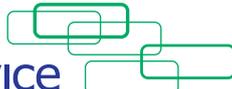




the rent service   
specialists in rental valuations

# The Rent Service

## Annual Report and Accounts 2008–09



# The Rent Service

## Annual Report and Accounts 2008–09

1 April 2008 to 31 March 2009

Part of the Department for Work and Pensions

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# Introduction

by the Chief Executive



I am pleased to present this, The Rent Service Annual Report and Accounts for the financial year 2008-09. In this the final year for the agency, we report actual performance against key Secretary of State indicators, business targets and objectives.

Also included are the audited annual financial statements for 2008-09 and details of how the agency, together with colleagues within the Department for Work and Pensions and the Valuation Office Agency, have successfully delivered the TRANSFORM Programme – the transfer of residual functions to the Valuation Office Agency, which took place on 1 April 2009. We also report how the agency supported the introduction of the new Local Housing Allowance, which went live on 7 April 2008.

I would like to thank all The Rent Service staff for their dedication and hard work during the last, and previous, years which has made this agency so successful. I am sure that they will continue to deliver and implement the Government's Housing Benefit policy effectively from within the Valuation Office Agency.

**Patrick Boyle**

Chief Executive

The Rent Service, July 2009





# 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 the TRS Business Plan 2008-09.

## Strategic key aims in 2008-09 were:

<b>Strategic Aim 1</b>	To deliver high quality services to our customers and achieve key Secretary of State targets.
<b>Strategic Aim 2</b>	To deliver value for money services and achieve our financial targets.
<b>Strategic Aim 3</b>	To work with DWP and local authority stakeholders to implement and take forward the HB Reform Agenda.
<b>Strategic Aim 4</b>	To work with DWP, CLG and VOA to ensure that TRS transfers a 'fit for purpose' organisation on 1 April 2009.
<b>Strategic Aim 5</b>	To ensure we have the necessary skills and capacity to maintain effective service delivery whilst managing substantial change.
<b>Strategic Aim 6</b>	To consult our staff and their representatives on the TRANSFORM Programme and ensure they are supported to meet the challenges ahead.

## Our business

Until 31 March 2009, The Rent Service (TRS) was an executive agency of the Department for Work and Pensions (DWP), and was a front-line service delivery organisation. We provided rental valuation services for the private rented housing sector for Housing Benefit (HB) purposes and the new Local Housing Allowance (LHA), which became operational on 7 April 2008.

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

From 1 April 2009 Rent Officer functions transferred to the Valuation Office Agency (VOA), to be carried out on behalf of DWP.



## Our customers

Our main customers were local authority HB departments (LAs), landlords and tenants.

## Our stakeholders

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

Other stakeholders included staff and their trade unions; other government departments; and a range of 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 has reflected 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 contributed 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.”

## Summary of performance

The financial statements for the year, which are prepared in accordance with the Financial Reporting Manual, are shown on pages 40 to 68 of the Annual Report and Accounts. We successfully operated within our financial allocation for the year as can be seen in the summary of outturn against budget shown in Figure 1:



**Figure 1: Financial outturn against budget**

Resource	Budget £'000	Outturn £'000
Running Costs	29,855	30,291
Early release funding	7,500	7,392
Notional Items	3,111	1,801
<b>Total Resource Expenditure</b>	<b>40,466</b>	<b>39,484</b>
Capital Expenditure	250	320
<b>Net Total Expenditure</b>	<b>40,716</b>	<b>39,804</b>

## Our structure

TRS was an executive agency of DWP. DWP was the agency's policy sponsor and main stakeholder and had both legislative and policy lead for around 90% of the agency's workload that was HB-related. CLG, was responsible for the policy and legislative lead affecting the remaining 10% of the agency's workload which consisted of fair rent cases. TRS also supported DWP with the implementation of the wider welfare reform agenda.

At 1 April 2008, TRS operated from 22 offices, including four locations where TRS staff shared VOA accommodation. During the year operational TRS staff moved into a further 13 VOA offices in preparation for the transfer of functions. By 1 April 2009, rent officer functions were operating from 17 VOA offices, plus one where VOA assumed responsibility from TRS: a total of 18 offices. Where available, lease breaks on the vacated offices were exercised, with the balance transferring to the DWP estate.

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

The Chief Executive was supported by the Agency Management Board (AMB). This board was responsible for building a customer and stakeholder driven culture with a strong focus on service delivery, customer satisfaction and quality. The board was also responsible for ensuring that the agency and its staff operated with the highest probity.

## Agency Management Board



▲ Patrick Boyle  
*Chief Executive (Chair)*



▲ Norman Foster  
*Deputy Chief Executive*



▲ Mark Brookfield  
*Finance Director*



▲ Neil Prosser  
*Human Resources Director*



▲ Pauline Moore  
*Head of HR Operations & Learning*



▲ John Swinnerton  
*LHA Director*



▲ Keith Wheeler  
*Valuation Director*

### Invited Attendees:

Colin Hitchin  
Andrew Rogers  
Heather Starr

Head of Communications & Customer Service  
Head of TRANSFORM Programme  
Trade Union Representative

The 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 had an Advisory Board, which provided advice to the Chief Executive and commented on the strategic direction of the agency. The Advisory Board also advised Government ministers of the agency's aims, objectives and performance. During 2008-09 the Advisory Board met three times: its members were:



▲ **Debbie Gupta**  
*DWP Director, Benefit Performance*



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



▲ **Janet Pope**  
*External Member*



▲ **Ilona Blue**  
*DWP Deputy Director, Local Authority Performance*



▲ **Derek McMahon**  
*DWP Deputy Director Planning & Performance Management Development*



▲ **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 were members of the Advisory Board

## Audit Committee

The Audit Committee was a sub-group of the agency's Advisory Board. Its members and attendees during 2008-09 were:



▲ Janet Pope  
*External Member (Chair)*



▲ Neil Prosser  
*Human Resources Director*



▲ Norman Foster  
*Deputy Chief Executive*



▲ Michael Lynham  
*VOA Representative*



▲ Richard Harrison  
*LHA Process Manager*



▲ Steve Sammon  
*Head of Lettings Research  
North*



▲ Derek McMahon  
*DWP Deputy Director  
Planning & Performance  
Management Development*

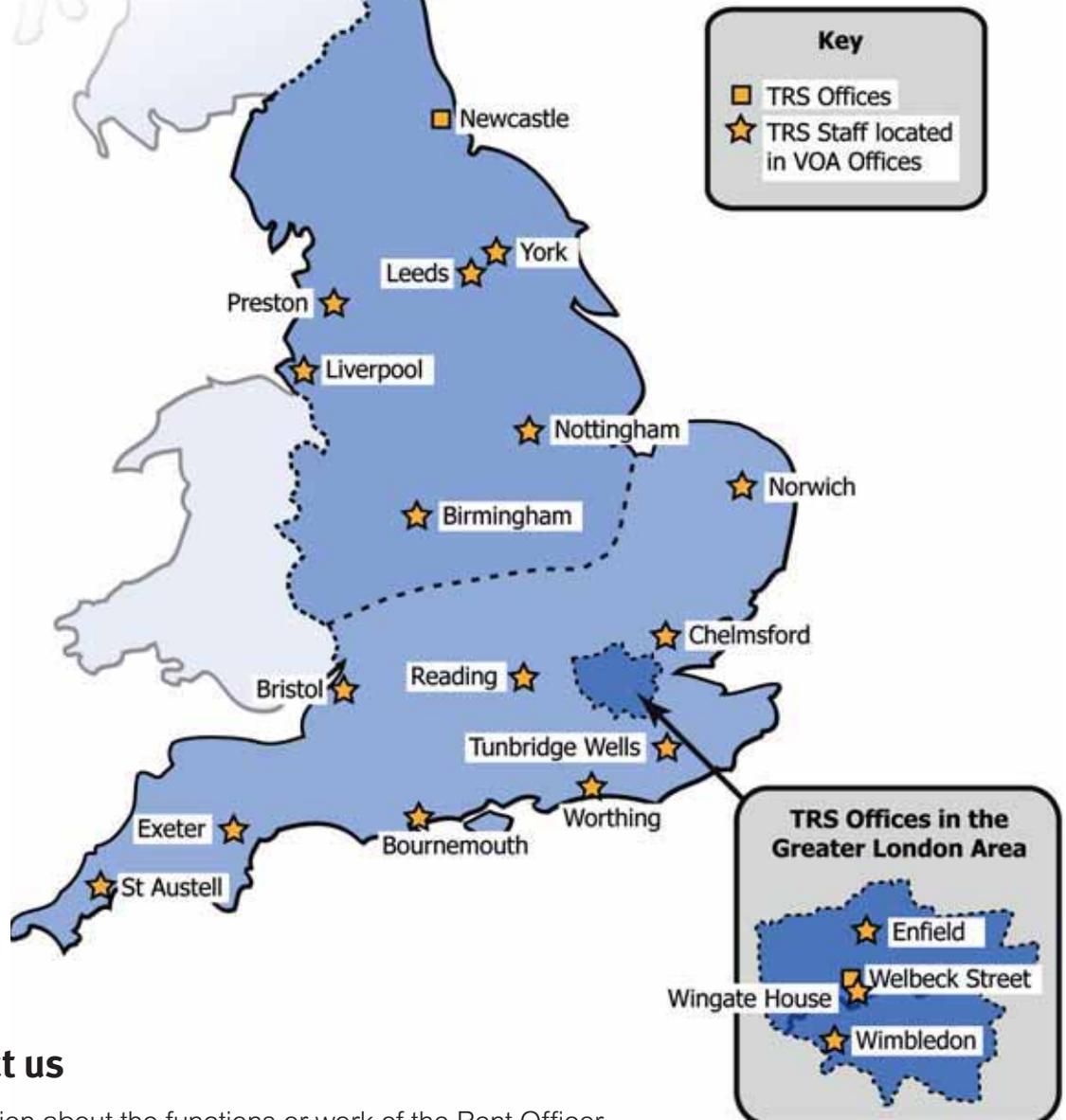


▲ Harriet Stephens  
*Valuation Team Manager  
(Bristol)*

### Attendees

Patrick Boyle	TRS: Chief Executive
Mark Brookfield	TRS: Finance Director
Jennie Baldwin	TRS: Head of Financial Services (to 31 October 2008)
Andrew Manning	Deloitte: Head of Internal Audit
Nick Corker	Deloitte: Internal Audit Delivery Manager
Colin Wilcox	NAO: Director
James Ferris	NAO: Audit Manager
Tim Drew	PKF: Partner
Scott Birch	PKF: Senior Manager
Anita Etienne	TRS: Senior Financial Accountant (to 30 November 2008)
Roland Knell	TRS: Risk Improvement Manager
Lydia Thillainayagam	TRS: Head of Financial Services (from 1 November 2008)
Harsha Kevitiyagala	TRS: Senior Management Accountant (from 1 December 2008)

## TRS offices



## How to contact us

If you have a question about the functions or work of the Rent Officer, you can write to:

**The Valuation Office Agency**  
**Wingate House 3rd Floor**  
**London**  
**W1D 5BU**

The address of local offices, together with more information on the work of the Rent Officer can be obtained from the following website: [www.voa.gov.uk](http://www.voa.gov.uk)

Alternatively you can contact the Network Support Office on: 08450 264696 or email: [NSOhelpdesk@voa.gsi.gov.uk](mailto:NSOhelpdesk@voa.gsi.gov.uk)



## 2. Agency performance

This section reports on the agency's performance throughout 2008-09, against key Secretary of State targets, internal targets and key business objectives. Also included are 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.

### Strategic Aim 1

To deliver high quality services to our customers and achieve key Secretary of State targets.

### Service Delivery targets

The agency had five key service delivery targets relating to both HB determinations and fair rent registrations. TRS comfortably exceeded four of these targets. The final service delivery target - redeterminations – was impacted by the judgement in the House of Lords Heffernan case (see page 12). It was agreed with the Secretary of State that this target would be suspended from 30 July 2008. Monitoring against this target recommenced on an informal basis from 6 January and for the remainder of the year, the target was exceeded.

**Figure 2: Service delivery targets**

Type of Determination	Timescales	2008-09	
		Target (%)	Actual (%)
Housing Benefit:			
With an inspection	within 15 working days	94	<b>98.7</b>
Without an inspection	within 3 working days	94	<b>98.3</b>
Pre-Tenancy	within 4 working days	94	<b>98.5</b>
Redetermination *	within 15 working days	94	<b>Suspended</b>
Fair Rents	within 40 working days	94	<b>98.7</b>

\* This target operated between 1 April 2008 and 31 July 2008, and from 5 January 2009 to 31 March 2009, by agreement with the Secretary of State.

## Quality

We measured both HB and fair rent casework against the proportion of rental determinations that are verified as being accurate following our quality assurance checks.

The quality of TRS' work continued to meet the highest standards during 2008-09 and as can be seen in Figure 3 the agency achieved outturn figures against Housing Benefit determinations and fair rent valuations of 99.2% and 98.5% respectively which exceeded the 95% target helping to demonstrate that the day to day quality of processing continued to be maintained even during a year of significant change and upheaval.

**Figure 3: Quality performance**

Target	2008-09	
	Target (%)	Actual (%)
Housing Benefit determinations that are checked as part of our quality assurance processes are verified as being accurate.	95	<b>99.2</b>
Fair rent valuations that are checked as part of our quality assurance processes are verified as being accurate.	95	<b>98.5</b>



## Customer service targets

Customer service remained a priority throughout 2008-09 in the lead up to the transfer of agency functions. The agency had two customer satisfaction targets for measuring our success. They were:

### Local authority Housing Benefit department customers

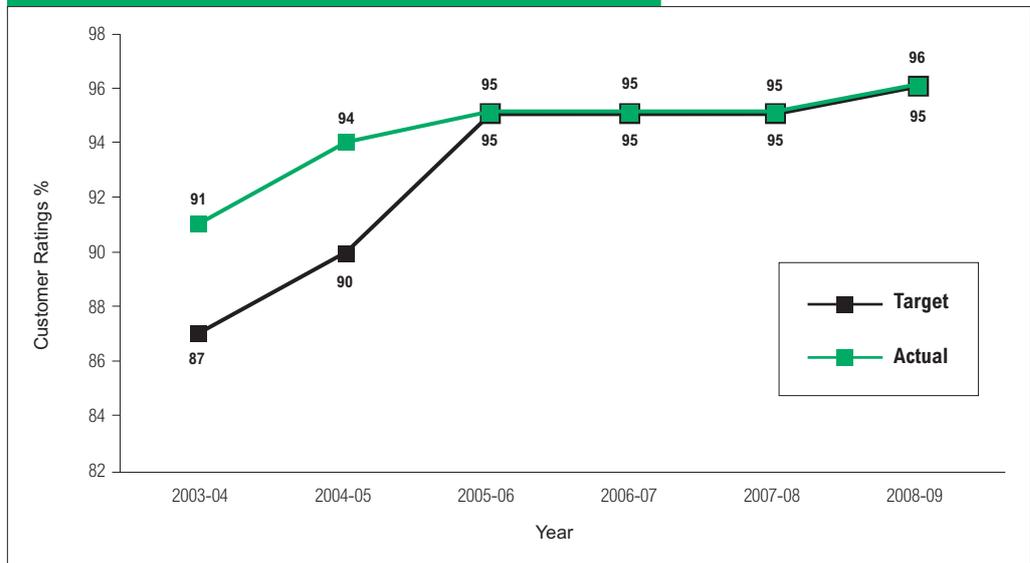
The target was to ensure that 95% of local authority customers who responded to our survey rated TRS' service as satisfactory or better during the year.

In 2008-09 TRS achieved a 96.5% rating from local authority customers. This is an exceptional achievement by the agency especially when considering the introduction of the LHA in April 2008, the preparation for the transfer of functions to the VOA and the significant reduction in staffing during the year.

Figure 4 shows the trend in customer satisfaction surveys for local authority HB department customers since 2003-04.



**Figure 4: Customer satisfaction ratings for HB**



## Fair Rent customers & Housing Benefit inspections

The target was to ensure that at least 95% of TRS' fair rent customers, and those HB customers which were inspected, who responded to the survey, rated the service as satisfactory or better. During the year TRS achieved a 95.1% rating. This again demonstrated the professionalism and dedication that agency staff applied in carrying out their duties during this year while preparing for significant change.

## The Heffernan case

The House of Lords handed down judgement on 30 July 2008 in the case of Heffernan (R on the application of Heffernan) v The Rent Service. The case was first dealt with by a rent officer in 2004, and after being heard in the High Court and the Court of Appeal it was finally heard in the House of Lords. The judgement required a complete re-evaluation of the rent officer process to determine a 'locality'. A locality is the geographical area across which it would be reasonable to expect a claimant to exercise choice to live, with respect to access to local services and amenities. Elements such as transport networks and services including those for health, education, recreation and shopping are considered. Each locality is a discrete area made up of adjoining areas of residential accommodation. Localities do not follow administrative boundaries, so local authority areas may contain just one locality or multiple localities.

Having been instructed by the House of Lords to review the Heffernan determinations it was also necessary to apply the new criteria, suggesting smaller geographical areas as localities, to all cases after 30 July 2008. It was concluded that if applied nationally, the judgement would result in a dramatic increase in the number of localities, as each would be based on a limited number of neighbourhoods and could result in a large number of low-income tenants

finding that HB would no longer cover their rent. Without amendment to the Rent Officers Order, this would happen automatically. Accordingly DWP laid amendments at the earliest opportunity, coming into effect on 5 January 2009.

## Effect on targets

This series of events impacted immediately on two targets:

- a) The review of Broad Rental Market Areas (BRMAs); and
- b) Redeterminations of rent officer HB determinations.

The Rent Service Advisory Board, chaired by the DWP Director Benefit Performance sought, and obtained, agreement from the Secretary of State to wholly suspend the agency's BRMA and redetermination targets from the date of the Heffernan judgement.

## Broad Rental Market Areas

Prior to the introduction of the new LHA in April 2008, the agency established BRMAs as part of the determination of this new allowance. In order to ensure that the BRMAs remained current, the agency established a new key performance measure of reviewing at least 25% of BRMAs each year.

At the beginning of the financial year, the agency developed a programme of reviews that would ensure that this target would be met.

As described above, the Secretary of State agreed to the suspension of the original target with effect from 30 July 2008. We then introduced an internal management target, which was to review at least 5% of BRMAs and deliver at least 5 reviews by the end of the financial year. The reviews re-commenced on 5 January 2009 and the new target was achieved.

## Redeterminations

The Secretary of State also agreed that TRS should wholly suspend the Business Plan target for redeterminations with effect from 30 July 2008. In the event, TRS cleared the backlog by the end of December 2008.

## Speed of processing – Central Processing Unit and Contact Centre

The agency established a Central Processing Unit (CPU), in January 2008 to deliver an efficient and consistent level of customer service during and after the introduction of the LHA.

As the effect of LHA was felt during 2008-09, the CPU expanded its activities to take account of this, introducing a range of new initiatives to build on the initial excellent success. These included:





- the consolidation of a help desk and single point of contact which improved standards of consistency and quality delivered to the public
- the consolidation of the redeterminations administrative function which streamlined the system and released resources to front line service delivery
- more access to processing teams for rent officers to embed consistent practices at local levels
- CPU managers attending local management team meetings to ensure that further progress was quickly achieved and thus ensured best practice was achieved within very short timescales
- contact centre scripts being regularly updated resulting in compliments from our major external stakeholders
- service level agreements with LAs were revised to take account of the CPU function which resulted in successfully establishing internal working agreements with delivery teams.

## **Electronic Interface System (EIS) take-up strategy**

EIS is software that enables LAs to have direct electronic connectivity with rent officer systems. It improves the quality of the work by reducing errors and inaccuracies within the referral process. This is achieved by using an agreed electronic format that verifies the information and ensures that it meets a minimum standard. The process also provides an accurate electronic audit trail for both TRS and LAs.

During 2008-09 TRS continued to actively promote the benefits of the EIS in terms of data security and efficiency for the agency and just as importantly for LAs, with the aim of increasing the number of local authority users by 20%. Of the 354 LAs across England 148 regularly used the EIS during the year. This represents over 40% of LAs in England and approximately 56% of the continuing HB caseload. This also represented an increase of 33% in user LAs during the year.

## Strategic Aim 2

To deliver value for money services and achieve our financial targets.



## Workload

The introduction of LHA for new claims from April 2008 had a significant impact on TRS and its workload. The workload was expected to reduce by approximately 40% during the year and there was actually a 40.2% fall in the year as shown in Figure 5 below.

**Figure 5: National workload**

	2007-08 Caseload (‘000)	2008-09 Caseload (‘000)	Decrease (‘000)	Decrease %
Housing Benefit referrals (with & without Inspection):	1,048	703	345	32.9
Pre-Tenancy Determinations	134	2.5	131.5	98.1
Redeterminations	13	9	4	30.8
<b>Total Housing Benefit work</b>	<b>1,195</b>	<b>714.5</b>	<b>480.5</b>	<b>40.2</b>
Fair Rents Applications	85	78	7	8.2
<b>Total Caseload</b>	<b>1,280</b>	<b>792.5</b>	<b>487.5</b>	<b>38.1</b>

**Figure 6: Workload by territory 2008-09**

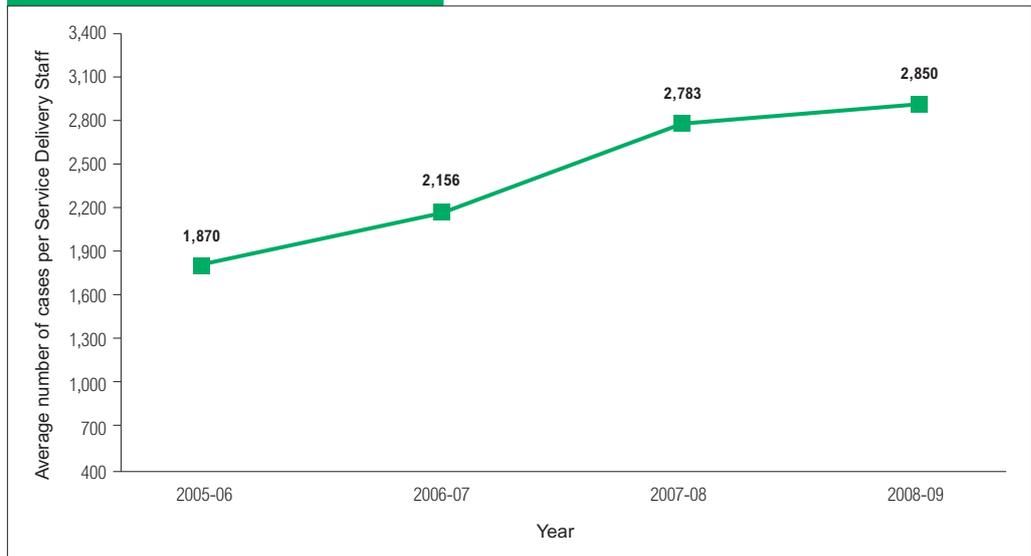
	North No. of HB – Related cases	South No. of HB – Related cases	National No. of HB – Related cases
Housing Benefit cases with & without inspection	310,000	393,000	703,000
Pre-Tenancy	750	1,750	2,500
Redeterminations	4,000	5,000	9,000
<b>Total HB related workload</b>	<b>314,750</b>	<b>399,750</b>	<b>714,500</b>
Fair Rents	31,000	47,000	78,000
<b>Total Workload</b>	<b>345,750</b>	<b>446,750</b>	<b>792,500</b>

## Productivity

The agency had a target of increasing productivity by 2% during the year in relation to front line Service Delivery staff. The outturn was 2.4%, which exceeded the target. This was an exceptional outcome bearing in mind all the changes that the agency faced during the year



**Figure 7: Trend in productivity**



## Cost per case

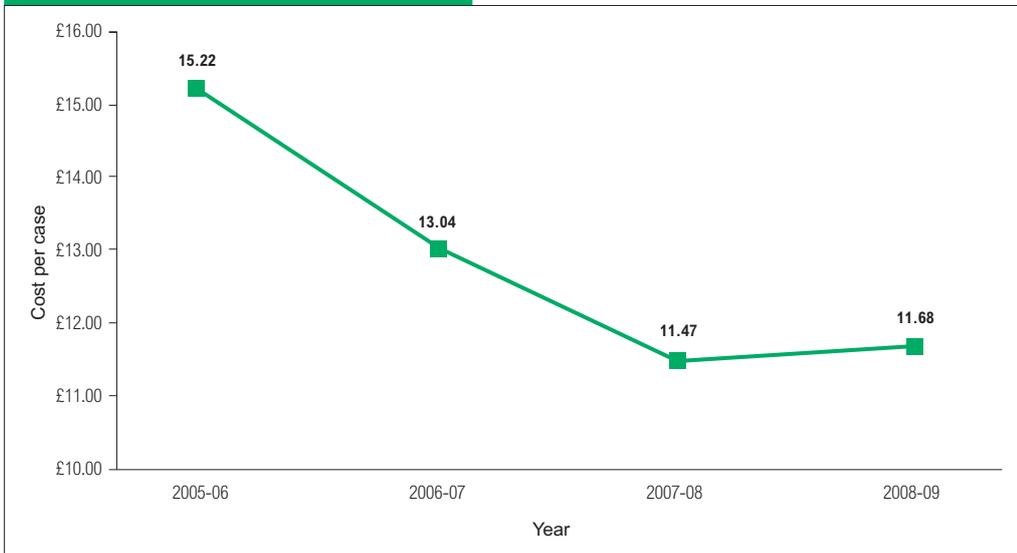
The agency's target for 2008-09 was to reduce cost per case by 1.5% in real terms. The actual outturn position was a 1.8% increase which nevertheless was an acceptable performance given the circumstances that the agency faced during the year, and in particular the uncertainty in caseload numbers.

**Figure 9: Cost per case**

Description	2005-06	2006-07	2007-08	2008-09
Cost per case for Service Delivery staff (£)	15.22	13.04	11.47	11.68
% change in cost per case	-7.7	-14.3	-12.0	+1.8

*2007-08 base figures have been recalculated to reflect 2008-09 criteria for comparative purposes.*

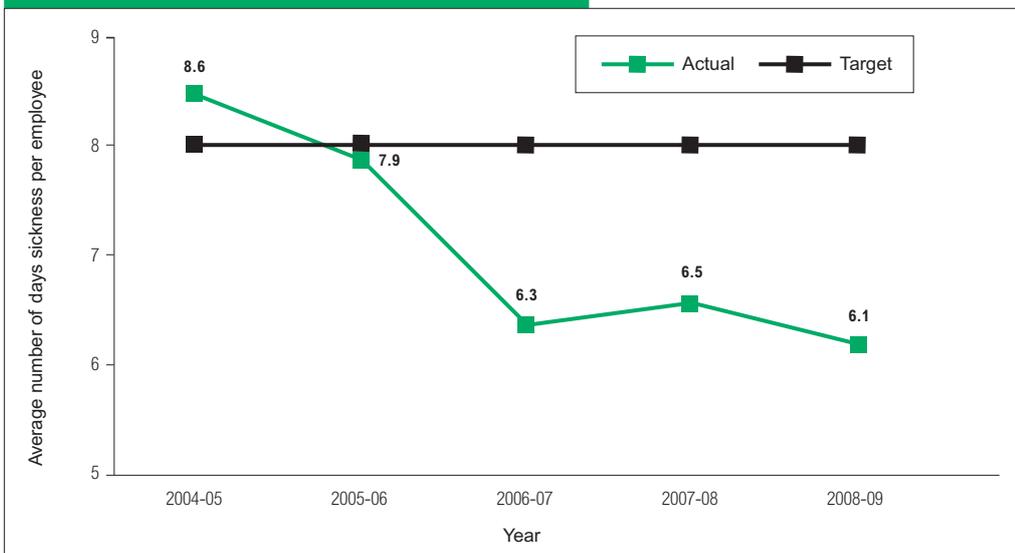
**Figure 10: Trend in cost per case**



## Sickness absence

Maintaining performance across the organisation depended upon having a healthy and motivated workforce, attending work regularly. In 2008-09 TRS aimed to ensure that it averaged no more than 8 days sickness absence per employee. This target was comfortably beaten, achieving 6.1 days sickness absence per employee, despite a period of great uncertainty for staff. Figure 11 shows the reduction in sickness absence since 2004-05 and confirms that TRS had consistently achieved levels of attendance - significantly better than the April 2009 AXA/CBI benchmark for public sector organisations of 9 days per employee.

**Figure 11: Reduction in sickness absence**





### Strategic Aim 3

To work with DWP and local authority stakeholders to implement and take forward the HB Reform Agenda.

The introduction of the new LHA on 7 April 2008 went extremely smoothly, at a time when the agency was also dealing with the highest volume of April casework received since its inception. TRS also continued to provide support to LAs, through regular feedback to HB Managers on the processing of claims and the types of claims being received.

Following the House of Lords judgement on 30 July 2008 (see page 12), all BRMA and locality reviews ceased whilst TRS considered the judgement and drafted revised guidance for Rent Officers. As a result, the Review and Assurance teams undertook a full quality and assurance exercise of all neighbourhoods. This work was carried out in conjunction with all local operational teams and was completed on 19 September 2008. The revised national neighbourhood map was implemented at the end of September 2008.

Guidance to rent officers was finalised during October 2008, allowing locality reviews, based on the House of Lords judgement, to be carried out and redeterminations to recommence.

Using the principles from the Heffernan case, new localities were determined by the Review and Assurance teams, following which local reference rents were calculated. Review teams and rent officers then worked closely together to enable the backlog of redeterminations to be completed by the end of December 2008.

The revised localities generated a surge in redetermination requests from LAs where the local reference rent had risen as a consequence of the review. 9,123 cases were received for the year with a peak of 2,000 in December 2008 alone.

The House of Lords judgement in the Heffernan case related to determinations made in 2004 and 2005 and so was directly relevant to the locality-based referral system. The agency decided that the 153 BRMAs established for the LHA remained sound and that it was appropriate to continue providing monthly LHA rates to LAs.

However, DWP concluded that a revision to the Rent Officers (Housing Benefit Functions) Order should be made to meet policy objectives. The revised Order came into effect on 5 January 2009 and BRMA reviews re-commenced.

The Review and Assurance teams continued to assist with LA Helpdesk enquiries. The team also managed the public enquiry Helpdesk via LHA Direct for emails and telephone enquiries. There were some 1,210 enquiries during the year.

## Lettings Research

Since the implementation of LHA the main emphasis for the Lettings Research teams' work became the delivery of the monthly LHA figures, balanced with the strengthening of the database through targeted data collection.

As casework under the referral system declined, additional rent officer resources were made available for the gathering of lettings information. Staffing increased as part of the mid-year reorganisations to allow greater focus on collection from the widest range of sources. As a result of targeted collection, extrapolation levels - the small number of cases where TRS had to statistically estimate LHAs - fell from 82 in June 2008 to 38 by the end of March 2009.



## LHA production

Throughout the year LHA rates were produced on time, delivered monthly to LAs and made available to the public via the LHA Direct website.

## Information collection

Lettings information collection figures for the year are shown below.

**Figure 12: 2007-08 and 2008-09 collection figures for lettings information**

Territory	Total Information collected	
	2007-08	2008-09
North	98,212	135,221
South	163,197	213,495
<b>Total</b>	<b>261,409</b>	<b>348,716</b>

By the end of 2008-09, in 147 of the 153 BRMAs TRS held evidence on 10% or more of private rented sector properties (2001 Census), and in 122 BRMAs, evidence exceeded 15%.

In focussing on broadening the range of property types and sources of lettings information held in TRS' database, it specifically targeted resources at the more fragmented part of the market where collection is more difficult. TRS aimed to ensure that the data for each BRMA was representative of the market in the area, and had success in increasing the amount of lettings information collected from independent landlords.

## State of the market

The effect of the current economic circumstances on the housing market has been well documented elsewhere throughout the year. It was inevitable that the turbulence in the sales market would spill over into the private rented sector.



The early part of the year was characterised by continued growth in the lettings market, fuelled by the restricted availability of credit, limiting property sales to first time buyers. As a result in the second quarter there was evidence of business failures of smaller sales-led agents and larger regional chains restructured to focus on the lettings side of the business – frequently closing local offices as a result.

The slowdown in sales activity created a large number of “reluctant landlords”; effectively vendors opting to let their property instead of selling. Indeed, in many parts of the country there was an increase in the number of properties being available for sale or rent. This in turn led to obvious signs of oversupply in sectors subject to intensive development such as city centre new builds.

By the middle of the third quarter there was a noticeable increase in competition for lettings business, with most agents now focusing on this element of their trade and other property-oriented companies entering the market too. Toward the end of the year there were clear signs of oversupply in the market, with agents offering incentives such as rent-free periods, and increased willingness to negotiate advertised prices. Generally, agents had more property on their books and needed to be flexible to ensure continued turnover.

## Stakeholder liaison

In the second half of the year TRS appointed a dedicated manager for stakeholder relationships, which helped the agency to focus on developing these at a national and regional level. We attended many landlord events including the conferences organised by the British Property Federation, the Chartered Institute of Housing, the Association of Residential Lettings Agents and the National Landlords Association. In addition TRS continued working with the Greater London Authority to produce a rental map of London for publication.

TRS regularly attended events organised by LAs, at which it was able to provide information to landlords as well as encourage them to provide data for use in TRS’s statutory functions. The LHA Direct website has been widely welcomed, and is seen as providing transparency in the work that Rent Officers carry out relating to the LHA. This has been a key element in ensuring a smooth transfer of rent officer functions to the VOA and support for stakeholders during this period of change.

## Property inspections

TRS was able to maintain property inspections for HB casework nationally against a backdrop of significant organisational change. Resources were transferred from the Valuation Division to the LHA Division, but through effective cross-directorate working, by year end a 10.46% inspection rate was achieved. This exceeded the agency’s internal target of 10.00%.

## Strategic Aim 4

To work with DWP, CLG and VOA to ensure that TRS transfers a 'fit for purpose' organisation on 1 April 2009.



## TRANSFORM

The TRANSFORM Programme was set up to ensure the residual functions of TRS transferred to the VOA on 1 April 2009 in a manner that safeguarded the operational effectiveness of the transferring business. The Programme successfully delivered a fit-for-purpose organisation to VOA by:

- Ensuring that the business that TRS handed over was operating well, meeting its Secretary of State targets, was appropriately resourced and had operational processes well documented in advance of handover.
- Assisting VOA to develop its knowledge of TRS operational business well in advance of the day of transfer.
- Giving VOA up-to-date knowledge of key policy positions in advance of transfer and by assisting VOA to build relationships with the sponsor department (DWP).
- Ensuring that the staff transferring to VOA did so with terms and conditions that they were consulted on and signed up to.
- Ensuring that VOA, DWP and CLG were signed up to a funding model that would allow the business to be delivered.
- Putting in place operational IT systems that supported the rent officers within the required Her Majesty's Revenue and Customs (HMRC) secure data centres.
- Fully engaging with stakeholders throughout the transition to VOA and assuring them that the delivery of Rent Officer functions would not be adversely affected once delivered by VOA.

From the outset in September 2007 this was a joint VOA, TRS and DWP Programme, divided into the workstreams detailed below. Each of these workstreams had a nominated senior manager or Director from VOA and TRS organisations taking ownership of the work to be done.

The Programme governance arrangements in place ensured involvement from trade unions and staff and the Programme Board was chaired by DWP throughout.

### HR workstream

The HR workstream had very specific tasks to deliver in support of the overall TRANSFORM objective - which was to deliver Rent Officer functions that were fit for purpose. The HR targets were:



- To establish the headcount required to deliver the agreed organisational model (the right staff, in the right place, at the right time).
- To design, agree and deliver an effective new organisational structure.
- To identify the skills necessary to deliver the business and identify any gaps in the skills base, putting in place actions to address gaps (recruitment or skills development).
- To develop an exit strategy for those people TRS established as being surplus to future business requirements.
- To agree and successfully manage transfer policies for those staff moving across to the VOA.
- To manage the transition in line with TRS and VOA consultation frameworks, and ensure that transferring staff were fully engaged with the Programme.

By the date of transfer, and in the main earlier, all of the objectives listed above had been met. In particular, TRS carefully managed down the agency's headcount from 593 at the end of 2007-08 to 416 at the end of 2008-09 (with 401 staff transferring to VOA), largely through voluntary early severance and early retirement schemes.

This workstream was extremely successful in redeploying non-operational staff to the VOA and confirming their roles; where they sat within the VOA organisational structure and the changes which would apply in their terms and conditions.

Most importantly, TRS received a lot of positive feedback from staff who felt that they had been fully supported and consulted throughout the transition. Staff leaving TRS were given career transition support and those transferring to VOA would have access to a detailed induction and e-learning programme.

## Due diligence, legal and lights out

There were many facets to this particular workstream, the key objectives were as follows:

- To agree with DWP and VOA how contracts would be novated and to whom (including how the novated contracts would be funded).
- To establish a migration strategy for each class of TRS assets.
- To facilitate arrangements between DWP and VOA for establishing the future charging regime between the two parties (including working out the budget, transfer mechanisms and financial responsibilities).
- To agree with TRS, DWP and CLG the administrative and capital funding transfers over Comprehensive Spending Review years to feed into main estimates and the Treasury database.
- To ensure that any statutory or legal changes were in place, so that the VOA could legally take responsibility for the functions of TRS.
- To agree with DWP the annual report and accounts for 2008-09 for TRS and to manage post year-end processing as required.

All of the objectives set out above were met, with all assets and liabilities migrated to either DWP or VOA, contracts novated and funding arrangements in place. The transfer became law in December 2008 as planned, and service level agreements are in place between VOA and DWP as well as between VOA and CLG.

## Estates

The estates disposal and TRS staff relocation programme was well under way before the transfer programme was launched in September 2007, however, the TRANSFORM Programme set out specific estates objectives:

- To establish the properties that could be released, the properties that VOA wished to retain, the properties that TRS could sublet prior to the transfer and lastly those properties that would remain a liability if not transferred to DWP.
- To assist the Programme in negotiating an adequate settlement to cover the cost of those properties handed over to VOA.
- To achieve a suitable sub-let for Welbeck Street, London by March 2009.
- To manage the property disposal and staff relocation plan within the budgetary constraints of Comprehensive Spending Review 2007, and to ensure that TRS operational staff were relocated with minimal impact on business performance.
- To ensure proposed plans aligned with the VOA accommodation strategy.

It was not possible to sub-let TRS headquarters building in Welbeck Street, during the period of the Programme given the downturn in the UK commercial property market. However, all other objectives were met. The TRS office relocation plan was completed, with all staff successfully relocated to VOA offices (including the Washington office which houses the CPU - this became a VOA office on 1 April 2009).

TRS residual offices not required by VOA transferred to the DWP estate on 1 April 2009.

## Information Communication Technology (ICT)

The objective of the ICT workstream was to work with VOA to migrate and integrate TRS ICT infrastructure, systems, operational capability, information and data required for Rent Officer functions to be able to continue within VOA.

The ICT environment within VOA is completely different from the in-house bespoke operation that TRS had established. The VOA IT infrastructure is hosted and supported by an outsourced arrangement through Aspire (a consortium of Cap Gemini, BT and Fujitsu), with VOA helpdesk arrangements being in-house. This outsourced contract is let by HMRC and all IT is subject to HMRC data security rules.





It was decided that the core TRS operational systems; VICTER 4, E-Deliver, Geographical Information System (GIS), Electronic Interface System (EIS) and Electronic Documents Record Management System (EDRMS) would be “lifted and shifted” from Welbeck Street and Wimbledon to two new secure HMRC data centres. The project was a joint TRS, VOA and Aspire delivered project that required expertise from all parties.

Making arrangements for TRS systems to operate in the new secure HMRC environment proved complex, and the transfer into that environment was delayed until early in the first quarter of 2009-10 to ensure continuity of customer service. A number of TRS staff were retained until the end of June 2009 to assist with this process, and to ensure that skills were transferred to VOA IT staff.

## Functions to transfer

The functions to transfer workstream focussed primarily on ensuring the Rent Officer-related business was fit for transfer, with specific objectives:

- To agree and document rent officer functions, data and operational processes in advance of 1 April 2009.
- To meet legal obligations before TRS closed its doors.
- To restructure in preparation for the roll-out of LHAs and to ensure key stakeholders were supported through the transition to LHA and that TRS functions were delivered appropriately as workloads reduced.
- To establish a CPU in the north east of England, which would also manage first contact from LAs and enquiries from members of the public.
- To further promote take-up of the EIS, which downloads HB referrals from the LA onto TRS’s core processing system.
- To redesign TRS business process to support the delivery of business through E-Deliver and E-Collect.
- To specify the VICTER4 (TRS’s core case management system) requirements.

All of these objectives were met. In particular all Rent Officer processes were fully documented and signed off by VOA, LHA went live on 7 April 2008, E-Deliver and E-Collect were fully operational, and the CPU was exceeding all operational targets at the point of transfer.

## Communications and customer service

The communications and customer service workstream supported the TRANSFORM Programme by ensuring the agency communicated and consulted effectively with staff and stakeholders throughout. The specific objectives of the workstream were:

- To liaise with key stakeholders and Programme workstreams to develop an inclusive and integrated communications strategy and plan.
- To deliver targeted communications to plan, timescale and budget.
- To optimise understanding and engagement by supporting the development of clear, straightforward content and presenting it using the most appropriate channels for the audience.
- To ensure that TRS customer satisfaction levels were monitored and evaluated during the Programme, and that a combined customer service strategy was in place for transfer.

All of the above objectives were met including both customer satisfaction targets. A 95.1% rating was achieved against a target of 95% for fair rent customers, and those HB customers where we inspect the property, and a 96.5% rating against a target of 95% from local authority customers. Engagement with stakeholders is always an important part of the change process, and was continuous throughout the Programme. This included:

- The launch activity in September 2007.
- London stakeholder events held in November 2008.
- Regional events in March 2009; and
- Ongoing engagement with LAs at regional and national events.





## Strategic Aim 5

To ensure we have the necessary skills and capacity to maintain effective service delivery whilst managing substantial change.

During the year staff faced substantial change, specifically:

- the introduction of LHA
- reduction in existing HB workload
- the need to reduce staff numbers during the year and
- the transfer of functions to VOA whilst at the same time delivering the key business objectives.

Despite these challenges this was achieved through:

- extensive organisational change, ensuring that the right skills and resources were retained
- having a focussed learning programme
- being flexible with resources during the year and directing them to priority areas e.g. redeterminations, and lettings research
- the provision of Health and Safety training and other employment-related support.

## Organisational change

TRS planned its new staffing requirement taking account of the effect of the introduction of the LHA. Both the methodology and the resultant staffing allocation were agreed by the AMB.

HR Directorate staff then met with every member of staff to identify their preference in terms of future employment (e.g. transfer to VOA, redeployment or voluntary exit). As far as possible these preferences were then taken into account when matching staff and their skills with the projected staff requirement.

An equality and diversity analysis was undertaken alongside the preference and Voluntary Early Release/Voluntary Early Severance exercises. Results showed that neither exercise significantly altered the balance within the workforce in terms of diversity, gender and age.

TRS worked closely with colleagues in the VOA to achieve a seamless transition, ensuring that all staff transferring to the VOA had the appropriate skills and knowledge necessary to carry out their work on 1 April 2009. At the same time the agency continued to work with those staff who were not transferring to the VOA to ensure that they had the necessary support to enable them to move on to the next stage in their careers.

TRS also liaised with colleagues in the VOA over the transfer of HR records (both electronic and hard copy) to ensure that the VOA would have the appropriate information on transferees prior to 1 April. This enabled the transfer of staff on to both the VOA HR and IT systems to be as smooth as possible.

The Learning team worked closely with the VOA in updating work books, Tutor-Pro (TRS' e-learning facility), a welcome for TRS into the VOA, joint NVQ work aimed at aligning practices and identification of functions for joint working.

## **Learning programmes**

Some major new technical training initiatives covering fair rents, and NVQs in valuation and also administration were introduced during the year. Working with colleagues in the LHA division TRS also developed a programme for Lettings Research staff covering the new legal framework for LHA, and on how to maximise the collection of market evidence.

Working with an external provider a bespoke course on Prince 2 was produced, particularly directed at managers transferring to the VOA or other parts of Government. In addition, the European Computer Driving Licence continued to be one of the most popular personal development courses.

Staff undertook approximately 2,475 training days during the year.

## **Flexible resourcing**

During the year the structure was changed and streamlined to prepare the agency for the transfer of residual functions to the VOA. TRS also needed to take account of the impact of the introduction of the LHA and the requirement to ensure that lettings data remained robust. In addition TRS reacted quickly and flexibly to the judgement in the House of Lords Heffernan case. All of these demands were planned for and supported via flexible staffing arrangements, which meant many people performing a variety of different roles during a heavily-pressured year.

## **Health and Safety**

Following significant headcount reductions, TRS undertook a review to ensure it had sufficient appointed "competent persons" at each site to continue Health and Safety functions. The HR team also provided training to facilitate the new roles including the areas of work station assessments, manual handling and home suitability assessments (for remote workers).

The main focus of attention for the year involved providing full support for the transfer of TRS staff into the VOA estate. the HR team visited all 18 teams who moved office during the year.

During this time in excess of 300 work station assessments were completed (approximately 150 of these for remote workers).

TRS continued to keep Health and Safety management and reporting systems and policies under review, to ensure effective and timely compliance with legislation.





## Diversity

During the year, work on the diversity and equality principles was prioritised to ensure they were in line with those of the VOA. A gap analysis of the two organisations' guidance was carried out. The results showed the two agencies' diversity principles ran along broadly similar lines with policies and guidance mirroring each other in most areas. In detailed consultation with trade unions, it was agreed that TRS staff would work to VOA diversity and equality policies in future.

## Equality scheme

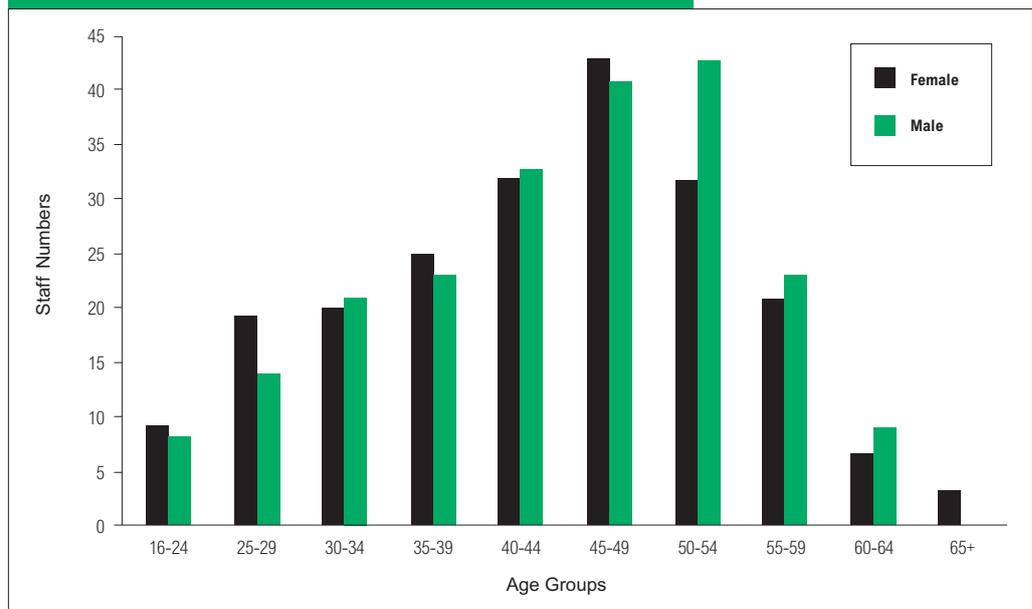
Relevant actions for transferring groups of staff were incorporated into the VOA's equality scheme.

TRS continued to monitor, analyse and evaluate a range of information on its staff to meet the specific requirements of the Race Relations Act, the Disability Discrimination Act and the Equality Act. This helped ensure that all staff including those from under-represented groups received equal outcomes and were able to fulfil their potential.

## Gender/age

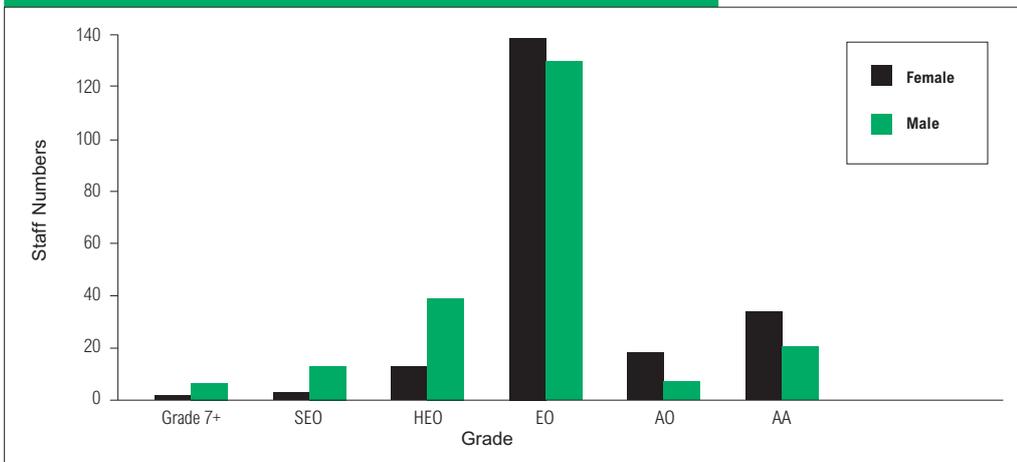
The breakdown of staff by age and gender is represented in the Figure below. 218 staff were male and 208 were female which represented an almost equal split between the genders. The age profile of the staff shows that 53% of people were aged between 40 and 54.

**Figure 13: Breakdown of staff by age and gender**



A breakdown of staff by gender and grade is shown in Figure 14 below.

**Figure 14: Breakdown of staff by gender and grade**

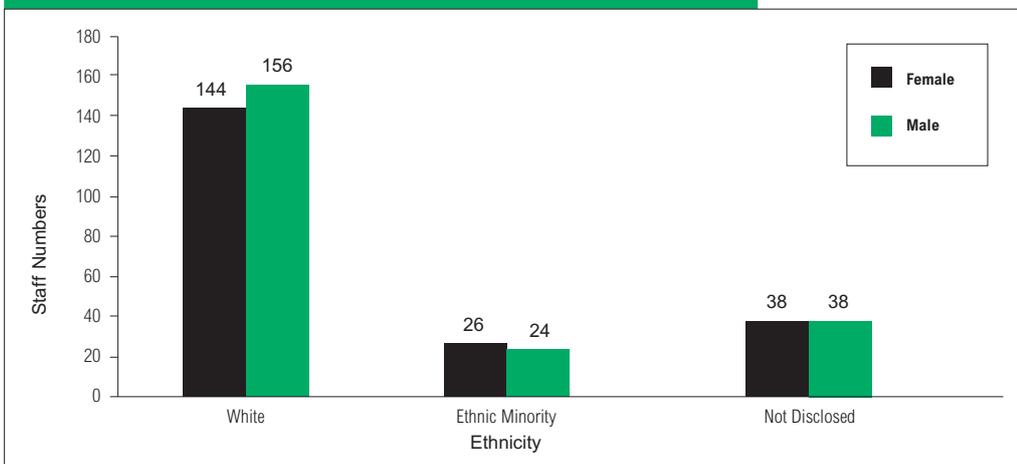


## Ethnicity

350 staff declared their ethnicity, with 50 coming from an ethnic minority background which represents 14.2 per cent of these staff. This suggests that the agency continued to employ higher than national average levels of people from ethnic minority backgrounds.

The breakdown of staff by gender and ethnicity is shown in Figure 15 below.

**Figure 15: Breakdown of staff by gender and ethnicity**



## Disability

19 staff declared a disability, which represented 4.5 per cent of staff as at 31 March 2009.

## Recruitment and promotion

Due to the transfer of the agency's functions to VOA there was very little recruitment and promotion activity during the year, making statistical analysis meaningless.





## Strategic Aim 6

To consult our staff and their representatives on the TRANSFORM Programme and ensure they are supported to meet the challenges ahead.

## TRANSFORM and VOA

### Consultation with the staff, trade unions and the VOA

The Programme set up a comprehensive programme to review and compare every component of the employment relationship in both organisations – TRS and VOA. This covered all aspects of HR work, including Health and Safety, remote working – over half the 401 transferring staff work remotely - reporting and financial systems. The Programme went on further to compare contractual and non-contractual elements of procedures and terms and conditions, together with pay structures. The Programme then determined an assimilation plan for all these things, and negotiated with the joint trade unions in both organisations to bring them together.

Once those meetings were over and a final position achieved, a communication programme was managed to talk to every member of staff – individually if they wanted it - about the proposed changes. This resulted in overwhelming acceptance of the changes, and a people transition between the two organisations which was completely smooth.

### Welfare

During 2008-09 there were 250 referrals to the Welfare team. This represented a slight increase on the previous year, which was unsurprising in light of the changes staff were experiencing. Nevertheless Welfare and HR Operations colleagues worked hand-in-hand to minimise staff anxiety.

### A comprehensive communication strategy

This was a key element of the TRANSFORM Programme. Managers' tele-conferences were held regularly throughout the year to ensure line managers were kept informed and to help them to voice any concerns and ask questions. The Chief Executive visited all offices during the year.

The intranet was completely reviewed and re-structured to reflect the changes to the business, with ongoing updates reflecting further changes as the transfer of functions to the VOA moved closer. The public website content also underwent review to enable the smooth transfer of information to the VOA in April 2009.

The INFORM newsletter was published and delivered to all staff each month giving them a trusted source of information. INFORM was supported by manager notes and All Staff circulars, teleconferences and TRANSFORM pages on the staff intranet.

## Staffing resources

**Figure 16: Staffing numbers**

	31 March 2008	31 March 2009
Front line Delivery	491	377
Corporate Staff	102	39
<b>Total</b>	<b>593</b>	<b>416</b>

## Corporate governance

### Risk management

The AMB took an active role in reviewing the key risks that the agency faced. This entailed reviewing the Strategic Risk Register (SRR) on a quarterly basis and submitting it to DWP. TRS Audit Committee also played a key role in challenging the executive on how it was addressing the key business risks during the year.

As part of the wider government initiative on enhanced data security measures, the Chief Executive requested a fundamental review of the SRR in June 2008 and this was presented to the AMB in October 2008. The results of the review involved the transfer of ten strategic risks from the Joint TRANSFORM Programme Board risk register and other relevant directorate registers. This was done on the basis that a number of tasks were coming into their final phases and the risks for these were more appropriately managed within the responsible Directorates and Teams. Two new risks elevated to the SRR relating to the TRANSFORM IT workstream.

### Data security and data handling

Subsequent to the benchmark data handling and data security report submitted to the September 2008 AMB, the Chief Executive commissioned a dedicated "data security risk register", to be reviewed as a standing item on each AMB. This risk register concentrated on the specific issues and risks associated with data handling and data security.

This register helped the AMB to focus on both the internal and external issues regarding data handling and data security. The primary aim was to ensure that the key data risks facing the agency were captured, together with progress and appropriate mitigating action.

TRS introduced new advice and guidance, and the Chief Executive commissioned in-house data handling and data security awareness seminars, which were delivered to all staff during November and December 2008.

A number of laptops with built-in encryption software and biometric security were purchased.





The Senior Information Risk Owners' report to the Audit Committee in March 2009 was presented and signed off by the Chair of the Audit Committee prior to inclusion in the Accounting Officer's Statement on Internal Control. This report addressed the mandated reporting requirements for the agency, as set out in the Cabinet Office Guidance.

## Business continuity

The AMB ensured that, as part of the transfer of staff to VOA offices, it agreed a review of Business Continuity Plan arrangements with the VOA to ensure continuity of service delivery. The process was managed via the TRANSFORM Programme and by adopting HMRC guidance.

## Audit Committee

The Committee met three times during the year as scheduled. The role of the Audit Committee was to challenge the executive in relation to issues of governance and risk management and to provide support to the Accounting Officer on how to deal with any issues that arose. The Audit Committee reviewed all outstanding audit recommendations and the Strategic and Data Security Risk registers.

The final Audit Committee met on 30 March 2009. The handover of the residual audit and risk management issues from 2008-09 was discussed and it was agreed that the ongoing issues would be transferred to VOA and DWP, in order to ensure that all items were accounted for and managed to completion.

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

In its final year, TRSSRT continued to provide services and events for members through a period of major organisational change.

The events held were enjoyed and appreciated by those that participated and continued the success and popularity of previous years.

Much credit is due to the committee and their support team: dedicated, valued, enthusiastic and committed volunteers, all of whom gave of their time to encourage staff participation in promoting a healthier work/life balance.

The Committee met with colleagues from the VOA and ran a number of joint events. Being a national organisation operating across England, TRSSRT events and social activities have helped to bring together work colleagues who would otherwise not necessarily meet on a day to day basis, and this year had the additional advantage of including VOA staff where putting a face to a name proved invaluable to the merging of cultures.

Communication and team work were also enhanced by the support that TRSSRT gave to individuals and teams competing in Civil Service-wide tournaments.



TRS events included

- Five-a-side football championships
- Indoor cricket championships
- Tenpin bowling championships
- Photography competitions
- Sudoku
- Monthly quiz
- Indoor putting challenge

For those who preferred not to participate in sporting activities, social days were incorporated in the programme of events, including celebration events prior to office closures and events to celebrate the work of TRS prior to the transfer to the VOA.

In addition, the Trust successfully achieved members' discounts from selected companies such as Virgin and Holmes Place, as well as securing free entry to National Trust properties via a card loan scheme

The Trust has now formally been closed and all equipment together with any financial balances has been donated to the VOA Sports and Recreational Committee.

# 4. 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 2009 have been prepared in accordance with the Financial Reporting Manual (FRm) 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 £39.3 million (2007-08 £36.6 million).

Net operating costs for the financial year were £39.5 million (2007-08 £39.1 million). Taxpayers' equity amounted to liabilities of £20.5 million as at 31 March 2009 (2008 liabilities of £3.6 million).

## Fixed Assets

The total net book value of the Agency's fixed assets at 31 March 2009 was £0.9 million (31 March 2008 £2.7 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 2009.

## Pension Liabilities

For the purposes of Financial Reporting Standard 17, pension scheme liabilities of £16.5 million (2007-08 £1.2 million) have been recognised in the balance sheet. An actuarial loss of £16.5 million (2007-08 £3.1 million gain) is shown in the Statement of Recognised Gains and Losses.

## Events since the end of the financial year

The Rent Service closed on 31 March 2009, with rent officer functions subsequently delivered by the VOA on behalf of the DWP.

## Going Concern

The balance sheet at 31 March 2009 shows negative Taxpayers Equity of £20.5 million (2007-08 £3.6 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 required for the service of the specified year or retained in excess of that need.

In accordance with the Transfer Order passed by Parliament in December 2008, rent officer functions transferred to the VOA on 1 April 2009, at which point those assets and liabilities relating to future rent officer service delivery transferred to VOA.

In accordance with the FReM these accounts have been prepared on a going concern basis as TRS' rent officer services will continue to be provided by VOA on behalf of the DWP.

## 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 46 to 48. The audit fee charged in the Income and Expenditure Account was £50,000 (2007-08 £47,000). 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, was determined by the Remuneration Committee.

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

- that all awards given were 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 were 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 2008-09 were:

<b>Patrick Boyle</b>	Chief Executive
<b>Mark Brookfield</b>	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 was determined by The Rent Service's performance related remuneration scheme. Each year the performance of all staff was assessed by their line managers. Where a member of staff, including senior managers and directors received an "outstanding" performance rating in their Annual Review, they were recommended for a non-consolidated performance payment in addition to the basic annual pay increase. The "outstanding" rating applied to staff who exceeded their performance objectives and evidenced high competencies in their role. "Outstanding" performance payments required Remuneration Committee ratification.

## Service Contracts

The Chief Executive was on a permanent contract with remuneration determined by the Senior Civil Service section at DWP in accordance with the Civil Service Management Code. The contract was terminable, either by DWP or the Chief Executive, by giving three months notice.

The Agency's directors were on open-ended contracts that could be terminated by the Agency or director by giving three months notice.

Early termination, other than for misconduct, would have resulted in the individual receiving compensation as set out in their respective pension schemes.

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:

	2008-09 No.	2007-08 No.
£50,000 - £59,999	12	5
£60,000 - £69,999	1	1
£70,000 - £79,999	-	1
£80,000 - £89,999	1	1
£110,000 - £119,999	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 31/03/08	CETV at 31/03/09	Real increase in CETV
	2008-09 £'000	2008-09 £	2007-08 £'000	2007-08 £	2008-09 £'000	2008-09 £'000	2007-08 £'000	2008-09 £'000	2008-09 £'000
<b>Chief Executive</b> Patrick Boyle*	110-115 <sup>^</sup>	-	85-90	-	30-35 plus n/a lump sum	0-2.5 plus n/a lump sum	476	491	12
<b>Deputy Chief Executive</b> Norman Foster	85-90	-	75-80	200	35-40 plus 100-105 lump sum	0-2.5 plus 2.5-5.0 lump sum	612	834	7
<b>Finance Director</b> Mark Brookfield**	55-60	-	55-60	-	15-20 plus 50-55 lump sum	0-2.5 plus 0-2.5 lump sum	261	266	6
<b>Human Resources Director</b> Neil Prosser	65-70	-	60-65	-	5-10 plus 15-20 lump sum	0-2.5 plus 0-2.5 lump sum	105	116	10
<b>Valuation Assurance Director</b> John Swinnerton	50-55	-	45-50	-	20-25 plus 65-70 lump sum	0-2.5 plus 0-2.5 lump sum	328	474	2
<b>Service Delivery Director</b> Keith Wheeler	50-55	3,100	40-45	3,000	20-25 plus 60-65 lump sum	2.5-5.0 plus 5.0-7.5 lump sum	301	471	58
<b>Head of HR Operations and Learning</b> Pauline Moore***	50-55	-	45-50	-	10-15 plus 30-35 lump sum	0-2.5 plus 2.5-5.0 lump sum	119	127	14
<b>External Member</b> Janet Pope****	-	-	15-20 <sup>^^</sup>	-	-	-	-	-	-
<b>FORMER BOARD MEMBERS</b>									
<b>TO 31/03/08</b>									
<b>Head of Property and Purchasing</b> William Goldfinch (to 23/07/07)	-	-	50-55	-	-	-	486	-	-
<b>Head of IT</b> Dino Joseph (23/07/07)	-	-	50-55	-	-	-	41	-	-
<b>Finance Director</b> Joanne Lang	-	-	65-70	-	-	-	241	-	-
<b>Regional Director</b> Nigel Bravery (to 30/11/07)	-	-	40-45	-	-	-	-	-	-
<b>Regional Director</b> Pat Elliot (to 30/11/07)	-	-	35-40	-	-	-	-	-	-
<b>Head of Communications</b> Jim O'Donnell (to 04/11/07)	-	-	25-30	-	-	-	226	-	-

<sup>^</sup>Total salary during 2008-09

\*Patrick Boyle was on secondment to the Independent Living Fund (ILF) on a part time basis with effect from 1 January 2009

\*\*Mark Brookfield left under Compulsory Early Severance Terms on 31 March 2009. He received a compensation payment of £363,880

\*\*\*Pauline Moore left under Compulsory Early Severance Terms on 31 March 2009. She received a compensation payment of £127,650

\*\*\*\*Janet Pope is an external member of the Advisory Board and Chair of the Audit Committee.

<sup>^^</sup>For four years

TRS had no compulsory retirement age.

'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 2008-09 this relates to the provision of a lease car.

### **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. There was no actuarial valuation of the scheme during this financial year. 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 2008-09, employers' contributions of £1,132,843 were payable to the PCSPS (2007-08 £1,212,236) at one of four rates in the range 17.1 to 25.5 per cent (2007-08: 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. During 2008-09, the salary bands were revised but the rates remained the same. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 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 £5,740 (2007-08 £5,350) 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 £185 (2007-08 £434), 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 £356. No contributions were prepaid at that date.

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

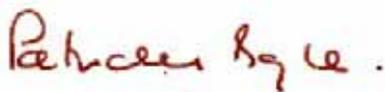
Details of the Local Government Pension Scheme are shown in the Statement of accounting policies at 1(f).

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

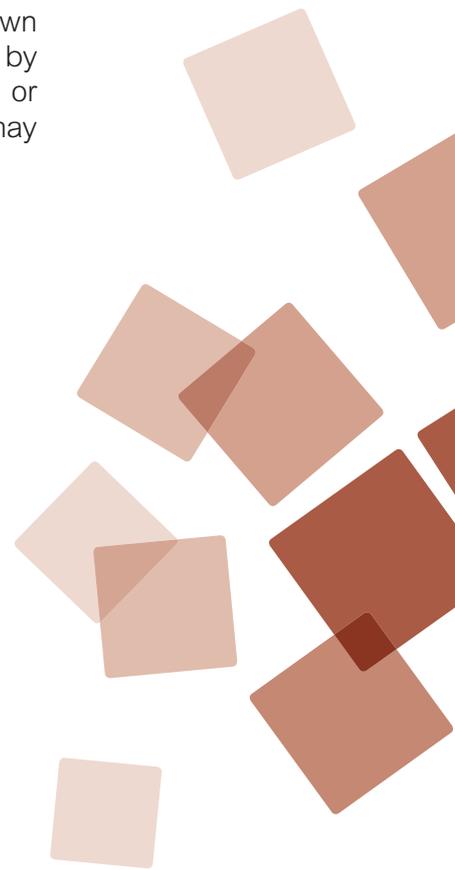
Columns 7 & 8 of the table shown on page 37, shows the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the

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: 23 June 2009



# 5. Financial Statements

For the year 1 April 2008 to 31 March 2009

## 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 at year end 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.

On the 1 April 2009 the majority of the functions and responsibilities of The Rent Service Agency (TRS) transferred to the Valuation Office Agency (VOA) and the residual staff and assets of TRS transferred to our parent department, DWP.

The Transfer of TRS functions to VOA was approved by Parliament in December 2008.

### 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 was 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 TRS for the year ended 31 March 2009 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 TRS had a responsibility to ensure that the Agency's exposure to risk was minimised, overall leadership of the Agency's risk management processes rested with members of the Agency Management Board (AMB) who were responsible for promoting and embedding a risk management culture within The Rent Service, which included setting the risk management framework within which The Rent Service operated.

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

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

During the year 2008-09 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.

These processes continued to operate within TRS until 31 March 2009.

I have reviewed all the TRS risks and closed those risks that relate directly to the TRS functions as an Executive Agency of DWP on 31 March 2009. However there are several risks that relate to ongoing functions throughout 2009-10 for both VOA and DWP. I have discussed these and transferred these to the relevant body to ensure both continuity and that they are effectively managed.

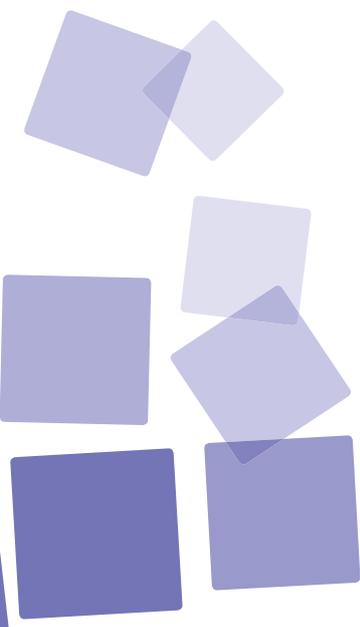
## The Risk and Control Framework

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

- to ensure that there was ownership and awareness of risk throughout the organisation;
- to ensure that a systematic process was in place for identifying, monitoring, reporting and controlling the key risks faced by the Agency in delivering its corporate agenda. This included maintaining a structured system of risk registers which logged 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 were 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 reported 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.

Throughout 2008-09 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 was reported and discussed, at least quarterly, with DWP's Risk Assurance Division (RAD). This involved meetings with DWP's business risk managers and corporate governance managers. We continued a dialogue of discussion and exchanged information in order to review and continuously improve our own systems and processes.



TRS risk and control framework continued to operate to 31 March 2009, after which the HMRC/VOA and DWP frameworks have applied.

### **Business Continuity Planning**

During the year, we 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 that the HQ server farm had the capability to deliver our business, to a predetermined and agreed level, from our DRS.

We updated our Corporate, Directorate and Territorial plans to ensure they were effectively focussed, reflected organisational changes and took account of staff movements and new staff responsibilities.

We agreed in quarter two to work with VOA on producing an HMRC/VOA BCP for the TRS Central Processing Unit (CPU). This plan sought to “pave the way” to producing a series of combined VOA/TRS business continuity plans, which became operational as TRS staff moved into VOA premises.

By 31 March 2009 all operations staff were located in VOA premises where the Business Continuity Plans for TRS staff were managed by a series of HMRC/VOA Business Continuity Plans.

### **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 Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement is in place.

The processes that were put in place to maintain an effective system of internal control included:

- an Agency Management Board, which was comprised of the Agency Directors and key Corporate Heads, met at least ten times a year to consider the plans and the strategic direction of the Agency. It was responsible for ensuring that corporate risks were identified as early as possible, were properly managed, that cross directorate issues were considered and that the importance of risk management received a high profile within individual directorates;
- an Audit Committee, which met three times during the year and was responsible for ensuring, as far as possible, that appropriate mechanisms were 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 included 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 Agency Management Board 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 complied with best practice;
- a Strategic Risk Register which was supported by the Directorate Risk Registers, Territorial Risk Registers and the Project Risk Registers and was reviewed by the Agency Management Board on a periodic basis (at least quarterly)
- the adoption of formal programme and project management arrangements, which included the development and maintenance of both programme and project risk registers; in addition for all large and potentially high risk programmes and projects we followed the DWP/OGC Gateway process.
- In the third quarter 2008-09 representatives from VOA were invited to attend all high-level management boards. There was a corresponding arrangement for the TRS CEO and DCEO to attend VOA high-level management boards. The representation was designed to be an information exchange to address issues, gain a feel for the cultural diversity between the two agencies and add to the decision making process.

### **Data Handling and Data Security**

In July 2008 TRS undertook a comprehensive review of its data security and data handling procedures. This resulted in a programme of staff awareness and the publication of new and updated guidance.

A full review and supporting paper was produced by Norman Foster, the TRS SIRO, and signed off by Janet Pope, the Chair of the Audit Committee.

The TRS data security arrangements continued until 30 June 2009.

### **Standing Financial Instructions (SFI)**

TRS Standing Financial Instructions (SFI) defined the financial operating procedures including the relevant financial procedures, delegated authorities and segregation of duties in order to comply and properly discharge the financial functions of TRS. Periodically TRS updated these instructions once approved by DWP. TRS SFI's remained operational until 31 March 2009.

## **Business plan, Annual Report and Final Accounts**

Historically TRS produced an annual Business Plan and Annual Report. The business planning round for 2008-09 was completed and delivered to staff in April 2008. The VOA Business plan 2009-2010 will incorporate the transferred TRS functions.

TRS through a "Due Diligence and Lights Out Team " (DDLO) produced the final Annual Report and Accounts for 2008-09. The DDLO Team continued to operate until June 2009 specifically for these functions. The team was provided with office space at TRS HQ, the TRS Oracle Financials Database and the necessary equipment required, to complete these tasks. This team was made up of staff that would either remain DWP's responsibility on redeployment or depart TRS on a VER/VES settlement after the accounts were settled and the Annual Report completed and agreed by DWP.

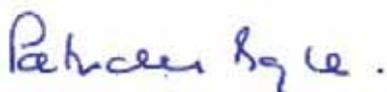
## **Financial Reporting**

TRS has completed the internal audit programme for 2008-09, which included an additional audit for Data Security. The outcomes of the operational audits that affect the transferring functions were automatically shared with VOA as well as additional information circulated through attendance at meetings and the circulation of papers from other management meetings. The final performance indicator validation audit was completed in April 2009 and verified the outturn figures for the final TRS Annual Report and Accounts.

## **Significant Internal Control Problems**

Through 2008-09 there have been no significant control weaknesses reported within TRS.

Our audit and internal management reporting continued to identify issues to be addressed within normal day to day business and none of these have identified significant control weaknesses. These processes continued up to the date of approval of the annual report and accounts.



**Patrick Boyle**

Accounting Officer

Dated: 23 June 2009

## **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 2009 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**

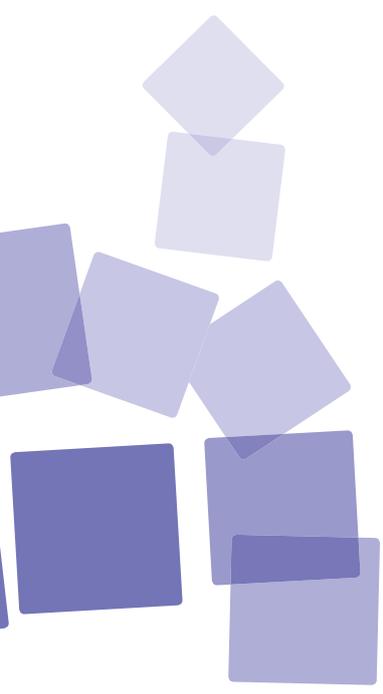
The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the 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 2009, 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.

**Amyas C E Morse**  
Comptroller and Auditor General

30 June 2009

**National Audit Office**  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	£'000	2008-09 £'000	£'000	2007-08 £'000
<b>Income</b>					
Other Income	5		4		9
<b>Operating Costs</b>					
Staff Costs	2a	(25,225)		(27,268)	
Depreciation	3	(1,265)		(1,703)	
Other Administration Costs	3	(12,994)		(10,123)	
<b>Gross Operating Cost</b>			<u>(39,484)</u>	<u>(39,094)</u>	
<b>Net Operating Cost</b>	20		<u>(39,480)</u>		<u>(39,085)</u>

## STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Net gain on revaluation of tangible fixed assets	14	3	26
Pension fund actuarial gain	13	(16,456)	3,112
<b>Recognised (loss) / gain for the financial year</b>		<u>(16,453)</u>	<u>3,138</u>

# BALANCE SHEET

As at 31 March 2009

	Note	£'000	2009 £'000	£'000	2008 £'000
<b>Fixed Assets</b>					
Intangible Assets	6	77		325	
Tangible Assets	7	845		2,359	
			922		2,684
<b>Current Assets</b>					
Debtors	9a	460		2,092	
Cash at bank and in hand	10	0		2	
			460		2,094
Creditors (due within one year)	11a	(3,105)		(5,363)	
Bank overdraft	10	(15)		(104)	
			(3,120)		(5,467)
Net current (liabilities)			(2,660)		(3,373)
Total Assets less Current Liabilities			(1,738)		(689)
Provisions for liabilities and charges	12		(2,326)		(1,669)
Provision for pension liability	13		(16,482)		(1,201)
<b>Total Assets less liabilities</b>			<b>(20,546)</b>		<b>(3,559)</b>
<b>Financed By</b>					
General Fund	20		(20,556)		(3,970)
Revaluation Reserve	14		10		411
			<b>(20,546)</b>		<b>(3,559)</b>

Accounting policies and notes forming part of these accounts are on pages 51 to 68

*Patrick Boyle*

**Patrick Boyle**

Accounting Officer

Dated: 23 June 2009

# CASH FLOW STATEMENT

For the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Net cash outflow from operating activities	15a	(38,909)	(35,555)
Capital expenditure	15b	(320)	(1,012)
Payments of amounts due to the Consolidated Fund		(4)	(9)
Financing from the Consolidated Fund (Supply)	15c	39,320	36,603
<b>Increase / (Decrease) in cash in the period</b>	10	<b>87</b>	<b>27</b>

## Notes to the Accounts

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2008-09 *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 2009.

**(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% (2007-08 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 2008-09 contributions of £7,447,000 (2007-08 £3,315,000) were paid to the LGPS at a rate of 18.8 (2007-08 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.

#### **(k) Financial Assets and Liabilities**

The Rent Service classifies its non derivative financial assets as loans and receivables. Financial assets and liabilities are recognised at fair value (the transaction price plus any directly attributable transaction costs).

#### **(l) Derivative Financial Instruments and Hedging**

The Agency does not use derivative instruments such as interest rate swaps or any other hedging facilities.

## 2. STAFF NUMBERS AND RELATED COSTS

(a) Staff costs consist of:

	2008-09	2008-09	2008-09	2007-08
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	13,932	703	14,635	17,820
Social security costs	1,053	-	1,053	1,213
Pension costs	2,752	-	2,752	2,787
Early Retirement Costs	7,392	-	7,392	4,702
Non cash staff costs:				
Early Retirement Costs	526	-	526	0
Pension costs	(1,133)	-	(1,133)	746
<b>Sub total</b>	<b>24,522</b>	<b>703</b>	<b>25,225</b>	<b>27,268</b>

FRS17 charges associated with the Local Government Pension Scheme have been analysed between pension costs £503,000 (2007-08 £2,341,000) and Early Retirement costs £5,811,000 (2007-08 £1,720,000). The overall net FRS 17 Pension cost recognised in the year is therefore £6,314,000 (2007-08 £4,061,000) as shown in note 13. In addition, pension costs include contributions of £1,138,768 (2007-08 £1,218,000) which were payable to the Principal Civil Service Pension Scheme 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:

	2008-09	2008-09	2008-09	2007-08
	Permanent staff Number	Others Number	Total Number	Total Number
Chief Executive's Office	37	3	40	50
Finance Directorate	25	-	25	31
Human Resources Directorate	24	-	24	24
Operations Directorate				
Service Delivery	280	9	289	460
Valuation Assurance	140	3	143	104
	<b>506</b>	<b>15</b>	<b>521</b>	<b>669</b>

### 3. OTHER ADMINISTRATION COSTS

	£'000	2008-09 £'000	£'000	2007-08 £'000
<b>Administration Costs</b>				
Hire and use of office equipment	1,210		1,303	
Rent and Rates	4,164		4,447	
Professional services	2,425		481	
IT consultancy and expenditure	524		555	
Training and Conferences	763		719	
Travel and subsistence	1,185		1,329	
Dilapidations	-		(12)	
Internal Auditor's remuneration and expenses	57		97	
		10,328		8,919
<b>Non-Cash Items</b>				
Depreciation and amortisation	1,265		1,703	
Loss on disposal of fixed assets	795		67	
Cost of capital credit	(420)		(130)	
Impairment on tangible fixed assets	25		71	
Auditor's remuneration and expenses	50		47	
Other Provisions	735		148	
Other Finance Costs	(42)		(680)	
		2,408		1,226
<b>Other expenditure</b>		1,523		1,681
		<b>14,259</b>		<b>11,826</b>

Included in other provisions are increases in dilapidation provisions of £181,000 (2007-08 £148,000) and increases in onerous lease provisions of £554,000 (2007-08 £0) as shown in Note 12. Other Finance costs of £ (42,000), (2007-08 £ (680,000)) represents costs associated with the Local Government Pension Scheme 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

	2008-09			2007-08		
	A-inAid £'000	Not A-in-Aid £'000	Total £'000	A-inAid £'000	Not A-in-Aid £'000	Total £'000
<b>Income</b>						
Other income analysed by classification and activity, is as follows:						
Interest receivable	-	4	4	-	8	8
Other fees and charges to external customers	-	-	-	-	1	1
	-	4	4	-	9	9

Other income of £4,000 (2007-08 £9,000) 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> £'000
<b>Cost or valuation</b>	
At 1 April 2008	1,535
Additions	-
Disposals	(159)
<b>At 31 March 2009</b>	<b>1,376</b>
<b>Amortisation</b>	
At 1 April 2008	1,210
Charge in the year	248
Disposals	(159)
<b>At 31 March 2009</b>	<b>1,299</b>
<b>Net book value at 31 March 2009</b>	<b>77</b>
<b>Net book value at 31 March 2008</b>	<b>325</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 2008	4,540	8,245	388	13,173
Additions	-	320	-	320
Transfer from Assets Under Construction	-	388	(388)	-
Disposals	(4,070)	(6,755)	-	(10,825)
Permanent diminution in value	-	(59)	-	(59)
Revaluation Reserve	15	-	-	15
<b>At 31 March 2009</b>	<b>485</b>	<b>2,139</b>	<b>-</b>	<b>2,624</b>
<b>Depreciation</b>				
At 1 April 2008	3,583	7,231	-	10,814
Charge in the year	403	614	-	1,017
Disposals	(3,599)	(6,431)	-	(10,030)
Permanent diminution in value	-	(34)	-	(34)
Revaluation	12	-	-	12
<b>At 31 March 2009</b>	<b>399</b>	<b>1,380</b>	<b>-</b>	<b>1,779</b>
<b>Net book value at 31 March 2009</b>	<b>86</b>	<b>759</b>	<b>-</b>	<b>845</b>
<b>Net book value at 31 March 2008</b>	<b>957</b>	<b>1,014</b>	<b>388</b>	<b>2,359</b>

As the TRANSFORM Programme progressed the e-Collect project comprising PDAs (personal digital assistants), software licences and development costs was found to have no future use in its current format given the closure of TRS. These assets were written off at 31 March 2009. The total cost of the project was £157,665 and the disposal loss was £123,284.

## 8. MOVEMENTS IN WORKING CAPITAL OTHER THAN CASH

	Note	2008-09 £'000	2007-08 £'000
(Decrease) in debtors	9a	(1,632)	(136)
Decrease / (Increase) in creditors	11a	2,258	(2,191)
		<b>626</b>	<b>(2,327)</b>

## 9A. DEBTORS

	2008-09	2007-08
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	-	1
Deposits and advances	13	29
Other debtors	15	27
Prepayments and accrued income	387	1,936
VAT	45	73
<b>Sub total</b>	<b>460</b>	<b>2,066</b>
Amounts falling due after more than one year:		
Prepayments	-	26
	<b>460</b>	<b>2,092</b>

## 9B. INTRA-GOVERNMENT BALANCES

	Amounts falling due within one year:		Amounts falling due after more than one year:	
	2008-09	2007-08	2008-09	2007-08
	£'000	£'000	£'000	£'000
<b>The following table analyses total debtor balances across the categories shown:</b>				
Balances with other central government bodies	15	134	-	-
Balances with local authorities	7	817	-	-
Balances with public corporations and trading funds	-	49	-	-
<b>Sub total</b>	<b>22</b>	<b>1,000</b>	-	-
Balances with bodies external to government	438	1,066	-	26
<b>Total debtors at 31 March</b>	<b>460</b>	<b>2,066</b>	<b>-</b>	<b>26</b>

## 10. CASH AT BANK AND IN HAND

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	(102)	(129)
Net cash inflow	87	27
<b>Balance at 31 March</b>	<b>(15)</b>	<b>(102)</b>
The Office of HM Paymaster	(15)	(104)
Commercial banks and cash in hand	-	2
	<b>(15)</b>	<b>(102)</b>

## 11A CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008-09	2007-08
	£'000	£'000
Trade creditors	-	400
Other Creditors	7	796
Accruals and deferred income	708	1,323
Early departure costs	1,993	2,763
Pension Contributions	397	81
	<b>3,105</b>	<b>5,363</b>

## 11B. INTRA-GOVERNMENT BALANCES

The following table analyses total creditor balances across the categories shown:	Amounts falling due within one year:	
	2008-09	2007-08
	£'000	£'000
Balances with other central government bodies	317	671
Balances with local authorities	(6)	23
Balances with public corporations and trading funds	1,629	2,480
<b>Sub total</b>	<b>1,940</b>	<b>3,174</b>
Balances with bodies external to government	1,165	2,189
<b>Total creditors at 31 March</b>	<b>3,105</b>	<b>5,363</b>

## 12. PROVISION FOR LIABILITIES AND CHARGES

	2008-09			
	Onerous Leases	Dilapidation	Early Departure	Total
	£'000	£'000	£'000	£'000
At 1 April 2008	479	837	353	1,669
Amounts paid	(89)	(391)	(124)	(604)
Provided for in year	554	181	526	1,261
<b>At 31 March 2009</b>	<b>944</b>	<b>627</b>	<b>755</b>	<b>2,326</b>
Payable within one year	448	172	369	989
Payable after more than one year	496	455	386	1,337
<b>At 31 March 2009</b>	<b>944</b>	<b>627</b>	<b>755</b>	<b>2,326</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.

## 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 2009. The results of the actuarial assessment are shown below.

<b>Financial Assumptions</b>		<b>31/3/09 % per annum</b>	<b>31/3/08 % per annum</b>
Inflation / Pension Increase Rate		3.1%	3.6%
Salary Increase Rate		4.6%	5.1%
Expected Return on Assets		6.4%	7.0%
Discount rate		6.9%	6.9%

<b>Assets</b>	<b>Expected Return on Assets</b>	<b>Fund value at 31/3/09</b>	<b>Fund value at 31/3/08</b>
	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Equities	7.0	40,407	50,093
Target Return Funds	5.5	7,089	16,186
Alternative Assets	6.0	17,723	15,071
Cash	4.0	5,671	2,515
<b>Total</b>	<b>6.4</b>	<b>70,890</b>	<b>83,865</b>

<b>Net pensions deficit as at</b>	<b>31/3/09</b>	<b>31/3/08</b>
	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	70,890	83,865
Present Value of Scheme Liabilities	87,014	84,681
Present Value of Unfunded Liabilities	358	385
Total value of Liabilities	87,372	85,066
<b>Net Pension Deficit</b>	<b>(16,482)</b>	<b>(1,201)</b>

<b>Recognised in Income and Expenditure Account</b>	<b>31/3/09</b>		<b>31/3/08</b>	
	<b>£'000</b>	<b>% of pay</b>	<b>£'000</b>	<b>% of pay</b>
Current Service Cost	1,114	15.9%	1,915	20.2%
Interest Cost	6,017	85.8%	3,053	32.2%
Expected Return on Employer Assets	(6,059)	(86.5%)	(3,733)	(39.4%)
Past Service Cost / (Gain)	1,028	14.7%	28	0.3%
Losses / (Gains) on Curtailments and Settlements	4,172	59.5%	2,118	22.3%
<b>Total</b>	<b>6,272</b>	<b>89.5%</b>	<b>3,381</b>	<b>35.7%</b>
<b>Actual Return on Plan Assets</b>	<b>(18,121)</b>		<b>(1,784)</b>	

Amount Recognised in	31/3/09	31/3/08	31/3/07	31/3/06	31/3/05
<b>Statement of Total Recognised Gains and Losses (STRGL)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Actuarial Gains /(Losses)	(16,456)	3,112	3,714	(569)	(6,705)
Increase / (Decrease) in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/ (Losses) recognised in STRGL	(16,456)	3,112	3,714	(569)	(6,705)
<b>Cumulative Actuarial Gains and Losses</b>	<b>(16,904)</b>	<b>(448)</b>	<b>(3,560)</b>	<b>(7,274)</b>	<b>(6,705)</b>

Balance Sheet	31/3/09	31/3/08
	£'000	£'000
<b>Fair Value of Employer Assets</b>	<b>70,890</b>	<b>83,865</b>
Present Value of Funded Liabilities	(87,014)	(84,681)
Net (Under) / Overfunding in Funded Plans	(16,124)	(816)
Present Value of Unfunded Liabilities	(358)	(385)
Unrecognised past service cost	-	-
<b>Net Asset / (Liability)</b>	<b>(16,482)</b>	<b>(1,201)</b>
Amount in the Balance Sheet		
Liabilities	16,482	1,201
Assets	-	-
<b>Net Asset / (Liability)</b>	<b>(16,482)</b>	<b>(1,201)</b>

Reconciliation of Defined Benefit Obligation	31/3/09	31/3/08
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>85,066</b>	<b>55,671</b>
Current Service Cost	1,114	1,915
Interest Cost	6,017	3,053
Contributions by Members	464	569
Actuarial Losses / (Gains)	(8,059)	24,575
Past Service Costs / (Gains)	1,028	28
Losses / (Gains) on Curtailments	4,172	2,118
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(20)	(20)
Estimated Benefits Paid	(2,410)	(2,843)
<b>Closing Defined Benefit Obligation</b>	<b>87,372</b>	<b>85,066</b>

<b>Reconciliation of Fair Value of Employer Assets</b>	<b>31/3/09</b>	<b>31/3/08</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Fair Value of Employer Assets</b>	<b>83,865</b>	<b>51,424</b>
Expected Return on Assets	6,059	3,733
Contributions by Members	464	569
Contributions by the Employer	7,427	3,295
Contributions in respect of Unfunded Benefits	20	20
Actuarial Gains / (Losses)	(24,515)	27,687
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Unfunded Benefits Paid	(20)	(20)
Benefits Paid	(2,410)	(2,843)
<b>Closing Fair Value of Employer Assets</b>	<b>70,890</b>	<b>83,865</b>

<b>Amounts for the Current and Previous Accounting Periods</b>	<b>31/3/09</b>	<b>31/3/08</b>	<b>31/3/07</b>	<b>31/3/06</b>	<b>31/3/05</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fair Value of Employer Assets</b>	<b>70,890</b>	<b>83,865</b>	<b>51,424</b>	<b>45,929</b>	<b>34,953</b>
<b>Present Value of Defined Benefit Obligation</b>	<b>(87,372)</b>	<b>(85,066)</b>	<b>(55,671)</b>	<b>(54,823)</b>	<b>(44,705)</b>
<b>Surplus / (Deficit)</b>	<b>(16,482)</b>	<b>(1,201)</b>	<b>(4,247)</b>	<b>(8,894)</b>	<b>(9,752)</b>
<b>Experience Gains / (Losses) on Assets</b>	<b>(24,515)</b>	<b>27,687</b>	<b>449</b>	<b>5,812</b>	<b>941</b>
<b>Experience Gains / (Losses) on Liabilities</b>	<b>10</b>	<b>(35,949)</b>	<b>(105)</b>	<b>(46)</b>	<b>(261)</b>

## 14. REVALUATION RESERVE

	<b>2008-09</b>	<b>2007-08</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	411	395
Arising on revaluation during the year	3	26
Write-off	(404)	(10)
	<b>10</b>	<b>411</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	2008-09 £'000	2007-08 £'000
<b>(a) Reconciliation of net operating cost to operating cash flows</b>			
<b>Net operating cost</b>		<b>(39,480)</b>	<b>(39,085)</b>
Adjust for non-cash transactions	2a & 3	1,801	1,972
Adjust for movements in working capital other than cash	8	(626)	2,327
Use of provisions	12	(604)	(769)
<b>Net cash outflow from operating activities</b>		<b>(38,909)</b>	<b>(35,555)</b>
<b>(b) Analysis of capital expenditure and financial investment</b>			
Intangible fixed asset additions	6	-	0
Tangible fixed asset additions	7	(320)	(1,012)
<b>Net cash outflow from investing activities</b>		<b>(320)</b>	<b>(1,012)</b>
<b>(c) Analysis of financing</b>			
From Consolidated Fund (Supply) : current year	20	39,320	36,603
<b>Net Financing</b>		<b>39,320</b>	<b>36,603</b>
<b>(d) Reconciliation of Net Cash Requirement to increase/ (decrease) in cash</b>			
<b>Net Cash Requirement</b>	17	<b>(39,233)</b>	<b>(36,576)</b>
From Consolidated Fund (Supply) : current year	20	39,320	36,603
	10	<b>87</b>	<b>27</b>

## 16. CAPITAL COMMITMENTS

There were no contracted capital commitments at 31 March 2009 for which a provision had not been made.

## 17. RECONCILIATION OF NET CASH REQUIREMENT

	2008-09	2007-08
	£'000	£'000
Cash Payments	40,205	37,476
Cash Receipts	(972)	(900)
<b>Net Cash Requirement</b>	<b>39,233</b>	<b>36,576</b>

## 18. COMMITMENTS UNDER OPERATING LEASES

	2008-09		2007-08	
	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	186	4	278	48
Between one and five years	2,456	301	475	152
After five years	14	-	1,666	-
	<b>2,656</b>	<b>305</b>	<b>2,419</b>	<b>200</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 £50,000 has been estimated based on previous experience of similar claims. This cost has not been provided for in these financial statements.

	2008-09	2007-08
	£'000	£'000
Costs associated with pending Judicial Reviews, and Employment Tribunal cases:		
Legal costs	50	125
Payment to individuals	0	70
	<b>50</b>	<b>195</b>

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

		2008-09	2007-08
	£'000	£'000	£'000
General Fund at 1 April		(3,970)	(4,518)
Net operating cost for the year	(39,480)		(39,085)
Transfers from Revaluation Reserve	404		10
Pension Reserve actuarial (losses) / gains	(16,456)		3,112
Payable to Consolidated Fund	(4)		(9)
Financing from the Consolidated Fund	39,320		36,603
Notional Costs	(370)		(83)
<b>(Decrease) / Increase in the General Fund</b>		<b>(16,586)</b>	<b>548</b>
<b>General Fund</b>		<b>(20,556)</b>	<b>(3,970)</b>
<b>The above balance comprises:</b>			
General Fund		(4,074)	(2,769)
Pension Reserve		(16,482)	(1,201)
		<b>(20,556)</b>	<b>(3,970)</b>

## 21. STATEMENT OF MOVEMENT ON GOVERNMENT FUNDS

	Note	2008-09	2007-08
		£'000	£'000
Opening Funds Balance		(3,559)	(4,123)
Movement on Revaluation Reserve	14	(401)	16
Movement on General Fund	20	(16,586)	548
<b>Closing Funds Balance</b>		<b>(20,546)</b>	<b>(3,559)</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 30 June 2009.

## 23. RELATED-PARTY TRANSACTIONS

During 2008-09 The Rent Service was an Executive Agency of the Department for Work and Pensions (DWP). The DWP is regarded as a related party. During the year, the Agency has had various material transactions with the DWP.

During the year ended 31 March 2009, 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.

The Rent Service does not face the degree of exposure to financial risk that commercial businesses do. In addition financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the Agency in undertaking its activities. The Rent Service relies upon Department for Work and Pensions for its cash requirements, having no power itself to borrow or invest surplus funds and the Agency's main financial assets and liabilities have either a nil or a fixed rate of interest related to the cost of capital (currently 3.5%). The short-term liquidity and interest rate risks are therefore slight and there is no foreign currency risk as all income and expenditure, and material assets and liabilities, are denominated in sterling.

Financial Assets by category	Loans and Receivables £'000	2008/09 Total £'000
Trade debtors	-	-
Other debtors	28	28
	<b>28</b>	<b>28</b>

The above figures exclude statutory debtors which relate to VAT due from HM Revenue and Customs, and prepayments which are not financial instruments.

None of the Financial Assets have been subject to impairment.

Financial Liabilities by category	Financial Liabilities £'000	2008/09 Total £'000
Other creditors	7	7
Accruals	708	708
Early departure cost accrual	1,993	1,993
	<b>2,708</b>	<b>2,708</b>

The above figures exclude statutory creditors which relate to Tax and Social Security due to HM Revenue and Customs. All Financial Liabilities are payable within one year.

## Credit Risk

The Agency's principal financial assets are bank balances and other receivables. These represent The Rent Service's maximum exposure to credit risk in relation to financial assets. The Agency does not have any trade debtors and therefore has not raised any provision for bad or doubtful debt.

## Hedging

The Rent Service does not involve itself in any hedging transactions.









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