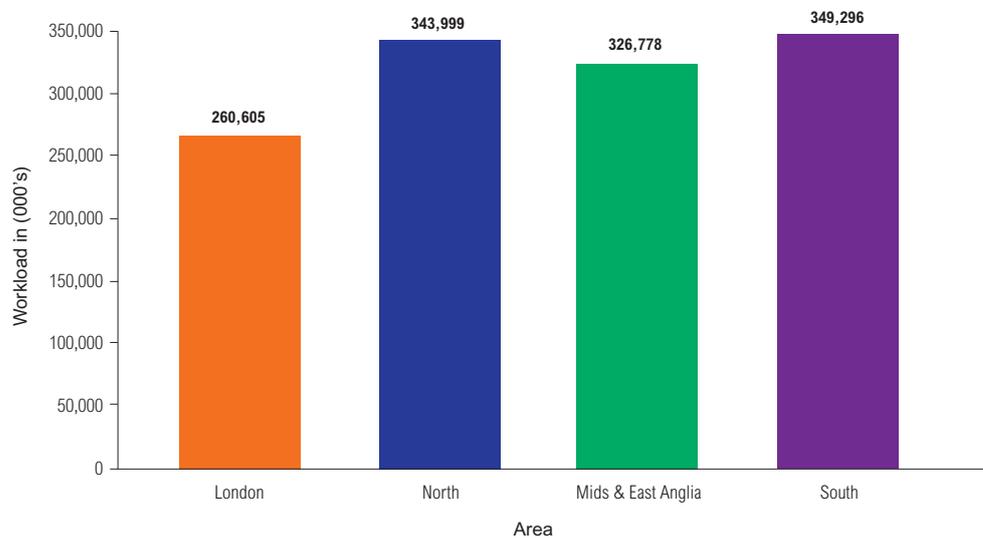
**Figure 19: Fair Rent Cases - Actual**



## Regional Variations

Throughout 2007-08 we operated in four territorial areas: London, North, Midlands and East Anglia, and the South. As can be seen from Figure 20, casework was highest in the South, continuing the trend from when the Agency operated from just two regions - North and South. A possible factor influencing this trend was the number of 'top-up' claims received from people in employment who required additional assistance in paying their rent. By contrast, the lowest casework received was in London, which received approximately 89,000 cases less than the South.

**Figure 20: Variances in workload**



## Corporate Governance

Each year the Agency strengthens its corporate governance arrangements which are essential for delivering an improved service and for maintaining sound mechanisms of internal control. During 2007-08 we established the TRANSFORM Programme Office to oversee and manage the transfer of our residual functions to the VOA and to provide central leadership and control of the many change processes being undertaken. The focus on our regular work was improved by integrating our corporate governance, business planning and risk management into our internal control framework.

We have endeavoured to build upon our already sound systems of corporate governance and have obtained high levels of assurance from both internal and external audit reviews.

## Risk Management and Business Continuity

To ensure that the Agency's risk management and business continuity arrangements remained robust and fit for purpose we undertook regular reviews throughout the year and revised both the strategic and local risk registers to take account of business changes and the TRANSFORM programme.

We managed our risk at four levels: strategic, directorate, territory and programme. This ensures full consideration of the principal risks that threaten our delivery and performance objectives and ensures that appropriate measures are put in place to mitigate against them. We continued to perform quarterly reviews of our Strategic Risk Register and reported the results to the AMB. Directorate Risk Registers were reviewed periodically through the year as part of the business planning and stewardship reporting processes.

The risks relating to the transfer of our residual functions to the VOA were addressed by combining the TRANSFORM Risk Register with our Strategic Risk Register. We worked in co-operation with VOA to identify joint risks and to decide appropriate actions to address them.

During the year we performed two business continuity tests and reviewed the Agency's business continuity arrangements. The review of our plans has enabled us to address gaps and make changes that ensure we continue to keep our staff safe and deliver our business safely to customers.

We tested the capability of the Agency's IT systems to deal with disruption to its HQ servers by disabling the HQ servers and switching to the Agency's disaster recovery site. This was achieved with relatively



*During the year we performed two business continuity tests and reviewed the Agency's business continuity arrangements.*





minor disruption to service delivery. A 'lessons learned' paper was prepared for the AMB following the tests and improvements were implemented.

## Post Implementation Reviews (PIRs)

We undertook a number of PIRs during the year to identify any lessons learned from how we managed our projects and work programmes. Most of our projects this year related to the rationalisation of our estate in preparation for the transfer of TRS' residual functions to VOA and we were able to refine these projects as a result of the lessons learned in earlier PIRs. With further office closures to be undertaken during 2008-09 we are confident that we can implement these with minimal disruption to the work of the Agency and with the best outcomes achieved for our staff and customers.



*All office moves were extremely successful having been completed on time and with the least disruption to all those involved.*



## Audit Committee

The Audit Committee met three times during the year. The Committee is chaired by an external member and is a sub-group of the Agency's Advisory Board. It meets to discuss and provide advice to the Agency's Accounting Officer (the Chief Executive) on the adequacy of internal controls and risk management within the organisation. An audit programme is agreed at the beginning of the year and exception reports are monitored and reported back to the Audit Committee throughout the year and also to the AMB each quarter.

## Estate Rationalisation Programme

At the beginning of the year TRS was operating from 24 offices. During the year we terminated seven leases and relocated both the staff and work. All office moves were extremely successful having been completed on time and with the least disruption to all those involved. Several of our offices now operate from within VOA office locations. Figure 21 shows the estate rationalisation programme undertaken during 2007-08.

**Figure 21: Estate rationalisation programme 2007-08**

TRS - Closed Offices	Date	Outcome
Truro	June 2007	Relocated partly to TRS office Exeter and partly VOA office St Austell
Newcastle	October 2007	Relocated to Durham House, Washington, Tyne and Wear
Preston	January 2008	Relocated partly to VOA office Preston and partly to TRS office Warrington
Southampton	February 2008	Relocated to TRS Bournemouth office
Maidstone	February 2008	Relocated to VOA office Tunbridge Wells
Birmingham	February 2008	Relocated to VOA office Birmingham
Chichester	March 2008	Relocated to VOA office Worthing



These moves form a significant part in supporting the TRANSFORM Programme when the Agency transfers its functions to VOA in April 2009. The TRANSFORM Estate Rationalisation Programme was developed in partnership with the VOA and other stakeholders.

Apart from office-based staff, TRS continues to support its remote workers by continually reviewing access to on-line information and through regular health and safety assessments to ensure the safety and welfare of staff. Information security arrangements are in place to ensure that remote workers do not hold any information on local drives, thereby preventing any breach of the Data Protection Act in the event of theft.

## Sustainable Development

During 2007-08 we focussed on our contribution to six of DWP's Government-mandated targets. Figure 22 shows the end of year position against the targets.



## Figure 22: Climate change and energy

### Target

Reduce carbon emissions from offices by 8% relative to the 2005-06 baseline

Reduce carbon emissions from road vehicles by 6% relative to the 2005-06 baseline

Where energy is separately metered, increase energy efficiency per sq m of floor area (NIA) by 10% relative to the 2005-06 baseline

Through a Defra-approved scheme, offset all road vehicle and air travel carbon emissions

### Result

Consumption of gas and electricity has decreased 36% compared to the 2005-06 baseline. **Target has been exceeded.**

Mileage is reduced 10% and emissions are down 11% from the baseline year. Due to the reporting date some mileage data from T&S claims are missing and will be included in subsequent reports. **Target met.**

The energy efficiency of offices on the estate has increased 18% from the baseline year. **Target has been exceeded.**

There have been 70% fewer flights this year than last year, due to there being no conference in Scotland this year. Road vehicle emissions are still not included in this scheme. Carbon dioxide emissions have been calculated for all flights and will be offset through the GCOF. **Target met.**

## Sustainable consumption and production

### Target

Reduce waste arisings by 4% (by weight) relative to the 2006-07 baseline

Increase recycling figures to 75% (by weight) of waste arisings

### Result

Waste has increased at least 23% from last year due to office closures. **Target not met.**

Recycling rate stands at 68% of total waste. **Target not met.**

## Increasing Efficiency

### Valuation Information Communication Technological Electronic Retrieval System (VICTER4)

This development and upgrade project continued from 2006-07 into the third quarter of 2007-08 and has been successfully completed.

The objective of the project was primarily to remove old and non-supported software that VICTER was dependent upon and replace it with the latest technology to minimise business risk and improve service delivery.

Secondary objectives of the project were to implement changes and efficiencies in the way in which Market Evidence on lettings within the private rented sector are handled and the way in which cases are processed and recorded within the system itself. The development and upgrade work was carried out in phases and has significantly improved the speed of processing times on HB-related casework.

The VICTER4 HB module was rolled out across the Agency during the third quarter as planned and has already supported significant and sustained improvements in Agency performance.

The VICTER4 fair rent module was delayed slightly to maximise every opportunity to process HB-related cases to achieve key Secretary of State service delivery targets. All modules were subjected to rigorous quality assurance testing, including full user acceptance testing prior to the rollout. Although later than originally planned, this was balanced with ensuring delivery on other key IT projects such as E-Deliver and E-Collect. The VICTER4 fair rent development work recommenced during the fourth quarter and went into user acceptance testing in April 2008.

Data security issues have been addressed by replacing many ageing laptops with new encrypted versions and by encrypting those still in use.

New LCD screens have been rolled out to support the performance of VICTER4 and for better visibility of the Geographical Information System (GIS) which shows detailed maps.



*The VICTER4 HB module was rolled out across the Agency during the third quarter as planned and has already supported significant and sustained improvements in Agency performance.*





## Geographical Information System

The GIS project supports the data, information and maps required to assist Rent Officers in determining BRMAs. User acceptance testing was undertaken in October 2007 which highlighted some technical problems that were affecting the levels of performance and which were more complicated than envisaged at the start of the project. External consultancy was recruited to assist with resolving technical issues and proved to be highly effective. The new TRS GIS was rolled out in March 2008.

## Electronic Interface System

The Electronic Interface System (EIS) enables the electronic transfer of HB casework data between local authorities and TRS. This system generates significant time, cost and efficiency savings that ultimately speed up the delivery of HB to claimants. We have been very proactive over the past few years in raising awareness of the EIS system with local authorities. Presentations on EIS and E-Deliver systems have been given to existing customers and four events were hosted around the country to promote the business benefits gained through these systems.

At the end of the financial year, a total of 129 local authorities had actively used EIS within the last 3 months and 19 were testing the software ready for use. This represents an increase of 34 local authorities since 2006-07 and represents approximately 40% of our HB casework.

## E-Collect

This project will greatly improve the speed of collecting and recording information that we require to deliver our services by allowing Rent Officers to enter information directly into the IT system whilst on location. Following a successful proof of concept and pilot in 2006-07, the E-Collect project commenced in May 2007 and development of the application began in November 2007. A full tender process was undertaken to identify suppliers for the Personal Digital Assistants (PDAs), which are the hardware tools used to capture property information (following an inspection) and lettings information.

Issues were identified with the primary device selected which is undergoing further testing. The devices will greatly improve the quality of information collected on lettings and property inspections, providing greater accuracy of data. Reliance on paper will also be reduced, contributing towards better sustainability.



*The devices will greatly improve the quality of information collected on lettings and property inspections, providing greater accuracy of data.*



## E-Deliver

With the introduction of the LHA, the three Rent Officer organisations (TRS, Rent Officers Wales and the Rent Registration Service for Scotland) were faced with the task of having to provide a monthly exchange of LHA and BRMA information with the 408 local authorities across Britain from April 2008. In September 2007, TRS instigated the E-Deliver project to develop an electronic solution, with a completion deadline for full delivery and implementation by 31 March 2008. Development work commenced in November 2007 and to assist TRS staff working on this project we sought professional advice from external providers who were also assisting us on another project. New hardware was installed, delivering the service to the 408 local authority customers and static geographical maps of the BRMAs were produced in readiness for the publication of the provisional LHAs.

A considerable amount of time was spent with software suppliers ensuring that project risks were mitigated early in the project development. The first key milestone to be achieved was the successful publication of initial LHA and BRMA data to the pathfinder and second wave local authority groups. This took place in December 2007, in readiness for going live in January 2008.

The system:

- holds lists of rents that allow for extrapolation and calculates and stores the LHA rates (both the Scottish and Welsh LHAs are also stored on the system)
- produces BRMA definition files with:
  - postcodes and properties for split postcodes
  - Portable Data Files (PDFs) maps of all BRMAs
  - LHA rate files; and
  - national BRMA GIS polygon datasets (which are electronic maps of BRMA boundaries across England, Scotland and Wales).

Data is published to local authorities through an auto email service and is available for download on the LHA-Direct website. A temporary trial website went live in January 2008. The final LHA-Direct website with full access to the public and secure areas went live on 12 March 2008. The web address for this site is:

<http://lha-direct.therentservice.gov.uk>

Allowing for a period of local authority user review, feedback and refinement, the site was formally launched to customers on 31 March 2008. Live LHAs were published on target in March 2008.





As with the review of localities, the development of E-Deliver was a huge body of work, involving the storage of LHA and BRMA information for 408 local authorities and 189 BRMAs, which was nevertheless successfully completed while maintaining normal service provision.

## Development of our Website

Our website complies with Government e-accessibility and meta data standards. These standards ensure that TRS continually reviews its data on the web site to make relevant information available and in a format that is user-friendly to staff, customers and stakeholders. This has been particularly important during this time of substantial change and will be used as a key resource of information and communication with our customers and stakeholders.



## 3 Staff

### Staff Numbers

In 2007-08 we employed 669 staff compared to the planned 665. We were able to offer early retirement and redundancy to a number of staff at the end of the year as a result of obtaining additional funding from our parent department. Figure 23 shows TRS staffing, by Directorate and in total, for the past three years.

**Figure: 23 Staff numbers by Directorate**

Directorate	2005-06 Actual	2006-07 Actual	2007-08 Planned	2007-08 Actual
Chief Executive	48	48	49	50
Finance	35	34	33	31
Human Resources	28	25	26	24
Operations Front Line Staff	600	580	557	564
<b>Total Staff</b>	<b>711</b>	<b>687</b>	<b>665</b>	<b>669</b>

### Learning

The learning programme was updated to cover the new roles created to assist with the implementation of the LHA and BRMAs. Some new and different skills were required by staff to be able to carry out these roles. We provided training to those staff that joined the new Lettings Research Team which was formed to support the introduction of HB reform. This training gave team members a thorough understanding of their new roles and how they would contribute to the successful implementation of LHA by improving the quality of our market lettings information.

Our team of in-house network trainers (made up of staff from various Directorates across the Agency) contributed significantly to the success of this programme. These trainers were given the opportunity to study towards the Certificate in Training Practice to build on their experience and expertise. This helps to ensure that both the trainers themselves and the Agency achieve the maximum benefit for our investment in this group.



*Trainers were given the opportunity to study towards the Certificate in Training Practice to build on their experience and expertise.*





*We have successfully completed a comprehensive leadership programme designed to help managers lead through the challenging period of change.*



Throughout the year we trained a number of VICTER4 Champions, an Agency-wide network of individuals who have trained other users in each office on the new system. We have also created a set of e-learning modules that support both new staff and experienced VICTER3 users' needs.

A Business Delivery Workshop was organised in May 2007 to help set the future direction of the Agency. Following on from this we engaged an external provider to deliver a comprehensive leadership programme designed to help managers lead through the challenging period of change up to April 2009. We have now successfully completed this programme, achieving positive feedback from all the management groups involved.

We used a significant amount of learning resources in the second half of the year to give training to staff at the new CPU. Apart from technical training being provided to the new members of staff recruited to the Unit, we also provided specific targeted training to the Team Leaders within the Unit. This development and other CPU learning activity will continue throughout the coming financial year.

We have expanded our e-learning resource, which has played a key role in supplementing the training provided both for VICTER4 and for the staff joining the CPU.

We continue to deliver remote working workshops to those who are ready to start this flexible way of working. We also completed the "Writing with Impact" training which began in the last financial year.

During 2007-08 we received ten new applications to study for a Royal Institute of Chartered Surveyors (RICS) qualification. Of the thirty-five existing students, three more have achieved the NVQ in this period, making a total of five since December 2006. We have five people studying the next level of qualification, i.e. Assessment of Technical Competence, and two students have already achieved this qualification. In addition, one individual has achieved the Assessment of Professional Competence. Completion of the full RICS qualification ensures people are competent to practise as chartered surveyors.

As we prepare to transfer our functions to the VOA we have a pilot group ready to study towards the NVQ. This is the result of TRS & VOA working in partnership to align this qualification.

During the 2007-08 financial year, staff in the organisation undertook 2,970 training days. This represents an increase of 21% on the previous year and more than 33% on 2005-06. This is despite the fact that during the year there has been a substantial reduction in overall staffing numbers. In addition, the take-up of training places offered by the Learning Team improved by almost 2.2% (to 95.0%) which is significantly above levels achieved in the previous year. This has enabled the Agency

to demonstrate improved value for money obtained for expenditure against the training budget.

## Eclipse Awards

The Eclipse Award scheme has been in operation since November 2004 and recognises individual achievements of success. Any member of the Agency can nominate a colleague for an award detailing their reasons for the nomination which is assessed by the Remuneration Committee. Each monthly winner is awarded a cash prize of £300.

**Figure 24: Eclipse Award winners 2007**

Name	Month	Area	Office
Jack Okello	April-07	Corporate	Welbeck Street
Samantha Ball	April-07	North	Preston
Carol Swanson	April-07	South	Wimbledon
Amanda Farthing	May/June 07	North	Leeds
Norma King	May/June 07	North	Leeds
Rebecca Anderson	May/June 07	South	Welbeck Street
Karen Ainger	May/June 07	South	Chichester
Robert Knowles	July/August 07	South	Bournemouth
Sheila Nicholson	July/August 07	North	Newcastle
Debbie South	July/August 07	South	Welbeck Street
Harriet Stephens	Sept/October 07	South	Bristol
Guy Williams	Sept/October 07	South	Norwich
Abu Oyes	Sept/October 07	Corporate	Welbeck Street
Joyce Durojaiye	Nov/Dec 07	Corporate	Welbeck Street
David Dyson	Nov/Dec 07	South	Chichester
Sandra Coyle	Nov/Dec 07	North	CPU Washington

## Recruitment

The creation of a new CPU in Washington meant that a major recruitment exercise was required to staff the unit. This involved committing a considerable amount of time and resource to the exercise which proved to be highly successful, with staff in post before the end of the financial year.

This recruitment was balanced with administrative headcount reduction in our local offices. This was achieved without recourse to compulsory redundancies, and has resulted in significant efficiency savings.



*Much work has been undertaken by both merging Agencies - TRS and VOA - in developing and carrying forward the TRANSFORM programme.*



## Career Transition

Following a thorough tender process, an external provider was appointed to deliver career transition services to all staff as required until the close of the Agency. Initial awareness sessions were held with all staff throughout November and December 2007. This was followed by specific support for administrative staff affected by the reorganisation and the move towards centralised processing. The support included one-to-one sessions, workshops, on-line and phone services. It has received excellent feedback and support will continue into next year.

## Communicating with staff

Communicating with staff effectively during the year has been a main priority for the organisation. The most significant announcement was the launch of the TRANSFORM change programme in partnership with the VOA in September 2007. Members of the AMB launched the programme simultaneously in seven offices across the estate: Warrington, Newcastle, Chelmsford, Birmingham, Southampton, Exeter and London, with other staff travelling to attend.

Much work has been undertaken by both merging Agencies – TRS and VOA - in developing and carrying forward the TRANSFORM programme. In particular:

- TRS and VOA have been working together on all aspects of practice, guidance and procedure, including a gap analysis of the key differences between the two sets of terms and conditions
- the Agency's post-LHA organisational design
- joint consultation with both agencies' trade unions, commencing a scheduled programme of meetings

A separate branded publication was released to support the TRANSFORM programme detailing planning and business priorities of specific workstreams up to the transfer of TRS functions to the VOA.

For consistency purposes the in-house newsletter was renamed and the intranet revised to support the branding of TRANSFORM in a new, improved and user-friendly format.

The decision to create a CPU within the Agency meant that the number of administrative staff required across the TRS would reduce. During the year one-to-one meetings were held with all operational administrative staff to discuss the CPU, what effect it would have on their role and what their ideal preference would be: to remain at TRS in a residual administrative role, to be redeployed to another government department

or to take voluntary severance/retirement. We met preferences where possible. However in locations where more staff wanted to remain in the residual administrative role than were required, a selection exercise was carried out. The criteria for the selection exercise was agreed with the trade unions through a consultation process. Most administrative members of staff chose to leave voluntarily. HR met with the remaining staff on at least three separate occasions during the third and fourth quarter to manage their 'at risk' status and redeployment.

In the first half of the year we successfully secured funds from DWP and ran a Voluntary Early Retirement/Voluntary Early Severance (VER/VES) scheme in the northern territory, which specifically targeted Rent Officers and Valuation Team Managers. As a result of this exercise we agreed the early exit of twelve members of staff: three Valuation Team Managers and nine Rent Officers.

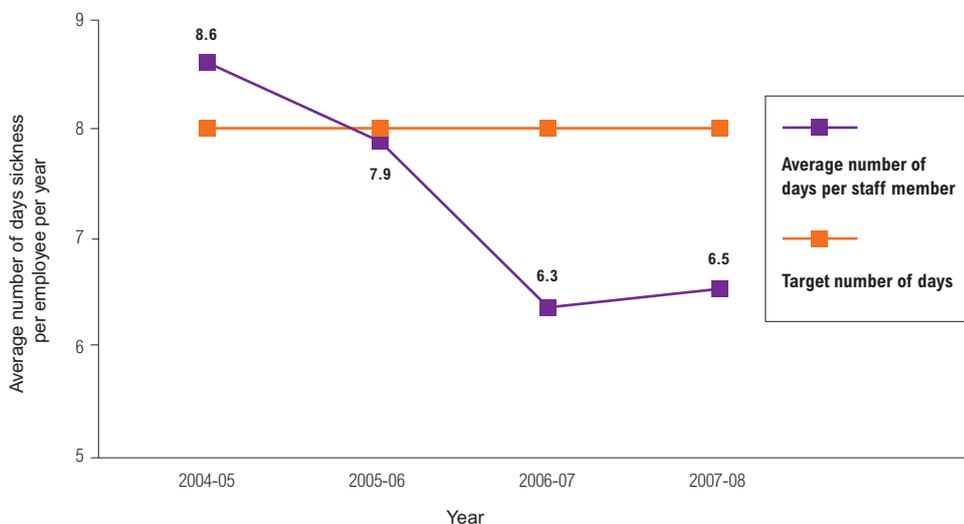
A second VER/VES scheme took place in the latter part of the year and was open to staff in all parts of the Agency. As a result of this exercise we agreed the early release of an additional twenty-nine members of staff.



## Sickness Absence

The Agency continues to be highly successful in managing sickness absence. Our target was to maintain our sickness absence level to below an average of 8 working days per employee per year in 2007-08. The Agency achieved an average of 6.5 days per employee. Figure 25 shows the reduction in sickness absence since 2004-05.

**Figure 25: Reduction in Sickness Absence 2004-05 to 2007-08**





We have continued to support staff and managers during periods of sickness to help achieve an early return to work. Our HR Advisers keep in close contact with front line managers on their individual cases, advising on informal and formal capability action and referrals to our occupational health provider. In addition the HR Welfare Team have also given extensive support.

We give Territorial Managers a detailed monthly overview on high level or high occurrence sickness absence cases. Quarterly meetings take place between the Territorial Managers and HR Managers to discuss how we can proactively move cases forward and to ensure that there is a consistent approach to formal action. Key cases and their development are reported back to senior managers at the Absence Control Group. The success we have had in this area is demonstrated not only by the overall level of sickness absence, but also by the fact that we currently have no members of staff on reduced pay (which happens after 6 months' continuous sickness absence).

During the year most of our referrals to our occupational health provider were related to sickness absence issues, although pre-recruitment issues and workplace assessments were also covered.

## Forthcoming legislation

The Agency continues to ensure it complies with new employment legislation that came into effect during the year, including:

- the Public Authority duty to promote gender equality
- extension of the Information and Consultation of Employees Regulations
- the ban on smoking in the workplace

## Welfare

HR Welfare continued to support all staff with work-related or personal issues. Despite experiencing an increase of 12% in its casework over the previous year, the team successfully completed 89% of referrals received during the year, the remaining 11% of casework are ongoing. We also worked in partnership with our external providers on our employee assistance programme. This was extended to developing a pilot workshop on 'Understanding Stress' which will be revised during the coming year following feedback before being rolled out to the wider community of managers.

The Welfare Team has also visited the CPU and offered support and advice to the newly-appointed managers and staff in the unit.

A programme of keeping in touch with remote workers has begun as a way of monitoring the welfare of our staff who now work from home.

Working with the Learning Team, HR Welfare carried out a tender exercise for an external contractor to develop and deliver health and well-being awareness sessions at several of our offices. This programme of work has begun and will continue into the next financial year.

In raising awareness, articles covering the work of welfare-based organisations which offer advice and support on matters of health has been produced and published in internal publications.

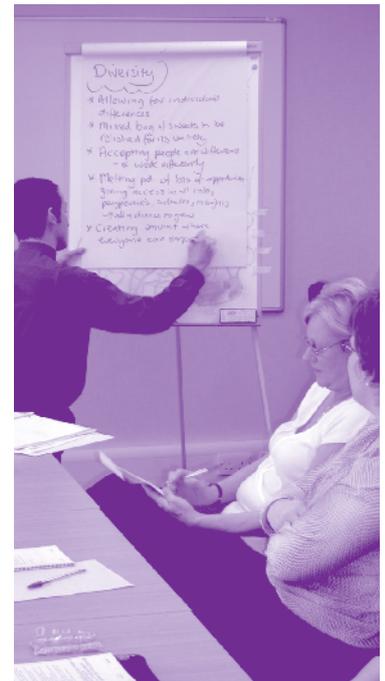
## Diversity

During 2007-08 we reviewed our Equality Schemes and Action Plans which will be published separately and included within the Annual DWP Equality Scheme in May 2008. The reviews have identified a number of actions that will need to be taken forward as part of this update. We have developed and delivered a “Disability Confident” training programme for all of our staff, and refined our exit interview procedure which will enable us to better monitor our employment practices and build upon our diversity principles.

We monitor, analyse and evaluate a range of information on our staff to meet the specific requirements of the Race Relations Act, the Disability Discrimination Act and the Equality Act. This helps us to ensure that all staff including those from under-represented groups receive equal outcomes and are able to fulfil their potential. More information on our diversity strategy and action plans on how we promote equal opportunities within TRS are contained in our Equality Scheme which is available at [www.therentservice.gov.uk](http://www.therentservice.gov.uk)

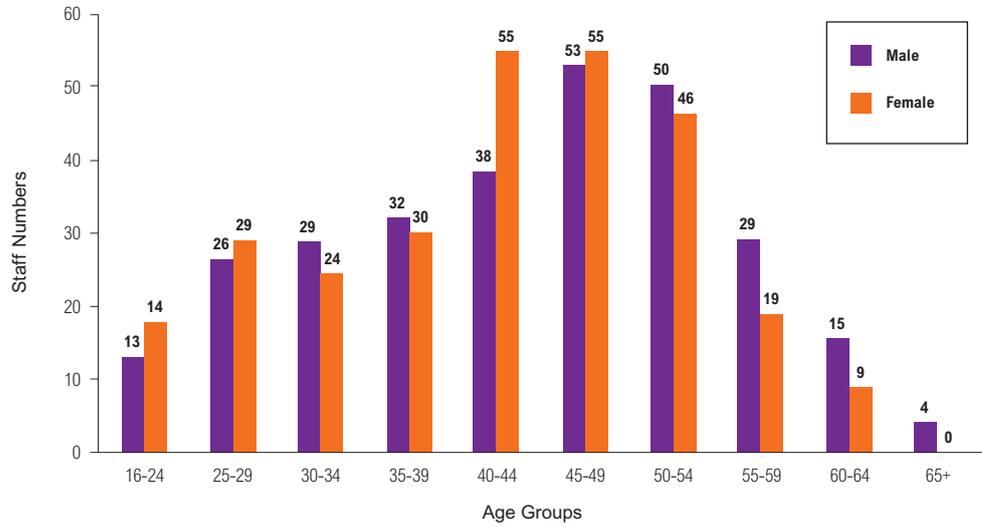
During the year, the Agency’s staffing profile has changed considerably in response to the introduction of the LHA which is part of the Welfare Reform agenda. Staff numbers reduced to 574 by 31 March 2008. This is a reduction of 121 staff during the year. The geographical spread of staff has also changed as a result of establishing the CPU in North East England which includes 54 posts.

The breakdown of staff numbers by age and gender is represented in the table below. Of the 574 staff, 289 staff were male and 285 were female which represents an almost equal split across genders. The age profile of the staff shows that 52% of our people are aged between 40 and 54 years of age.





**Figure 26: Breakdown of staff by age and gender**



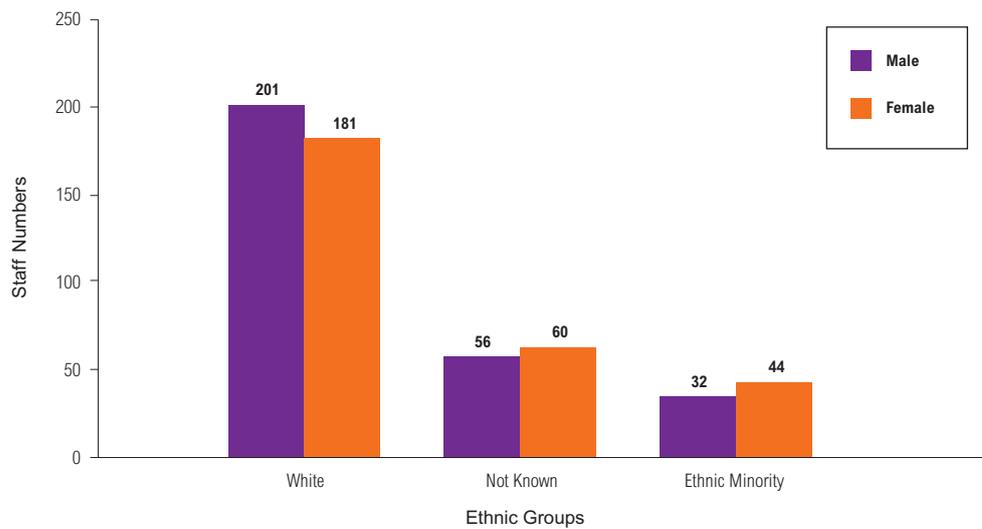
*During the year, the Agency's staffing profile has changed considerably in response to the introduction of the LHA which is part of the Welfare Reform agenda.*



Of the 458 staff that have declared their ethnicity, 76 have an ethnic minority background, which represents 16.6% of these staff. This shows that the Agency has reasonably high levels of employment of people from ethnic minority backgrounds and compares favourably with the economically active rate of 9.2%.

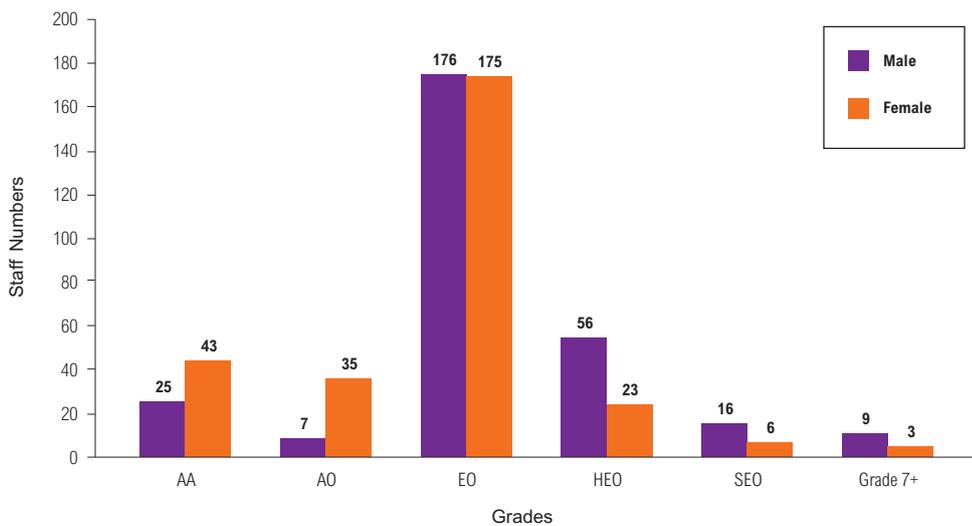
The figures of breakdown of staff by gender and ethnicity are shown in the following table.

**Figure 27: Breakdown of staff by gender and ethnicity**



The balance between female and male staff in the Agency is almost equal. Women make up 49.7% of our workforce. This compares favourably to the economically active rate for women of 46.4%. A breakdown of staff numbers by gender and grade is shown in Figure 28 below.

**Figure 28: Breakdown of staff by gender and grade**



The last year has seen an increase in the percentage in staff declaring a disability from 3.6% in March 2007 to 4.2% in March 2008. We had exactly the same number of male and female disabled staff.

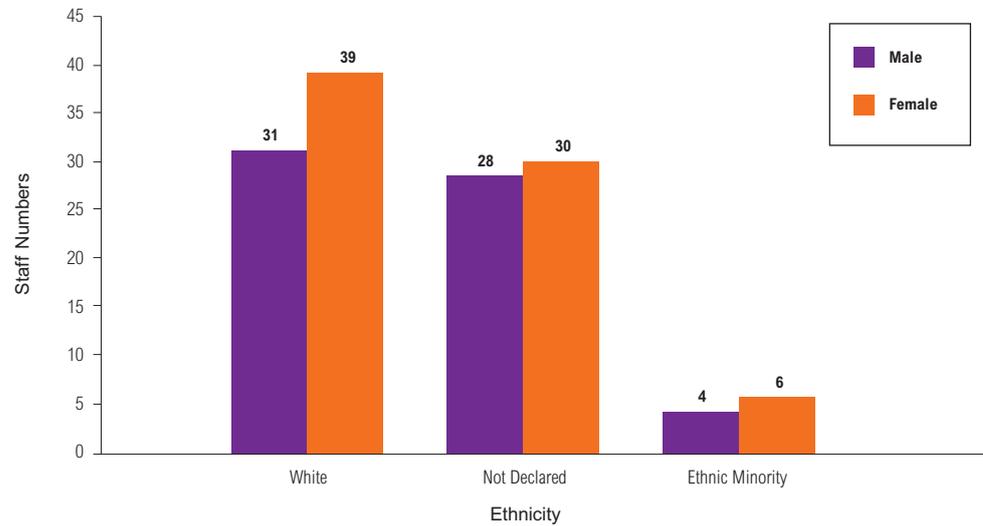
## Recruitment

A total of 138 new appointments were made in the Agency during the year which includes 54 appointments to the CPU. During the exercises to fill these posts we received 245 expressions of interest or applications and we completed 175 interviews. Of the 138 appointments, 54.3% were female and 45.7% were male.

A breakdown of the new appointments by gender and ethnicity is shown below. Of the 80 staff who declared their ethnicity, 12.5% were from an ethnic minority background. Although this figure may appear a little on the low side, it should be noted that 39% of our total appointments were made in the North East Government Region where the economically active rate for people from an ethnic minority background is 2.8%.



**Figure 29: New appointments broken down by gender and ethnicity**



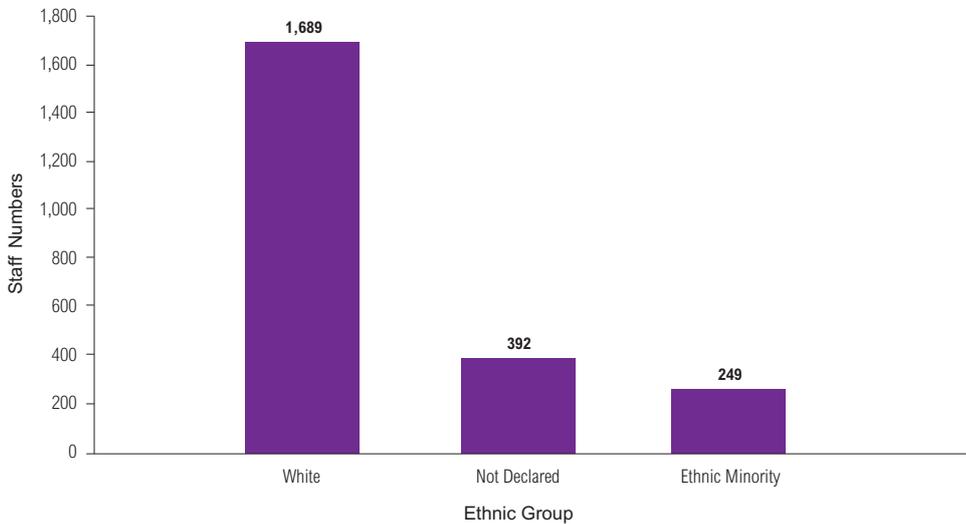
Of the members of staff appointed, four declared that they had a disability.

### Learning Figures

In total, staff attended 2,330 training events, undertaking more than 2,970 days of training activities. Of these training events almost 49% were undertaken by women, which matches the overall gender breakdown of staff within the Agency.

Of the staff who declared their ethnic origin and undertook the training events, almost 12.9% were from an ethnic minority background. This is relatively representative of the proportion of ethnic minority staff in our workforce.

**Figure 30: Training events broken down by ethnicity**



Of the training events undertaken 3.9% were attended by disabled staff which, again, is relatively representative of our overall employment rate of disabled people.

## Health and Safety

We continue to keep our Health and Safety (H&S) management and reporting systems under review to ensure best practice, compliance with legislation and that our reporting procedures and preventative/remedial actions are both effective and timely. During 2007-08 a review of the Agency's H&S policy was completed to ensure that it fully reflects the Agency's legal obligations. We also undertook an emergency evacuation exercise and reviewed local H&S provision. In total 185 Display Screen Equipment (DSE) assessments were carried out by the H&S Team during the year.

As a result of considerable change within the organisation and plans to merge the Agency with the VOA as of 1 April 2009, the H&S Team has:

- visited, assessed and supported those TRS Teams that have already moved into VOA premises
- visited, assessed and supported staff that are remote workers in their own homes
- assessed the reorganisation of our headquarters building in London
- assessed the CPU in Washington



Whilst not a formal review, different parts of the HR directorate re-examined our remote working processes and procedures. This included the H&S Team doing a number of DSE assessments. Information was collated on productivity and sickness absence levels, (this showed that remote workers were 12% more productive than their office-based colleagues and that they also took significantly less sickness absence). A questionnaire was also issued to all remote workers and their line managers, covering training, H&S and communication issues. As a result of the feedback we have created a “Hints and Tips for Remote workers” booklet and also amended the content of the remote workers training course.

## The Rent Service Sports and Recreational Trust (TRSSRT)

TRSSRT had another successful year during 2007-08 and continued to extend the calendar of events to include new leisure pursuits and activities.



First to be introduced was a white water rafting experience which was held at the National Water Sports Centre in Nottingham. There were ten participants; for three, their first attendance at a TRSSRT organised event. Other new activities to be introduced to the TRSSRT Intranet area included alpha doku, cryptic puzzles, general knowledge crosswords and code breaker puzzles.

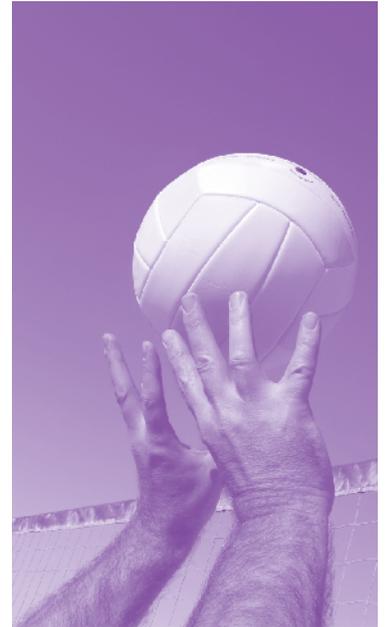
The following are some of the activities TRSSRT organised during 2007-08:

- Beach Volleyball
- Orienteering Championships
- Archery
- Indoor Cricket
- Five-a-side Football
- Intranet Quizzes
- Civil Service Social Club Events



A majority of the companies currently listed under the TRSSRT Members Benefit Scheme have agreed to extend their offers to TRS staff for another year or where applicable by another season.

The success of TRSSRT is always due to the efforts of the Secretary, the commitment of the Committee members, office contacts and the enthusiasm of the members in their participation.



## 4 Forward Look



*The AMB remain committed to openness and transparency in communication with stakeholders and staff*



2008-09 will be a landmark year for TRS, its customers and staff. The introduction of the LHA in April 2008 has brought about a fundamental change in our operational activity, and our workload is expected to reduce by 40% this year and continue reducing over the following two years. As a result, the system no longer requires a stand alone body to support it, and Ministers have announced that TRS's residual functions will be transferring to the VOA on 1 April 2009.

The key strategic aims for TRS in the coming year are:

- to continue to deliver high quality services to our customers and achieve key Secretary of State targets
- to deliver value for money services and achieve all our financial targets
- to work with DWP and our local authority customers to implement and take forward the HB Reform agenda, specifically the continued roll-out of LHA
- to work with our stakeholders to ensure that TRS transfers a fit for purpose organisation on 1 April 2009
- to ensure that the Agency has the necessary skills and capacity to maintain effective service delivery whilst managing substantial change
- to consult our staff and their representatives on the change programme and ensure they are supported to meet the challenges ahead

To achieve this in 2008-09 we plan to employ an average of 565 staff to deliver our services, and we plan to spend approximately £37.7m.

Finally, the AMB remain committed to openness and transparency in communication with stakeholders and staff, and we are confident that we can deliver on this significant and important agenda as we prepare TRS for its new future within VOA.

**Patrick Boyle**

Chief Executive

The Rent Service, 7 July 2008

# 5 Financial Summary (audited)

## Accounts Direction

These financial statements have been prepared in accordance with a direction issued by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

### Summary

The accounts for the 12 months ended 31 March 2008 have been prepared in accordance with the Financial Reporting Manual (FRoM) issued by HM Treasury.

During the 12 months, the Agency was wholly funded by the Department for Work and Pensions (DWP) through Request For Resource 2 Line F (RfR2F). The total funding received during the period was £36.6 million (2006-07 £37.9 million).

Net operating costs for the financial year were £39.1 million (2006-07 £35.8 million). Taxpayers' equity amounted to liabilities of £3.6 million as at 31 March 2008 (2007 liabilities of £4.1 million).

### Fixed Assets

The total net book value of the Agency's fixed assets at 31 March 2008 was £2.7 million (31 March 2007 £3.5 million). The movements in fixed assets for the year are set out in notes 6 and 7 to the financial statements. There were no costs incurred on Research and Development during the 12 months ended 31 March 2008.

### Pension Liabilities

For the purposes of Financial Reporting Standard 17, pension scheme liabilities of £1.2 million (2006-07 £4.2 million) have been recognised in the balance sheet. An actuarial gain of £3.1 million (2006-07 £3.7 million) is shown in the Statement of Recognised Gains and Losses.

### Events since the end of the financial year

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements.





## Going Concern

The balance sheet at 31 March 2008 shows negative Taxpayers' Equity of £3.6 million (2006-07 £4.1 million). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet the Net Cash Requirement of DWP of which The Rent Service is part. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund by DWP other than that required for the service of the specified year or retained in excess of that need.

In common with government departments, the future financing of The Rent Service's liabilities is accordingly to be met by future grants of Supply to DWP and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2008-09 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

From 1 April 2009, the services will continue to be provided using the same assets by another public sector entity, namely the Valuation Office Agency.

## Auditors

The accounts of the Agency are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. His certificate and report appear on pages 60 to 61. The audit fee charged in the Income and Expenditure Account was £47,000 (2006-07 £46,000). The auditors received no fees for non-audit services. An internal audit service for the Agency is provided by Deloitte through a contractual agreement.

The Accounting Officer confirms:

- there is no relevant audit information of which the auditors are unaware; and
- he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

## Remuneration Report

### Remuneration Policy

The Agency's remuneration policy, including rewards and recognition schemes, is determined by the Remuneration Committee.

In reaching its recommendations, the Remuneration Committee has responsibility for ensuring the following:

- that all awards given are within the approved financial allocations, and within the pay remit granted by HM Treasury; and
- that all schemes, policies and awards adopted by the Agency are within the guidelines issued from time to time by HM Treasury and the Cabinet Office, in particular, those relating to diversity and equal pay.

Members of the Remuneration Committee during 2007-08 were:

<b>Norman Foster</b> (to 03/06/07)	Chief Executive
<b>Patrick Boyle</b> (from 04/06/07)	Chief Executive
<b>Joanne Lang</b> (to 13/05/07)	Finance Director
<b>Mark Brookfield</b> (from 14/05/07)	Finance Director
<b>Neil Prosser</b>	Human Resources Director

The Remuneration Committee met nine times during the period under review.

### Assessment of senior managers/Directors

The remuneration of senior managers and Directors is determined by The Rent Service's performance related remuneration scheme. Each year the performance of all staff is assessed by their line managers. Where a member of staff, including senior managers and Directors receive an "outstanding" performance rating in their Annual Review, they will be recommended for a one off bonus payment in addition to the basic annual pay increase. The outstanding rating applies to staff who have exceeded their performance objectives and produced a consistently high standard, which is above the standard you might normally expect at their grade. It is the role of the Remuneration Committee to ratify the outstanding performance and bonus payment.

### Service Contracts

The Chief Executive is on a permanent contract with remuneration determined by the Senior Civil Service section at DWP in accordance with the Civil Service Management Code. DWP or the Chief Executive may terminate the contract by giving three months notice. With effect from 26 February 2007, Norman Foster held the post of Chief Executive on a temporary basis pending a permanent recruitment exercise. On 4 June 2007, Patrick Boyle took up the permanent post of Chief Executive.



The Agency's Directors are on open-ended contracts that may be terminated by the Agency or Director by giving three months notice.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in their respective pension schemes. During the period under review, there were no significant awards made to past senior employees in respect of early termination.

Details of the salary and pension entitlements of senior employees are shown below.

### Salary and pension entitlements of Senior Employees (audited)

The following number of senior employees received remuneration falling within the following bands:

## SALARY BANDS

	2007-08 No.	2006-07 No.
£50,000 - £59,999	5	3
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1

The salary and pension entitlements of the most senior managers of the Agency were as follows:

	Salary	Benefits in Kind (to the nearest £100)	Salary	Benefits in Kind (to the nearest £100)	Total Accrued pension at 65 and related lump sum	Real increase in pension and lump sum at age 65	CETV at 31/03/07	CETV at 31/03/08	Real increase in CETV	Compensation Payments
	2007-08 £'000	2007-08 £	2006-07 £'000	2006-07 £	2007-08 £'000	2007-08 £'000	2006-07 £'000	2007-08 £'000	2007-08 £'000	2007-08 £
<b>Chief Executive</b> Patrick Boyle (from 04/06/07)	85-90	-	N/A	N/A	30-35 plus N/A lump sum	0-2.5 plus N/A lump sum	357	476	15	-
<b>Deputy Chief Executive</b> Norman Foster	75-80	200	65-70	100	30-35 plus 95-100 lump sum	(0-2.5) plus (0-2.5) lump sum	538	612	61	-
<b>Finance Director</b> Mark Brookfield	55-60	-	50-55	-	15-20 plus 45-50 lump sum	0-2.5 plus 5-7.5 lump sum	193	261	28	-
<b>Human Resources Director</b> Neil Prosser	60-65	-	55-60	-	5-10 plus 15-20 lump sum	0-2.5 plus 0-2.5 lump sum	79	105	12	-
<b>Valuation Assurance Director</b> John Swinnerton	45-50	-	40-45	-	20-25 plus 60-65 lump sum	0-2.5 plus 5-7.5 lump sum	279	328	28	-
<b>Service Delivery Director</b> Keith Wheeler (from 10/09/07)	40-45 <sup>^</sup>	3,000	N/A	N/A	15-20 plus 50-55 lump sum	0-2.5 plus 2.5-5 lump sum	N/A	301	25	-
<b>Head of HR Operations and Learning</b> Pauline Moore	45-50	-	40-45	-	5-10 plus 25-30 lump sum	0-2.5 plus 2.5-5 lump sum	89	119	12	-
<b>External Member</b> Janet Pope	15-20 <sup>^^</sup>	N/A	-	N/A	N/A	N/A	N/A	N/A	N/A	-
<b>Head of Property and Purchasing**</b> William Goldfinch	50-55	-	45-50	-	20-25 plus 60-65 lump sum	0-2.5 plus 2.5-5 lump sum	409	486	19	-
<b>Head of IT**</b> Dino Joseph	50-55	-	45-50	-	0-5 plus N/A lump sum	0-2.5 plus N/A lump sum	25	41	8	-
<b>Finance Director</b> Joanne Lang***	65-70 <sup>^</sup>	-	65-70	-	15-20 plus 45-50 lump sum	0-2.5 plus 0-2.5 lump sum	210	241	9	-
<b>Regional Director**</b> Nigel Bravery (to 30/11/07)	40-45 <sup>^</sup>	-	50-55	-	20-25 plus 70-75 lump sum	nil	332	N/A <sup>*</sup>	N/A <sup>*</sup>	-
<b>Regional Director**</b> Pat Elliot (to 30/11/07)	35-40 <sup>^</sup>	-	45-50	-	20-25 plus 75-80 lump sum	nil	416	N/A <sup>*</sup>	N/A <sup>*</sup>	-
<b>Head of Communications**</b> Jim O'Donnell (to 04/11/07)	25-30 <sup>^</sup>	-	40-45	-	10-15 plus 40-45 lump sum	0-2.5 plus 0-2.5 lump sum	206	226	4	-

<sup>^</sup> Total salary during 2007-08.  
<sup>^^</sup> Janet Pope is an external member of the Advisory Board and Chair of the Audit Committee. Her payment during 2007-08 represents payment of salary for four years.  
<sup>\*</sup> Employees in receipt of their pension benefits, therefore cash equivalent transfer value (CETV) calculations no longer relevant.  
<sup>\*\*</sup> Following a re-organisation, with effect from 23/07/07 these positions were no longer members of the Agency Management Board.  
<sup>\*\*\*</sup> Joanne Lang was on secondment to the Home Office with effect from 14/05/07

The retirement age for employees is 65.

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument. In 2007-08 this relates to the provision of a season ticket loan (Norman Foster) and lease car (Keith Wheeler).

### **Principal Civil Service Pension Scheme (audited)**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The Rent Service is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007.

Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2007-08, employers' contributions of £1,212,236 were payable to the PCSPS (2006-07 £1,102,795) at one of four rates in the range 17.1 to 25.5 per cent (2006-07: 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account which is a stakeholder pension with an employer contribution. Employers' contributions of £5,350 (2006-07 £3,106) were paid to one or more of a

panel of three 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 £434 (2006-07 £341), 0.8 per cent of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £509. Contributions prepaid at that date were £0.

### **Local Government Pension Scheme (audited)**

Details of the Local Government Pension Scheme is shown in the Statement of accounting policies at 1(f).

### **The Cash Equivalent Transfer Value (CETV)**

Columns 7 & 8 of the table shown on page 53, shows the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 9 reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.



**Patrick Boyle**  
Accounting Officer  
Dated: 7 July 2008

# Financial Statements

For the year 1 April 2007 to 31 March 2008

## Statement of the Agency's and Chief Executive's Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed The Rent Service to prepare a statement of accounts for each financial year 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 Agency's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the 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, unless it is inappropriate to presume the Agency will continue in operation.

The Accounting Officer for the DWP has designated the Chief Executive of The Rent Service as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Agency's *Framework Document* and the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*.

## Statement on Internal Control

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of The Rent Service's policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to an acceptable and reasonable level rather than eliminate risk altogether, whilst achieving the policies, aims and objectives of the Agency; 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 the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rent Service for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

### Capacity to Handle Risk

Whilst every member of staff within The Rent Service has a responsibility to ensure that the Agency's exposure to risk is minimised, overall leadership of the Agency's risk management processes rests with members of the Agency Management Board (AMB) who are responsible for promoting and embedding a risk management culture within The Rent Service, which includes setting the risk management framework within which The Rent Service operates.

As Accounting Officer, I act as the Risk Champion for the Agency, whilst lead responsibility for ensuring that appropriate mechanisms are in place for identifying, monitoring and controlling risk and advising AMB on the actions needed in order to comply with our corporate governance requirements rests with the Finance Director.

An important part of our risk management framework is to ensure that staff have the appropriate skills, knowledge and understanding to discharge their risk management responsibilities.

During the year 2007-08 we provided the necessary support to our managers and project workers by updating our risk framework and associated guidance and we

provided both formal and informal advice to individual managers. We also provided advice to our programme and project boards, committees, management meetings and other internal working groups.

### The Risk and Control Framework

The key strands of the Agency's risk management strategy are:

- to ensure that there is ownership and awareness of risk throughout the organisation;
- to ensure that a systematic process is in place for identifying, monitoring, reporting and controlling the key risks faced by the Agency in delivering its corporate agenda. This includes maintaining a structured system of risk registers which log risks at a Strategic, Directorate, Territorial, Programme and Project level;
- to manage risk in accordance with best practice;
- to provide risk management training;
- to promote and communicate risk awareness to staff at every available opportunity;
- to provide support and guidance to our staff and give them the confidence and the ability to manage risks at the appropriate level within the Agency;
- to maintain, review, update and test the business continuity plans that are in place for all areas of the business where a potential event may have a catastrophic effect on the Agency and its business capability; and
- to operate a system of Annual and Mid-Year Stewardship Reporting whereby at the end of each financial year and at the end of quarter two, each Director formally reports to the Accounting Officer on the effectiveness of the systems of internal control and action that they have taken to manage risk within their Directorate.

During the year, we have maintained and updated our Business Continuity Plans (BCP) and tested our HQ BCP. The HQ test was designed to test the effectiveness of our IT Disaster Recovery Site (DRS) to ensure that in the event of the loss of TRS HQ and the HQ server farm we have the capability to deliver our business, to a predetermined and agreed level, from our DRS.

We have updated our Corporate, Directorate and Territorial plans to ensure they are effectively focussed, reflect organisational changes and take account of staff movements and new staff responsibilities.

Throughout 2007-08 we sought advice from our internal auditors on emerging best practice for Corporate Governance and our internal control mechanisms.

As a business unit for the Department for Work and Pensions (DWP) our Risk Strategy and performance is reported and discussed, at least quarterly, with DWP's Risk Assurance Division. This involves meetings with DWP's business risk managers and corporate governance managers. We will continue a dialogue of discussion and exchanging information in order to review and continuously improve our own systems and processes.

## 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 internal control is informed by the work of the internal auditors and the senior managers within The Rent Service who have responsibility for the development of the internal control framework, and comments made by external audit in their management letter and other reports.

I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the AMB, the Audit Committee and a plan to address weaknesses and ensure continuous improvement is in place.

The processes that have been put in place to maintain an effective system of internal control include:

- an AMB, which is comprised of the Agency Directors and key Corporate Heads, meets at least ten times a year to consider the plans and the strategic direction of the Agency. It is responsible for ensuring that corporate risks are identified as early as possible, are properly managed, that cross directorate issues are considered and that the importance of risk management receives a high profile within individual directorates;
- an Audit Committee, which meets at least three times a year and is responsible for ensuring, as far as possible, that appropriate mechanisms are in place within the Agency for the assessment and management of risk and advising the Accounting Officer on the effectiveness of the systems of internal control within the organisation prior to signing off the Statement on Internal Control;
- regular reports by internal audit, to standards defined in Government Internal Audit Standards, which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement;
- periodic reports from the Chair of Audit Committee, to the Agency's Advisory Board concerning internal control;
- regular reports to the Agency's Advisory Board and AMB on progress against the Agency's key targets, objectives and projects;

- an appropriate delegated budget management framework;
- a system of Mid Year and End of Year Stewardship Reports by Directors;
- a risk management strategy, risk management framework and guidance which comply with best practice;
- a Strategic Risk Register, which is supported by the Directorate Risk Registers, Territorial Risk Registers and the Project Risk Registers and is reviewed by the AMB on a periodic basis (at least quarterly); and
- the adoption of formal programme and project management arrangements, which includes the development and maintenance of both programme and project risk registers; in addition for all large and potentially high risk programmes and projects we follow the DWP/OGC Gateway process.

The 2007-08 Head of Internal Audit's opinion stated:

*"Based on the internal audit work completed in the financial period 1 April 2007 to 31 March 2008, as approved by the Audit Committee and limited to the scopes as agreed by the Audit Sponsor, with the exception of the control weaknesses identified in our detailed reports, in our opinion The Rent Service has adequate and effective processes over risk, control and governance which provide reasonable assurance regarding the effective and efficient achievement of The Rent Service's objectives.*

*Our Internal Audit Programme for the period covered 10 systems operating within The Rent Service, all of which received "substantial" assurance.*

*Two advisory projects were performed during the year which did not form part of the 2007-08 Internal Audit Programme and no*

*assurance opinions were provided.*

*The IT Efficiency project, performed in April 2007, aimed to help management determine whether the risks associated with the current structure and skill set of the Information Technology Support & Development team (ITSD) and the associated IT infrastructure were being mitigated to help ensure that ITSD maintained effective services as a result of changes under LHA and The Rent Service's move to the Valuation Office Agency (VOA).*

*The Westminster Consultation project (currently in draft) was conducted in March 2008 and aimed to help management identify improvements in the consultation process and lessons learned from the events which led to Westminster City Council obtaining a court injunction which prevented TRS from applying new Broad Rental Market Areas within the London boroughs in December 2007."*

## **Significant Internal Control Problems**

Through 2007-08 there have been no significant control weaknesses reported within The Rent Service.

Our audit and internal management reporting continue to identify issues to be addressed within normal day to day business and none of these have identified significant control weaknesses.

*Patrick Boyle*

**Patrick Boyle**  
Accounting Officer  
Dated: 7 July 2008

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

I certify that I have audited the financial statements of The Rent Service for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Agency, the Chief Executive and Auditor**

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

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

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

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Annual Report introduction, the Management Commentary and the unaudited parts 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 most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

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

## Opinions

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2008, and of the

net operating cost, recognised gains and losses and cashflows for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Introduction by the Chief Executive, Management Commentary and the unaudited part of the Remuneration Report, is consistent with the financial statements.

## Audit Opinion on Regularity

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

## Report

I have no observations to make on these financial statements.

### T J Burr

Comptroller and Auditor General  
16 July 2008

### National Audit Office

151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
<b>Income</b>			
Other Income	5	9	7
<b>Operating Costs</b>			
Staff Costs	2a	(27,268)	(22,694)
Depreciation	3	(1,703)	(2,502)
Other Administration Costs	3	(10,123)	(10,583)
<b>Gross Operating Cost</b>		<u>(39,094)</u>	<u>(35,779)</u>
<b>Net Operating Cost</b>	20	<u>(39,085)</u>	<u>(35,772)</u>

All income and expenditure are derived from continuing operations

## STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Net gain on revaluation of tangible fixed assets	14	26	40
Pension fund actuarial gain	13	3,112	3,714
<b>Recognised gain for the financial year</b>		<u>3,138</u>	<u>3,754</u>

## BALANCE SHEET

As at 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Fixed Assets</b>			
Intangible Assets	6	325	594
Tangible Assets	7	<u>2,359</u>	<u>2,893</u>
		2,684	3,487
<b>Current Assets</b>			
Debtors	9a	2,092	2,228
Cash at bank and in hand	10	<u>2</u>	<u>38</u>
		2,094	2,266
Creditors (due within one year)	11a	(5,363)	(3,172)
Bank overdraft	10	<u>(104)</u>	<u>(167)</u>
		(5,467)	(3,339)
Net current (liabilities)		(3,373)	(1,073)
Total Assets less Current Liabilities		(689)	2,414
Creditors (amounts falling due after more than one year):			
Provisions for liabilities and charges	12	(1,669)	(2,290)
Provision for pension liability	13	(1,201)	(4,247)
<b>Total Assets less liabilities</b>		<u><b>(3,559)</b></u>	<u><b>(4,123)</b></u>
<b>Financed By</b>			
General Fund	20	(3,970)	(4,518)
Revaluation Reserve	14	411	395
		<u><b>(3,559)</b></u>	<u><b>(4,123)</b></u>

Accounting policies and notes forming part of these accounts are on pages 64 to 81

*Patrick Boyle*

**Patrick Boyle**  
Accounting Officer  
Dated: 7 July 2008

## CASH FLOW STATEMENT

For the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Net cash outflow from operating activities	15a	(35,555)	(34,142)
Capital expenditure	15b	(1,012)	(1,792)
Payments of amounts due to the Consolidated Fund		(9)	(7)
Financing from the Consolidated Fund (Supply)	15c	36,603	37,901
<b>Increase in cash in the period</b>	10	<b>27</b>	<b>1,960</b>

## Notes to the Accounts

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2007-08 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### (a) Basis of Accounting

The accounts follow the accruals concept of accounting and have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

#### (b) Fixed Assets and Depreciation

##### i. Capitalisation threshold

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £2,000, excluding VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

##### ii. Land & Buildings

The Agency does not hold any financial interest in land or buildings. The Agency occupies various premises rented or leased from a number of landlords.

##### iii. Revaluation

The Agency re-values its tangible fixed assets in March of each year using appropriate indices provided by HM Treasury.

##### iv. Depreciation

The straight line method of depreciation is used, i.e. depreciation is provided at rates calculated to write off the valuation of fixed assets less the estimated residual value by equal annual instalments over their estimated useful lives. The Agency reviews the asset lives annually. The asset lives currently applied to the Agency's main categories of assets are as follows:

Telecoms and ICT 3-5 years

Furniture and Office Equipment 2-5 years

Leasehold Improvements up to 20 years (over the terms of the lease)

Leasehold Improvements are included within Furniture and Office Equipment in Note 7.

Depreciation is calculated from the month following that of acquisition and is charged in the month of asset disposal.

**v. Intangible Fixed Assets and amortisation**

Software licences are capitalised as Intangible Fixed Assets and shown in Note 6. These licences are amortised by equal annual instalments over the length of the licence.

**vi. Assets under construction**

These represent the accumulated expenditure incurred in constructing assets that enhance the Agency's infrastructure. Assets under construction are not depreciated until brought into use.

**(c) Stocks**

The Agency aims to hold stock at a level that is commensurate with immediate business needs. Therefore stock holdings are minimal and have no significant realisable value outside the Agency. It has been given a nil value in the Agency's accounts for the year ended 31 March 2008.

**(d) Income**

Income is accounted for on a receivable basis.

**(e) Capital Charge**

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% (2006-07 3.5%) in real terms on all assets less liabilities, except for donated assets, and cash balances with the Paymaster General, which do not attract a charge.

**(f) Pensions**

The majority of the Agency's staff are members of the Local Government Pension Scheme (LGPS). The LGPS is a funded multi-employer contributory defined benefit scheme. The London Pensions Fund Authority (LPFA) administers the LGPS on behalf of the Agency. Every four years independent

actuaries carry out a valuation of the pension fund and set the rate at which the Agency must contribute to fully fund the payment of Scheme benefits for the Fund's membership. The latest formal valuation of the LGPS was carried out as at 31 March 2007. For 2007-08 contributions of £3,315,000 (2006-07 £2,675,000) were paid to the LGPS at a rate of 15.7 (2006-07 15.7) per cent of pensionable pay. Other employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the details of which are given in the Remuneration Report.

**(g) Early departure pension costs**

The Agency bears the full cost of the PCSPS and LGPS benefits for employees who retire early until the employee reaches the normal retirement age.

For PCSPS employees, the total cost is charged to the Income and Expenditure account and a provision for future pension payments is created. Payments to the retired employee until normal retirement age are then charged annually against the provision.

For LGPS employees there is a one off cost which is paid up front and charged to the Income and Expenditure account.

**(h) Operating Leases**

Rentals payable under operating leases are charged to the Income and Expenditure account in the year to which the payments relate.

**(i) Finance Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to operating costs over the period of the lease at a constant rate in relation to the balance outstanding.

**(j) Provisions**

Onerous lease provisions are made for the future running costs associated with buildings which the Agency has moved out of.

Dilapidation provisions are made for leases on buildings which the Agency still occupies. The expected timing of payment is uncertain but would normally be when the buildings are vacated. Where buildings have already been vacated, these have been included in creditors.

**2. STAFF NUMBERS AND RELATED COSTS**

(a) Staff costs consist of:

	2007-08	2007-08	2007-08	2006-07
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	16,736	1,084	17,820	16,954
Social security costs	1,213	-	1,213	1,227
Pension costs	2,787	-	2,787	2,808
Early Retirement Costs	4,702	-	4,702	1,363
Non cash staff costs:				
Early Retirement Costs	-	-	-	824
Pension costs	746	-	746	(482)
<b>Sub total</b>	<b>26,184</b>	<b>1,084</b>	<b>27,268</b>	<b>22,694</b>

FRS17 charges associated with the LGPS have been analysed between pension costs £2,341,000 (2006-07 £1,237,000) and Early Retirement costs £1,720,000 (2006-07 £956,000). The overall net FRS 17 pension cost recognised in the year is therefore £4,061,000 (2006-07 £2,193,000) as shown in note 13. In addition, pension costs include contributions of £1,218,000 (2006-07 £1,106,000) which were payable to the PCSPS and stakeholder pension providers.

(b) The average number of full-time equivalent persons employed by The Rent Service (including senior management) during the financial year was as follows:

	2007-08	2007-08	2007-08	2006-07
	Permanent staff Number	Others Number	Total Number	Total Number
Chief Executive's Office	42	8	50	79
Finance Directorate	30	1	31	54
Human Resources Directorate	23	1	24	25
Operations Directorate				529
Service Delivery	431	29	460	-
Valuation Assurance	98	6	104	-
	<b>624</b>	<b>45</b>	<b>669</b>	<b>687</b>

During 2007-08 the Operations Directorate was split into two directorates: Service Delivery and Valuation Assurance.

### 3. OTHER ADMINISTRATION COSTS

	2007-08 £'000	2006-07 £'000
<b>Administration Costs</b>		
Hire and use of office equipment	1,303	1,442
Rent and Rates	4,447	4,626
Professional services	481	597
IT consultancy and expenditure	555	403
Training and Conferences	719	852
Travel and subsistence	1,329	1,210
Dilapidations	(12)	3
Internal Auditor's remuneration and expenses	97	91
	8,919	9,224
<b>Non-Cash Items</b>		
Depreciation and amortisation	1,703	2,502
Loss on disposal of fixed assets	67	84
Cost of capital credit	(130)	(205)
Impairment on tangible fixed assets	71	54
External Auditor's remuneration and expenses	47	46
Other Provisions	148	11
Other Finance Costs	(680)	(451)
	1,226	2,041
<b>Other expenditure</b>	1,681	1,820
	<b>11,826</b>	<b>13,085</b>

Included in other provisions are increases in dilapidation provisions of £148,000 (2006-07 £130,000) and decreases in onerous lease provisions of £0 (2006-07 £119,000) as shown in Note 12. Other finance costs of £(680,000) (2006-07 £(451,000)) represent costs associated with the LGPS as shown in Note 13.

### 4. NET PROGRAMME COSTS

There were no programme costs incurred during the period covered by these statements.

## 5. OTHER INCOME

	2007-08			2006-07		
	A-in-Aid £'000	Not A-in-Aid £'000	Total £'000	A-in-Aid £'000	Not A-in-Aid £'000	Total £'000
<b>Income</b>						
Other income analysed by classification and activity, is as follows:						
Interest receivable	-	8	8	-	6	6
Other fees and charges to external customers	-	1	1	-	1	1
	<b>-</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>7</b>	<b>7</b>

Other income of £9,000 (2006-07 £7,000) represents income from sale of rent registers, and interest received on bank balances. It does not represent income appropriated-in-aid.

## 6. INTANGIBLE FIXED ASSETS

	<b>Software Licences</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2007	1,580
Disposals	(45)
<b>At 31 March 2008</b>	<b>1,535</b>
<b>Amortisation</b>	
At 1 April 2007	986
Charge in the year	269
Disposals	(45)
<b>At 31 March 2008</b>	<b>1,210</b>
<b>Net book value at 31 March 2008</b>	<b>325</b>
<b>Net book value at 31 March 2007</b>	<b>594</b>

## 7. TANGIBLE FIXED ASSETS

	Furniture and Office Equipment	Telecoms and ICT	Assets under construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2007	5,745	7,759	352	13,856
Additions	87	536	389	1,012
Transfer from Assets Under Construction	-	353	(353)	-
Disposals	(1,372)	(256)	-	(1,628)
Permanent diminution in value	-	(146)	-	(146)
Revaluation Reserve	79	-	-	79
<b>At 31 March 2008</b>	<b>4,539</b>	<b>8,246</b>	<b>388</b>	<b>13,173</b>
<b>Depreciation</b>				
At 1 April 2007	4,072	6,891	-	10,963
Charge in the year	763	671	-	1,434
Disposals	(1,306)	(255)	-	(1,561)
Permanent diminution in value	-	(75)	-	(75)
Revaluation	53	-	-	53
<b>At 31 March 2008</b>	<b>3,582</b>	<b>7,232</b>	<b>-</b>	<b>10,814</b>
<b>Net book value at 31 March 2008</b>	<b>957</b>	<b>1,014</b>	<b>388</b>	<b>2,359</b>
<b>Net book value at 31 March 2007</b>	<b>1,673</b>	<b>868</b>	<b>352</b>	<b>2,893</b>

## 8. MOVEMENTS IN WORKING CAPITAL OTHER THAN CASH

	Note	2007-08	2006-07
		£'000	£'000
(Decrease) in debtors	9a	(136)	(26)
(Increase)/Decrease in creditors	11a	(2,191)	199
		<b>(2,327)</b>	<b>173</b>

## 9A. DEBTORS

	2007-08	2006-07
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1	9
Deposits and advances	29	28
Other debtors	27	55
Prepayments and accrued income	1,936	1,977
VAT	73	85
Pension Contributions	-	48
<b>Sub total</b>	<b>2,066</b>	<b>2,202</b>
Amounts falling due after more than one year:		
Prepayments	26	26
	<b>2,092</b>	<b>2,228</b>

## 9B. INTRA-GOVERNMENT BALANCES

The following table analyses total debtor balances across the categories shown:

	Amounts falling due within one year:		Amounts falling due after more than one year:	
	2007-08 £'000	2006-07 £'000	2007-08 £'000	2006-07 £'000
Balances with other central government bodies	96	134	-	-
Balances with local authorities	840	817	-	-
Balances with public corporations and trading funds	-	49	-	-
<b>Sub total</b>	<b>936</b>	<b>1,000</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	1,130	1,202	26	26
<b>Total debtors at 31 March</b>	<b>2,066</b>	<b>2,202</b>	<b>26</b>	<b>26</b>

## 10. CASH AT BANK AND IN HAND

	2007-08 £'000	2006-07 £'000
Balance at 1 April	(129)	(2,089)
Net cash inflow	27	1,960
<b>Balance at 31 March</b>	<b>(102)</b>	<b>(129)</b>
The Office of HM Paymaster	(104)	(167)
Commercial banks and cash in hand	2	38
	<b>(102)</b>	<b>(129)</b>

## 11A CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007-08 £'000	2006-07 £'000
Trade creditors	400	166
Other Creditors	796	804
Accruals and deferred income	1,323	1,151
Early departure costs	2,763	1,051
Pension Contributions	81	-
	<b>5,363</b>	<b>3,172</b>

## 11B. INTRA-GOVERNMENT BALANCES

The following table analyses total creditor balances across the categories shown:

	Amounts falling due within one year:		Amounts falling due after more than one year:	
	2007-08 £'000	2006-07 £'000	2007-08 £'000	2006-07 £'000
Balances with other central government bodies	671	579	-	-
Balances with local authorities	23	-	-	-
Balances with public corporations and trading funds	2,561	185	-	-
<b>Sub total</b>	<b>3,255</b>	<b>764</b>	-	-
Balances with bodies external to government	2,108	2,408	-	-
<b>Total debtors at 31 March</b>	<b>5,363</b>	<b>3,172</b>	-	-

## 12. PROVISION FOR LIABILITIES AND CHARGES

	2007-08			Total £'000
	Onerous Leases £'000	Dilapidation £'000	Early Departure £'000	
At 1 April 2007	537	844	909	2,290
Amounts paid	(58)	(155)	(556)	(769)
Provided for in year	-	148	-	148
<b>At 31 March 2008</b>	<b>479</b>	<b>837</b>	<b>353</b>	<b>1,669</b>
Payable within one year	-	327	147	474
Payable after more than one year	479	510	206	1,195
<b>At 31 March 2008</b>	<b>479</b>	<b>837</b>	<b>353</b>	<b>1,669</b>

Onerous lease provisions are made for the future running costs associated with buildings which the Agency has moved out of.

Dilapidation provisions are made for leases on buildings which the Agency still occupies. The expected timing of payment is uncertain but would normally be when the buildings are vacated. Where buildings have already been vacated, these have been included in creditors.

## 13. PENSION LIABILITY

For the purposes of Financial Reporting Standard 17, The Rent Service commissioned a qualified independent actuary to carry out an assessment of the LGPS as at 31 March 2008. The results of the actuarial assessment are shown below.

<b>Assumptions As At</b>		<b>31/3/08</b>	<b>31/3/07</b>
		<b>% per annum</b>	<b>% per annum</b>
Inflation		3.6%	3.2%
Salary increases		5.1%	4.7%
Pension increases		3.6%	3.2%
Discount rate		6.9%	5.4%

<b>Assets</b>	<b>Long Term</b>	<b>Fund value at</b>	<b>Fund value at</b>
	<b>Return % per Annum</b>	<b>31/3/08</b>	<b>31/3/07</b>
		<b>£'000</b>	<b>£'000</b>
Equities	7.5	50,093	32,026
Bonds	6.3	16,186	11,498
Property	6.7	15,071	6,520
Cash	4.8	2,515	1,380
Total	7.0	83,865	51,424

<b>Net pensions deficit as at</b>	<b>31/3/08</b>	<b>31/3/07</b>
	<b>£'000</b>	<b>£'000</b>
Estimated Employer Assets	83,865	51,424
Present Value of Scheme Liabilities	84,681	55,252
Present Value of Unfunded Liabilities	385	419
Total value of Liabilities	85,066	55,671
Net Pension Deficit	(1,201)	(4,247)

The implication for the going concern basis for the preparation of the financial statements is explained on page 50.

## 13. PENSION LIABILITY (CONT.)

<b>Amounts charged to staff cost</b>	<b>31/3/08</b>	<b>31/3/07</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Costs	1,915	2,182
Past Service Costs	28	0
Curtailments and Settlements	2,118	11
Total Operating Charge	<u>4,061</u>	<u>2,193</u>
<b>Amounts charged to Other Administration Costs</b>	<b>31/3/08</b>	<b>31/3/07</b>
	<b>£'000</b>	<b>£'000</b>
Expected Return on Employer Assets	3,733	3,171
Interest on Pension Scheme Liabilities	(3,053)	(2,720)
Net Administration Costs	<u>680</u>	<u>451</u>
<b>Analysis of Amount Recognised in Statement of Recognised Gains and Losses</b>	<b>31/3/08</b>	<b>31/3/07</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	(4,822)	449
Experience losses arising on the scheme liabilities	(3,440)	(105)
Changes in Financial Assumptions Underlying the Present Value of the Scheme Liabilities	11,374	3,370
Actuarial gain in Pension Plan	<u>3,112</u>	<u>3,714</u>
<b>Movement in Deficit During the Year</b>	<b>31/3/08</b>	<b>31/3/07</b>
	<b>£'000</b>	<b>£'000</b>
Deficit at beginning of the year	(4,247)	(8,894)
Current Service Costs	(1,915)	(2,182)
Employer Contributions	3,295	2,655
Contributions in respect of Unfunded Benefits	20	20
Past Service Costs	(28)	0
Impact of settlements and curtailments	(2,118)	(11)
Other Finance Costs	680	451
Actuarial Gains	3,112	3,714
Deficit at end of the year	<u>(1,201)</u>	<u>(4,247)</u>

## 13. PENSION LIABILITY (CONT.)

History of Experience Gains and Losses	31/3/08	31/3/07	31/3/06	31/3/05	31/3/04
	£'000	£'000	£'000	£'000	£'000
Difference Between the Expected and Actual Return on Assets	(4,822)	449	5,812	923	1,944
Value of Assets	83,865	51,424	45,929	33,660	16,129
<b>Percentage of Assets</b>	<b>(5.7%)</b>	<b>0.9%</b>	<b>12.7%</b>	<b>2.7%</b>	<b>12.1%</b>
Experience (Losses) on Liabilities	(3,440)	(105)	(46)	(253)	(44)
Total Present Value of Liabilities	85,066	55,671	54,823	44,700	19,954
<b>Percentage of the Total Present Value of Liabilities</b>	<b>(4.0%)</b>	<b>(0.2%)</b>	<b>(0.1%)</b>	<b>(0.6%)</b>	<b>(0.2%)</b>
Actuarial Gains/(Losses) Recognised in SRGL	3,112	3,714	719	(6,715)	1,900
Total Present Value of Liabilities	85,066	55,671	54,823	44,700	19,954
<b>Percentage of the Total Present Value of Liabilities</b>	<b>3.7%</b>	<b>6.7%</b>	<b>(1.0)%</b>	<b>(15.0)%</b>	<b>9.5%</b>

## 14. REVALUATION RESERVE

	2007-08	2006-07
	£'000	£'000
Balance at 1 April	395	355
Arising on revaluation during the year	26	40
Release on disposal of fixed assets	(10)	-
	<b>411</b>	<b>395</b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

## 15. NOTES TO THE CASH FLOW STATEMENT

	Note	2007-08 £'000	2006-07 £'000
<b>(a) Reconciliation of net operating cost to operating cash flows</b>			
<b>Net operating cost</b>		<b>(39,085)</b>	<b>(35,772)</b>
Adjust for non-cash transactions	2a & 3	1,972	2,383
Adjust for movements in working capital other than cash	8	2,327	(173)
Use of provisions	12	(769)	(580)
<b>Net cash outflow from operating activities</b>		<b>(35,555)</b>	<b>(34,142)</b>
<b>(b) Analysis of capital expenditure and financial investment</b>			
Intangible fixed asset additions	6	-	(583)
Tangible fixed asset additions	7	(1,012)	(1,209)
<b>Net cash outflow from investing activities</b>		<b>(1,012)</b>	<b>(1,792)</b>
<b>(c) Analysis of financing</b>			
From Consolidated Fund (Supply) : current year	20	36,603	37,901
<b>Net Financing</b>		<b>36,603</b>	<b>37,901</b>
<b>(d) Reconciliation of Net Cash Requirement to increase/ (decrease) in cash</b>			
<b>Net Cash Requirement</b>	<b>17</b>	<b>(36,576)</b>	<b>(35,941)</b>
From Consolidated Fund (Supply) : current year	20	36,603	37,901
	10	<b>27</b>	<b>1,960</b>

## 16. CAPITAL COMMITMENTS

There were no contracted capital commitments at 31 March 2008 for which a provision had not been made.

## 17. RECONCILIATION OF NET CASH REQUIREMENT

	2007-08	2006-07
	£'000	£'000
Cash Payments	37,476	37,032
Cash Receipts	(900)	(1,091)
<b>Net Cash Requirement</b>	<b>36,576</b>	<b>35,941</b>

## 18. COMMITMENTS UNDER OPERATING LEASES

	2007-08		2006-07	
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
At 31 March the Agency was committed to making the following payments during the next year in respect of operating leases expiring:				
Within one year	278	48	89	48
Between one and five years	475	152	594	138
After five years	1,666	-	2,211	-
	<b>2,419</b>	<b>200</b>	<b>2,894</b>	<b>186</b>

## 19. CONTINGENT LIABILITIES

There are a number of legal claims against The Rent Service, the outcome of which cannot at present be stated with certainty. None of these claims have been settled. A potential cost of £125,000 has been estimated based on previous experience of similar claims. A potential cost of £70,000 has also been estimated for two pending Employment Tribunal cases. These costs have not been provided for in these financial statements.

	2007-08	2006-07
	£'000	£'000
Costs associated with pending Judicial Reviews and Employment Tribunal cases:		
Legal costs	125	90
Payment to individuals	70	60
	<b>195</b>	<b>150</b>

## 20 RECONCILIATION OF NET OPERATING COST TO CHANGES IN GENERAL FUND

	2007-08		2006-07	
	£'000	£'000	£'000	£'000
General Fund at 1 April		(4,518)		(10,195)
Net operating cost for the year	(39,085)		(35,772)	
Transfers from Revaluation Reserve	10		-	
Pension Reserve actuarial gains	3,112		3,714	
Payable to Consolidated Fund	(9)		(7)	
Financing from the Consolidated Fund	36,603		37,901	
Notional Costs	(83)		(159)	
<b>Increase in the General Fund</b>		<b>548</b>		<b>5,677</b>
<b>General Fund</b>		<b>(3,970)</b>		<b>(4,518)</b>
<b>The above balance comprises:</b>				
General Fund		(2,769)		(271)
Pension Reserve		(1,201)		(4,247)
		<b>(3,970)</b>		<b>(4,518)</b>

## 21. STATEMENT OF MOVEMENT ON GOVERNMENT FUNDS

	Note	2007-08	2006-07
		£'000	£'000
Opening Funds Balance		(4,123)	(9,840)
Movement on Revaluation Reserve	14	16	40
Movement on General Fund	20	548	5,677
<b>Closing Funds Balance</b>		<b>(3,559)</b>	<b>(4,123)</b>

## 22. AUTHORISED DATE FOR ISSUE

The Rent Service's financial statements are laid before the House of Commons by the Secretary of State for Work and Pensions. FRS 21 requires The Rent Service to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are authorised for issue by the Comptroller and Auditor General.

The authorised date for issue is 16 July 2008.

## 23. RELATED-PARTY TRANSACTIONS

During 2007-08 The Rent Service was an Executive Agency of the Department for Work and Pensions. DWP is regarded as a related party. During the year, the Agency has had various material transactions with DWP.

During the year ended 31 March 2008, none of the Board Members, members of the key management staff or other related parties has undertaken any transactions with the Agency.

## 24. FINANCIAL INSTRUMENTS

The Agency's treasury operations are governed by the Rent Act 1977 as supplemented by the Framework Document agreed with DWP, which has been approved by HM Treasury.

Due to the non-trading nature of the Agency's activities and the way in which government agencies are financed, The Rent Service is not exposed to the degree of financial risk faced by business entities. The Agency has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

**i. Interest rate risk**

The Agency finances its operations totally through RfR2F. Cash is deposited monthly into the Agency's main bank account held at Office of HM Paymaster General by DWP. No interest is payable on this account.

**ii. Liquidity risk**

Resources voted annually by Parliament finance the Agency's gross running costs and capital expenditure requirements. The Agency is not therefore exposed to significant liquidity risks.

**iii. Foreign currency risk**

The Agency has no dealings in foreign currency and therefore is not exposed to any foreign currency risk.



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