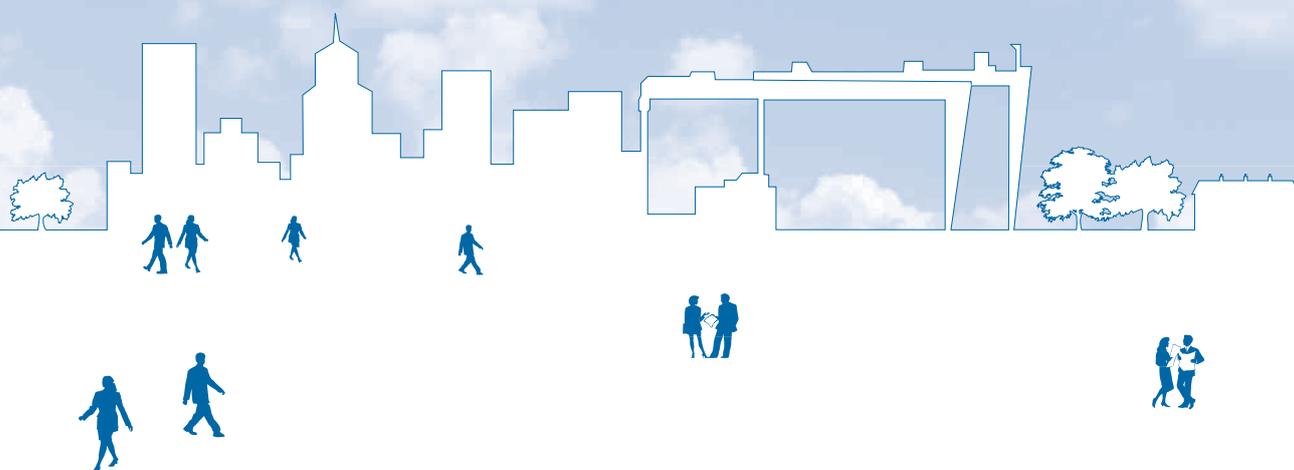


04/05

Valuation & Lands Agency

Annual Report & Accounts



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and Personnel
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VALUATION & LANDS
AGENCY

Paul Abraham Joe Adams Nigel Alexander Lynsey Allen Stephen Anderson Denis Annett Carol Armstrong Gary Armstrong Robert Atkins Terry Austin Norman Baird Reggie Barrett John Bashford David Beattie Ian Bell Donald Bell Peter Bell Aidan Bennett Gail Bennett Noeleen Bingham Ruby Black John Blacker Cathy Blake-Knox Mel Blaney Gordon Bleakley Caroline Boal Maureen Boles Paul Boylan Claire Bradley Patrick Bradley Lorraine Braniff Colin Breen Gary Breen Richard Britton Mark Bromage Alan Bronte Paul Burton Orla Byrne Dennis Cairns Hugh Cairns Anne Caldwell Rory Campbell Peter Carr Kevin Cassidy Eileen Cavanagh Brid Clarke Rosemary Chambers Shirley Chambers John Clements Peter Clifford Dawn Clugston Derek Coates Robert Coates Gerry Coen Robert Coey Jacqueline Coghlan Shauneen Coleman Carol Collins Dave Collins John Collins Michael Convey Steven Conwell Heather Copeland Graham Craig Jim Craig John

Vision:

To be recognised as a leading public sector valuation organisation.

Mission:

To provide a property valuation and advice service which:

meets the needs of DFP in the fair operation of the property taxation system and of the public sector in carrying out its function; and

is open and accessible to the public in general.

Maura Dougherty Norman Douglas Kathryn Doyle Ken Drain Gabriel Duffy Kathryn Elliott Alex Ervine Mark Farrell Joy Faulkner Stephen Fay Emma Ferris Sharon Fegan Adrian Ferguson Alistair Ferguson Donna Finlay Elaine Flannery Jackie Flannery Michael Gallagher Patrick

Henderson Susan Henderson Michele Henry John Hession Lynsay Hill Brenda Holbrook Billy Houston Ian Houston Charlene Hoy Gary Humphrey Alan Hunter Brian James Ian Jamison Colin Jardine Paula Jardine Stephen Jardine Aileen Johnston Ian Johnston Kathy Johnston Peter Johnston Billy Joss Clare Kane Jonathan Kane Paul Keegan Fiona Kelly Pat Kelly Sylvia Kelly Crawford Kelso Ann Kennedy Anne Kennedy Paul Kennedy Liz Kerr Nigel Kerr Michael Killen William Kirk Gary Knox Peter Lavery Kelly Leathem John Leckey Harry Lester John Lindsay Eoin Little Wendy Lockhart Teresa Loughran Hazel Lutton Lyn MacCallum Patricia Madden Sharon Magee Mary Mallon Martin Malone Geoff Martin Glen Martin Ian Martin Roy Martin Donal Mason Noel Maybin Lesley-Ann Murray Eamon McAnuff Angela McAreavey Irene McBride Mark McCaul Bobby McCann Joanne McCarthy Kevin McCauley Brian McCleery Andrew McClelland Donna McClintock Erica McClure Deirdre McColgan-Kelly Kieran McConville Rita McConville Lisa McCool Coleen McCoubrey Christine McCourt Paula McCracken Eamonn McCrory Ronnie McCullagh Blair McCullough Nicky McCusker Patricia McDade Colin McDonald Lynsey McDowell Maria McFarland Brendan McGarry Stephen McGaughey Marcia McGillion Stephen McGinty Elizabeth McGonigle Kate McGonnell Michael McGrady Angela McGrath Martin McGrath Paul McGuckin Geraldine McGuigan Aidan McHugh Mike McHugh Anne McIlhatton Francesca McIlwaine Benny McIlvana Sean McIntyre Mervyn McKane Doreen McKinley Fiona McKee Bronach McKenna Conor McKenna Martin McKeever Mike McKibben Finvola McLaughlin Rita McLaughlin Siobhan McLaughlin Roisin McMahan Pauline McManus John McMenamin Nicola McMullan Tony McShane Emma McVeigh Rodney McVitty John Milburn Dave Millar Richard Millar Miriam Miskelly Desy Monaghan Erin Montgomery Shelly Montgomery Angela Morgan Margaret Morrow Ciara Mulholland Paul Mulholland Irene Mullin Colin Murphy Jennifer Neely Gareth Neill Sally Nelson Victor Nicholl Caoilfhionn Nic Nia Julian Nixon Claireanne Nugent Gerry O'Boyle Catriona O'Donnell Gerard O'Neill Gregory O'Reilly Claire O'Rourke Anthony Patterson Ruth Patterson Mervyn Picken Anona Pollock Robert Pringle Corinne Purcell David Rainey Peter Ramsey Sam Reaney Bill Redpath Allen Reid Paul Reihill Elliott Reynolds Deborah Rice Trevor Richardson Martin Roarty Margo Rogan Catriona Rooney David Ross Colm Scullion Stuart Service Deirdre Shiels Paul Shiels Ronnie Skinner Gary Sloan Maria Sloan Harry Smyth Mike Smyth Lorraine Snoddy Gerry Sowney Eric Spence Henry Spence William Spratt Dennis Stanfield Maria Steenson Jacqui Stevenson Patrina Stewart Janette Stirling Vivian Suitor Stephen Swann Ann-Marie Sweeney Janice Taylor Norman Taylor Glenda Thompson Michael Thompson Ursula Tighe Eugene Timoney Terence Tohill Alannah Totten Paul Totten Frank Trainor Mark Uprichard Clifford Vance James Venning Henry Walls Gail Ward Claire Watson Cathie White Claire White Thomas Wilkinson Billy Williamson Margaret Wilson Vicky Woodcock Nigel Woods Ian Wort Iris Wylie

Gallagher Michelle Geary Gerry Gibson James Gibson Heather Gott Hazel Graham Michael Graham Angela Grant Cecil Greer Sadie Grimes Ian Haines John Hall Stephen Halliday Alan Hanna Michael Hanna Patricia Hanna Tom Harpur Alan Hazlett Elaine Heatherington Lawrence



Laid before the Houses of Parliament by the Department of Finance and Personnel in accordance with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Paragraph 36 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2004, 7 July 2005.

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Chief Executive's Review

This has been an extremely busy, challenging but overall productive year as the Agency, in addition to dealing with its normal business, achieved a number of key milestones in the Domestic Revaluation project, while at the same time having to put extra and unplanned effort into the development of its new computer system.

Business Performance

The Agency has a challenging set of Ministerial targets that measure the outcomes important to our stakeholders and customers. Of its five Ministerial targets the Agency achieved four. Set against a background of the redeployment of experienced staff to Domestic Revaluation and new Core Systems implementation, this level of achievement represents considerable effort and success.

During the previous (2003-04) year the Agency recruited 42 additional operational staff, mainly administrative, who were then trained to handle the bulk of Domestic Rating cases. The speed with which these new staff became productive reflected both the high standard of people attracted to this work and the excellent mentoring provided by the Agency's experienced staff, and has in no small way contributed to this year's excellent performance on the Rating side of our business.

The Client Services side of our business, non-rating valuations, has been subject to pressures resulting from redeployment of staff to meet the challenges of Domestic Revaluation and other project work. The hard work of our staff in this area has been rewarded by a further increase in our Customer Performance Index (CPI), which this year only marginally failed to meet a very challenging target level.



N D Woods
Commissioner of Valuation & Chief Executive

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Domestic Revaluation

This year has been especially challenging for the Domestic Revaluation project. Against a background of delay in implementing the new core IT system, preparations for valuing in excess of 700,000 houses by April 2006 continued with Computer Assisted Mass Appraisal (CAMA) system implementation, data collection and a piloting of the entire Revaluation process in the Lisburn City Council area.

A sales database of some 45,000 properties has been created. This will form the core market evidence for the Revaluation exercise. During the year staff have assimilated the skills required to build the various computer models, which will assist the valuation process.

The pilot in the Lisburn area provided early indications that we will be able to produce accurate capital value estimates, while at the same time underlining the need to complete the improvements we are making to the quality of our core data.

Core Systems Replacement (CSR)

The new core IT system being developed by LogicaCMG will provide the Agency with a modern, open, platform that will facilitate improvements in the service VLA provides to its clients and ratepayers in general. This system is also critical to the successful completion and publication of the Domestic Revaluation. Difficulties encountered by the supplier during development have delayed full implementation of the system, now planned for November 2005. In order to ensure the successful completion of the Revaluation an interim system has been implemented by LogicaCMG. This system will go live in April 2005 and it is anticipated that it will support all data management activities for the Domestic Revaluation.

Staff

While the Valuation and Lands Agency is implementing increased levels of computer-assistance in our operations, our success depends on the skill and professionalism of all our staff. All staff have risen admirably to a series of challenges over the past few years, with Domestic Revaluation following on almost uninterruptedly from the 2003 Non-Domestic Revaluation. To have achieved all four milestones for the Domestic Revaluation and 3 out of the 4 of the 'Business as Usual' targets, while at the same time putting extra and unplanned effort into the prolonged development of the CSR project, is indicative of the enthusiasm and commitment of all staff.

Following on from a year in which we "upsized" significantly this year has been one in which we have begun to reap the benefits of well-trained and enthusiastic new staff and been able to maintain downward pressure on charge rates and unit costs.

We are committed to and continue to invest in the ongoing development of all our staff to equip them with the knowledge and skills needed to meet the vision of the future, for both our Rating and Valuation services. This customer-focused vision will entail significant change and the ability of staff to meet these challenges will be critical to success.

A number of staff have, during the year, achieved academic and professional successes, including Institute of Leadership and Management (ILM) accreditation and the Assessment of Professional Competence (APC), which gives professional membership of the Royal Institution of Chartered Surveyors (RICS) and the RICS Rating Diploma.



Future

Next year sees the completion and preparation for publication of the Domestic Revaluation, a major challenge both professionally and logistically.

The reforms to the rating system in Northern Ireland pose significant challenges to the Agency in the years ahead and in order to properly manage the risks associated with this the Agency implemented a programme of change management "VLA 2007". The commitment of our staff and the embracing of new technology to support our work means that we are well placed to meet these challenges and indeed develop related opportunities to improve service to all of our customers.

Further collaboration with the Rate Collection Agency (RCA), led to the development of a full report and business case for establishment of a jointly owned and operated, customer-focused, Rating Service. This initiative was, however, overtaken by a Review looking at the case for merging VLA, RCA and the Land Registers of Northern Ireland (LRNI), following decisions by the Department that agencies should, if possible, be centered on end-to-end "citizen centric" processes. Following consideration of the Review, in February 2005 the then Minister, the Rt. Hon. Ian Pearson M.P., announced that two Agencies would merge to form a single Rating and Valuation Agency, with LRNI perhaps joining at some further point.

The two Agencies have commenced the process of working toward this goal, which it is hoped will be achieved in 2007. When complete, I am confident all stakeholders will experience an improved, more flexible "one stop" Rating and Valuation service.

N D Woods

Commissioner of Valuation & Chief Executive
29 June 2005

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Highlights of the Year

During the year the Agency:

- Achieved 4 of 5 Ministerial targets with improved performance in the one narrowly missed.
- Created a sales database of some 45,000 properties for the Domestic Revaluation.
- Successfully piloted the entire Revaluation process in the Lisburn City Council area.
- Continued collaboration with RCA to achieve improvements to the rating service.
- Established a pilot of a “joined-up” service initiative with Belfast City Council Building Control.
- 5 staff achieved Institute of Leadership and Management (ILM) accreditation, 4 staff achieved success in the Royal Institution of Chartered Surveyors Assessment of Professional Competence and 1 staff member was successful in the RICS Rating Diploma.



Section 1: Introduction

Our Business

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

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Our main business goals are:

- **The maintenance of the Valuation List for Domestic Rating purposes in Northern Ireland and, periodically, the preparation of a new Valuation List, the next to be published in April 2006.**

We are mandated to undertake this statutory function by the Rates (Northern Ireland) Order 1977 and the Ministerial announcement in December 2002 of a Capital Value Domestic Revaluation. The current domestic entries in the Valuation List have a Net Annual Value (NAV) of £128.9m (1976 values).

- **The maintenance of the Valuation List for Non-Domestic Rating purposes in Northern Ireland and, regularly, the preparation of a new Valuation List, the next planned to be published in December 2008.**

We are mandated to undertake this statutory function by the Rates (Northern Ireland) Order 1977. The current Non-Domestic element of the Valuation List has an NAV of £1,250.4m (2001 values).

The Valuation List, both Domestic and Non-Domestic, is the basis for the generation of £821.5m rates revenue.

- **The provision of a valuation, estate management and property data service to the public sector including a pro-active approach to estate management.**

The Departmental Objective 2 “to meet the social and economic needs of the community in the Departments areas of executive responsibility” provides our mandate for the majority of this business area. We were mandated to undertake the estate management function following a report by the Northern Ireland Efficiency Scrutiny on the “Management and Disposal of Government Owned Land” (March 1994).

Our Organisation

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

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

Some 311 Staff worked in the Agency in 2004-05 of whom 176 are in the Professional and Technical discipline.

We deliver our services from a network of 7 District Offices across Northern Ireland. The public have access to all of these offices (see Section 5: Office Network).



Vision and Mission

These were revised and restated in early 2005 as:

Vision:

“To be recognised as a leading public sector valuation organisation.”

Mission:

“To provide a property valuation and advice service which:

meets the needs of DFP in the fair operation of the property taxation system and of the public sector in carrying out its functions; and

is open and accessible to the public in general.”

DRC Allocation

The Agency was allocated £11.33m in respect of Departmental Running Costs (DRC) in 2004-05.

Section 2: Ministerial Targets

Summary of Performance

Key Targets	Target	Result	Target Achieved
To achieve a Rating Unit Cost no greater than £233, expressed in 2001-02 prices.	£233	£233	Action Achieved
To demonstrate the ability to achieve Full-Cost Recovery in respect of Client Services.	Full-Cost Recovery	Full-Cost Recovery	Action Achieved
To achieve a Satisfaction Rating of 76 CPI or greater from respondents to a Client Satisfaction Survey and measured by the Customer Performance Index (CPI).	76 CPI	74.5 CPI	Not Achieved
To issue at least 90% of Certificates for all Rating Revision Cases (excluding Domestic Alterations) which are subject to retrospective backdating, within 12 months of the revision date.	90%	90%	Action Achieved
To achieve the Key Milestones for 2004-05 for the Domestic Revaluation Project, which are:	Key Milestones	Key Milestones	Action Achieved
CAMA (Computer Assisted Mass Appraisal), implementation to be completed by 31 August 2004.	31 Aug 2004	31 Aug 2004	Action Achieved
Neighbourhood delineation to be completed by 31 December 2004.	31 Dec 2004	31 Dec 2004	Action Achieved
All Non-Computer Assisted Valuations to be completed by 31 March 2005.	31 Mar 2005	31 Mar 2005	Action Achieved
An accurate, current and complete Sales File will be achieved by 31 December 2004.	31 Dec 2004	31 Dec 2004	Action Achieved



Section 3: Main Business Areas

Rating

Current List Maintenance

At the beginning of the year we were anticipating the introduction of a new computer system, Assessment Office, which was planned to replace our ageing mainframe. Unfortunately technical difficulties experienced by the developers, LogicaCMG, mean that implementation is still awaited. On the Rating front this has had two main consequences - firstly staff were engaged in abortive training and secondly during the year a number of our more experienced staff continued to be involved in system testing and development.

1 April 2004 saw the introduction of vacant rating in respect of commercial premises. In brief this means that the owners of most vacant commercial property will be responsible for 50% liability for rates after a vacancy period of 3 months. We worked closely with the Rate Collection Agency to ensure the smooth introduction of the new liability.

Work Completed

During the year we completed 46,391 cases against a projected target of 34,000, which was a very satisfactory result given the competing pressures of Domestic Revaluation and work in connection with Assessment Office. The main difference from plan is that we have dealt with more alterations to domestic property because of the requirements of Domestic Revaluation. Other calls on experienced staff meant, however, that we had a limited ability to deal with cases where ratepayers or their agents have asked for a review of their valuation - priority being given to new domestic and new commercial cases.

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Work in Progress

Despite the satisfactory result noted above, work received continues to exceed work completed and at the end of the year the total number of outstanding cases stood at 29,715 - a small increase from the 2003-04 total of 28,451. Within the 29,715 total there are 18,704 cases that involve alterations to domestic property, the majority of which involve relatively small-scale changes.

Ministerial Target - Rating Revision - Rating Unit Cost

The Rating Unit Cost target is a measure of our efficiency in dealing with casework. The target was to achieve a rating unit cost of no greater than £233 (the 2003-04 outturn) expressed in 2001-02 prices. Abortive and exceptional work in connection with Assessment Office has been excluded. We are happy to report that the target has been achieved - the table below gives details and provides a comparison with previous years.

Rating Unit Cost	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Target	2004-05 Outturn
Unit Cost	£255	£235*	£233*	£233*	£233*

* Expressed in 2001-02 prices

Ministerial Target - Backdated Certificates

Entering new and altered property into the Valuation List as soon as possible is important to ratepayers, Rate Collection Agency and District Councils. The Agency therefore aims to issue rating valuations, for example for 13,000 or so new houses each year, in a timely manner to ensure that any backdating of bills does not exceed 12 months. Our target for 2004-05 was to issue at least 90% of certificates for all rating revision cases, which are subject to retrospective backdating, within 12 months of the revision date. Domestic Alterations, the majority of which are not subject to retrospective backdating, were excluded from this target. The target is outcome based and is monitored by the Rate Collection Agency, who have confirmed that the outturn for 2004-05 is 90%

Backdated Certificates	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Target	2004-05 Outturn
	94%	92%	N/A*	90%	90%

* As Backdated Certificates were not a Ministerial target in 2003-04 an Outturn is not available.



Main Activities

Priority was given to new properties with 13,747 new houses and apartments and 1,519 new non-domestic properties being valued. Additionally 3,257 non-domestic properties and 17,048 domestic properties were revalued following alterations. In addition we dealt with 879 cases where either industrial derating or charitable exemption had to be decided. We also carried out an audit of all charity shops to ensure that they continue to be entitled to exemption.

Non-Domestic Revaluation

Recognising business pressures arising out of the Domestic Revaluation the Minister has agreed that a Non-Domestic Revaluation should not take place in April 2008 (billing date) and has noted the likelihood of it being necessary in 2009.

Nevertheless some preparatory work for the next Revaluation has been ongoing. The mass appraisal and rental analysis functions of the new core system have been tested and data cleansing has commenced. In addition, valuation schemes have been allocated to staff in the districts who are keeping abreast of professional developments in their respective specialist areas.

Ongoing liaison with colleagues in Great Britain and the Republic of Ireland has been maintained through the United Kingdom Rating Harmonisation Group.

Domestic Revaluation

On the basis of a Business Case prepared in June 2003, the Department approved the proposal to produce the new Valuation List comprising approximately 700,000 capital valuations for publication in April 2006, using a Computer Assisted Mass Appraisal approach. Within the 2006 Domestic Revaluation Project Plan four milestone targets were identified for the business year 2004-05:

- CAMA (Computer Assisted Mass Appraisal), implementation to be completed by 31 August 2004. This software was fully implemented by the target date.
- Neighbourhood delineation to be completed by 31 December 2004. This was completed and 2,500 neighbourhoods defined by the target date.
- All non-computer assisted valuations to be completed by 31 March 2005. Achieved by target date.
- An accurate, current and complete sales file will be achieved by 31 December 2004. The Agency created a database comprising 45,000 inspected and validated sales.

Delivery of the Domestic Revaluation is on target for publication of the new Valuation List from 1 April 2006. The new List will come into effect on 1 April 2007. To ensure the high standards of all outputs the Agency's own professional staff drew upon assistance from the International Association of Assessing Officers (IAAO). Staff are currently involved in data collection activities that will ensure high valuation accuracy.

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Valuation and Advice Service

Client Services

Introduction

The Agency's client base is restricted to the public sector in Northern Ireland. Services available include valuation, estate management, compensation, taxation, urban regeneration, economic appraisal, resource accounting, acquisition, rent review, disposal of surplus lands and general consultancy. In addition, the Agency acts as a source of property intelligence and comment to the market in general.

Overview

During the year the Agency reviewed its client base in order to focus more on core Departments, Non-Departmental Public Bodies and other statutory bodies. Services to some of these clients were also rationalised in order to maximise value for money and to ensure continuity of priority services. While the total volume of new cases received reduced as a result, the Agency was able to keep its charge rates at 2003-04 levels. This increasing focus on areas of work where VLA input represents best use of expertise and greatest value for money is likely to continue.

The reduction in work received allowed cases to be turned around more quickly and the volume of work in hand reduced by almost 35%. This is reflected in an improvement in client satisfaction as measured in the annual survey.

Activities generated £1.5m in cash receipts and the key target of demonstrating the ability to achieve full-cost recovery was met.

Casework

Compensation remained the largest area of work accounting for 25% of weighted output. In total, some 2,560 compensation cases were completed during the year, the most common type being pipeline wayleaves of which there were 1,088.

General valuations made up 22% of weighted output. Among the 3,609 cases were 544 valuations for Housing Benefit, 583 valuations for Housing Grant purposes, 210 redeterminations of value under the House Sales scheme and 391 valuations for Benefits.

Asset Valuations undertaken for accounting purposes comprised 19% of output, the main project undertaken during the year being valuation of District Council assets.

Other casework undertaken included 847 cases for Inland Revenue for Inheritance Tax and Capital Gains Tax purposes, 239 appraisals in connection with applications for various regeneration and community development grants administered by the Department for Social Development, 491 disposal cases and 725 dealing with acquisition by lease and purchase.



Consultancy, Advice and Research

Consultancy and advisory services made up 10% of weighted output over the year. The main clients for these services remained Invest NI, Laganside, Office Accommodation Branch and the Belfast and Londonderry Development Offices.

Ministerial Targets - Client Satisfaction

Client Satisfaction	2002-03 Outturn	2003-04 Outturn	2004-05 Target	2004-05 Outturn
Customer Performance Index (CPI)	70.8	73.3	76	74.5

The annual survey of client satisfaction was conducted during February and March. Overall, the percentage of respondents expressing themselves as satisfied or very satisfied increased from 71% to 76%. Those expressing themselves very satisfied was, at 35%, the highest proportion in any of the 5 surveys undertaken to date.

The Agency strives to deliver a professional, impartial, courteous and accountable service in which clients can have confidence that all their requirements will be met. The survey showed that clients once again, with regard to Quality, ranked impartiality, the usefulness of advice and the knowledge and understanding of Valuers as the most important quality aspects of the service, recording high levels of satisfaction, with ratings of 90%, 85% and 85% respectively.

With regard to Service Delivery, timeliness, courtesy and being kept informed about the progress of cases were ranked as the most important aspects. While politeness and friendliness of staff received a high 94% satisfaction rating, timeliness and progress reporting recorded lower scores of 56% and 42% respectively. The results reflect the pressures and difficult circumstances surrounding the delivery of CSR and Domestic Revaluation. All efforts are being made to ensure improvements in these areas.

Apportionment of output by time spent (%)

	2003-04	2004-05
COMPENSATION	19	23
VALUATION	25	21
ASSET VALUATION	14	18
ADVICE & CONSULTANCY	13	10
TAXATION	7	8
ACQUISITION	10	7
MANAGEMENT & DISPOSAL	6	7
APPRAISAL	6	6

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Central Advisory Unit (CAU)

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

On the research side, an update to the Belfast Retail Rental Index with a market commentary was published in October 2004.

Review of Activities

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

The guidelines on disposal of surplus property are in the process of being updated by the Unit in response to the Northern Ireland Audit Office report on Health Estates and other changes in law and practice since the last revision was carried out.

In an ongoing judicial review into the disposal of former New Town lands the Unit has provided expert witness support and advice.

The Unit liaised with the consultants engaged by DFP and the Strategic Investment Board to carry out a Strategic Review of Office Accommodation. Information provided by the Unit on floor-space, levels of value and potential for disposal were incorporated into the consultants' final report.

A general advice role continued and covered a wide range of topics. A common theme for the Unit was facilitating "joined-up" government in estate management, including presenting a seminar to Health Estates on current best practice.



Corporate Services

Information Systems

Core System Replacement (CSR)

The replacement of the Agency's old Valcom mainframe IT system, supporting its core business processes, began in 2001 with a competition to select a supplier to review the Agency's detailed requirements in the context of its IT Strategy and identify the optimum technical and business solution to meet those needs.

LogicaCMG won this competition and began the technical design study in the Autumn of that year. This activity concluded in late 2002 with the selection of Novalis Technologies' valuation software package - Assessment Office. Novalis Technologies is a GIS-centric company that specializes in property software and related valuation and administration functions. Its main offices are in Canada and USA.

A contract was agreed in early 2003-04 with LogicaCMG as prime contractor, and Novalis as sub-contractor, for the development and implementation of the system to meet the VLA requirement. The overall project was phased and the contractor completed development of the first phase and released it for user testing in February 2004. Testing extended over several months and, while a version of the system was made available to staff for querying, difficulties were encountered that prevented a full release of the system in line with the planned timescales.

The supplier worked to remedy the problems and introduced a new management team in the Autumn of 2004. The new team reviewed existing plans but had difficulty in establishing a robust new plan with a realistic and achievable go-live date. This led to a full review of the contract and the development of a revised contract with a go-live date of mid 2005 for the first phase of the new system and a range of strengthened provisions protecting the Departmental position.

One of the outcomes of the contract discussions was the agreement for LogicaCMG to implement an interim system to support the Agency's prime business target - completion of the Domestic Revaluation and publication in April 2006. This was agreed so as to minimize the impact that any further problems with the CSR project might have on the Domestic Revaluation programme. The interim system went live in early 2005 and is working very well in support of the data management activities of Domestic Revaluation. This system and the ongoing provision of the Valcom service are incorporated in the scope of the revised contract.



Other Developments

The year also saw the completion of the Computer Assisted Mass Appraisal (CAMA) implementation project that delivered specialist valuation software components for calculation of domestic property capital valuations, and the incorporation of these components into the CSR system. The CAMA software is based around Geographical Information System (GIS) technology and it is planned that such tools will be made more widely available to Agency staff during the incoming year.

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

Customer Service

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

Service First

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

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

Standard 1: 'Provide prompt and clear answers to letters'

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

Answered within 15 days		Answered within 10 days	
2003-04 100%	2004-05 100%	2003-04 100%	2004-05 100%

Standard 2: 'See callers within 10 minutes'

Our performance against this target was is shown below -

Seen within 10 minutes	
2003-04 100%	2004-05 100%



Standard 3: 'Answer telephone calls quickly and helpfully'

Our target is to answer all calls to a designated telephone query point at our headquarters (028 9054 3920) within six rings. All calls are answered within this target.

Standard 4: 'Provide clear and straightforward information about our services'

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

Standard 5: 'Have a complaints procedure'

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

Standard 6: 'Do everything to make our services available to everyone and consult users about the service we provide'

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

Human Resources

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

Personnel

During the year the Agency recruited 8 new staff, 2 Programmer Analysts, 1 AO involved in casework, 5 Graduate Trainee Assistant Valuers (GTAV); and filled a further number of vacancies resulting from staff moves. The majority of these staff have been recruited to provide the staffing necessary to deal with the Rating Reform Programme and to assist with the implementation and ongoing support of new IT systems.

In recent years the Agency has employed students over the summer period to assist professional and technical (P&T) staff in particular aspects of the work. These staff have made a valuable contribution to the work of the Agency and this year we employed 16 students to provide additional support over the summer period.

There were also 9 promotions within the P&T discipline and 1 promotion on the Administrative side.

In addition to this the Agency's Personnel Section has played a central part in maintaining staffing levels, deputising arrangements and in ongoing development of internal policies and procedures.

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

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

Staff Development

People Management and Development is a key issue for the Agency with expert staff being crucial to the achievement of our vision and mission. Development needs based on business objectives were identified at strategic, divisional and individual levels at the beginning of the year and formally reviewed mid-year. Plans were put in place to meet those development needs and we successfully delivered against these.

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The Agency has embarked on a major programme of change, which has been brought together under the 'VLA 2007 Programme'. This will require our people to develop new and different skills to deliver the targets and objectives and meet the changes and challenges ahead. The Agency engaged consultants towards the end of the year to carry out a Skills Audit to ensure that future development and training is clearly targeted and will deliver the vision of the VLA in 2007. This Audit will be completed mid 2005.

This year there was a continued focus on people management and development skills with management training being provided for newly promoted staff. A total of 5 staff received Institute of Leadership and Management (ILM) accreditation.

In recognition of the importance of leadership skills in delivering change Management Board members undertook 360-degree feedback using the Transformational Leadership Questionnaire. Feedback was provided on both an individual and a group basis and the group will be identifying key actions to take forward as a result of this exercise.

As part of the Department's Human Resource Strategy, managers were trained in the Department's revised Managing Attendance guidelines and the new Performance Management Framework.

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

As part of our continued preparation for a Domestic Revaluation a number of staff attended Statistical Package for Social Science (SPSS) workshops at the University of Ulster and received specialist Geographical Information Systems (GIS) training. 5 Delegates from the Agency also attended the International Association of Assessing Officers (IAAO) bi-annual Conference in USA to maintain an up to date understanding of developments in the integration of Computer Assisted Mass Appraisal (CAMA) and Geographic Information Systems (GIS).

We remain committed to developing the professionalism of all of our staff in support of our vision to be a leading public sector valuation organisation. We are currently assisting 29 staff who are working towards the Assessment of Professional Competence (APC) to enable them to achieve professional membership of the Royal Institution of Chartered Surveyors (RICS). One member of staff achieved APC in Spring 2004, three were successful in Autumn 2004 and a further four have applied for the Spring 2005 assessment.

The Agency has worked with the RICS to establish a Northern Ireland syllabus for the Rating Diploma - the premier postgraduate qualification for RICS members who specialise in Rating. The expertise developed by staff through the achievement of this diploma is of great value to the organisation. The staff member who undertook this exacting qualification this year was the only successful candidate in the UK.

Investors In People (IIP)

The Agency remains committed to developing a culture of excellence in people management and development and maintaining the Investors in People (IIP) standard. We plan to go forward for re-recognition in the 2005-06 year.



Health and Safety

We adhere to Departmental Policy and work closely with the Departmental Health and Safety Officer to ensure the effective implementation of Health and Safety Policies and Strategies. The Health & Safety in the Field policy document is currently under review. The Agency remains committed to the health and safety of its staff and to the development and implementation of related policies and procedures. The Agency's Health and Safety Committee is the forum for discussing these matters.

Equal Opportunities

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

Finance

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

Performance

The Agency's Ministerial Target for 2004-05 in the area of finance was:

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

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

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

Accounts

Our Annual Accounts have been prepared in accordance with the Accounts Direction issued on 28 March 2003 by the Department of Finance and Personnel, which requires us to prepare our accounts in accordance with the NI Resource Accounting Manual. The Comptroller and Auditor General has audited the Accounts.

Financial Management

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

Accountability

Current budget delegated limits remained unchanged during the year.

Pay Delegation

The Chief Executive assumed responsibility for pay arrangements from 1 April 1996. The Agency shadowed the NICS core arrangements in 2004-05.

Section 4: Balanced Scorecard

Table of Achievement

To facilitate the achievement of the Ministerial Targets and ensure success in delivering its business, the Agency uses the Balanced Scorecard approach in developing key operational challenges and targets. A Performance Indicator was developed for each Key Challenge specified in the Business Plan. The tables below show the Key Challenges, the Performance Indicators and the Level of Achievement.

Balanced Scorecard: 1. Deliverables

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
1.1	Value new/altered properties accurately and on time.	MT “To issue at least 90% of Certificates for all Rating Revision Cases (excluding Domestic Alterations) which are subject to retrospective backdating, within 12 months of the revision date”.	Action Achieved at 90%.
1.2	Dealing effectively with Applications.	To report on Personal Applications for a Change sought to a Non-Domestic property (A3CNs) ‘Outstanding’.	Monthly Report produced for Operations Management Group (OMG).
1.3	Dealing effectively with Appeals.	“Turnaround of 12 weeks average”.	Action Achieved at 10 weeks.
1.4	Non-Domestic Revaluation 2008.	To produce project initiation document and outline Business Case for Non-Dom Reval no later than end of November 2004.	Partly Achieved. Draft Project Initiation Document (PID) produced. Business Plan delayed due to other work pressures.



Balanced Scorecard: 1. Deliverables (continued)

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
1.5	Client Satisfaction.	<p>MT “To achieve a Satisfaction rating of 76 CPI or greater from respondents to a Client Satisfaction Survey as measured by the Customer Performance Index (CPI)”.</p> <p>Revised procedures to monitor timeliness and communication with Clients in place by 30 Sept 2005.</p> <p>Reduce Work in Progress from 26 weeks (March 2004) to 8 weeks by March 2005.</p>	<p>Action Not Achieved. CPI increased from 73.3 to 74.5, the second highest outturn in 5 surveys but still below target.</p> <p>Not Achieved - contingent on CSR.</p> <p>Not Achieved but outturn of 9.37 weeks is the lowest March figure for 5 years.</p>
1.6	Reduce Backlog of cases relating to alterations to Domestic property (AD)	Complete the maximum number of AD cases within the constraints of numbers of staff available.	Initial action substantially complete. Further work is dependent on the availability of resources.

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Balanced Scorecard: 2. Improvement / Capacity Building

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
2.1	Core System Replacement (CSR).	Phase I - "go live" date of end of May 2004.	AODR "go live" date 1 April 2005. Phase I "go live" scheduled for mid 2005.
		Phase II - programmed for end of August 2004.	Phase II scheduled for mid-November 2005.
2.2	Domestic Revaluation Project Plan.	MT "To achieve Key Milestones for 2004-05 for the Domestic Revaluation Project, which are".	Action Achieved.
		CAMA implementation to be complete by 31 August 2004.	Achieved.
		Neighbourhood delineation to be completed by 31 December 2004.	Achieved.
		All non-computer assisted valuations to be completed by 31 March 2005.	Achieved.
		An, accurate, current and complete sales file will be achieved by 31 December 2004.	Achieved.
2.3	Rating Database.	Complete an audit report for Non-Domestic and issue data standards by 30 September 2004.	Not Achieved - delay due to other priorities.



Balanced Scorecard: 2. Improvement / Capacity Building (continued)

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
2.4	Improvement Projects. (Building Control Pilot)	Initial Project Board meeting to be held on 31 May 2004. PID and Project Plan to be confirmed by March 2005.	Project Board meeting held on 10 March. PID and Project Plan to be confirmed by 18 March. Business case now complete. SLA under negotiation with Belfast City Council.
2.5	Rating Reform.	VLA input to contribute to bringing forward reforms on target. Update to Management Board.	Action Achieved. First Order drafting instructions submitted to OLC on the 24 March 2005 by DFP.
2.6	Skills Audit and Analysis of Training Needs.	Complete Skills Audit by August 2004.	Skills Audit in final stages. Final Report due 29 April 2005.
2.7	Freedom of Information (Fol).	To have systems in place to answer Fol requests by 1 January 2005. Monthly update to MB.	At the end of April 2005 19 Fol requests had been received. Action Achieved.

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Balanced Scorecard: 3. Processes

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
3.1	Value new/altered properties accurately and on time.	"Valuation Standards - Domestic" - (95%).	93% - Action Not Achieved.
		"Valuation Standards - Non-Domestic" - (87%).	88% - Action Achieved.
3.2	Client SLAs.	All SLAs for notional clients to be reviewed by December 2004 in line with Departmental Charging Review Plan.	Action Achieved.
		All SLAs for Hard-Charged Clients to be reviewed by December 2004.	Action Achieved.
3.3	Client Management.	Internal budgets allocated to clients by 31 May 2004.	Action Achieved.
		Monitoring arrangements in place by 30 Sept 2004.	Action not achieved - contingent on CSR.
3.4	Development & Training.	Quarterly Report to Management Board.	Mid-year review completed. End of year review process started.
3.5	Corporate Governance.	Satisfactory internal report from the Audit Risk Committee on 6-monthly basis. Stewardship Statements to be completed on time.	Risk Register reviewed. Mid-year statements completed. End of year process started.



Balanced Scorecard: 4. Resources

No.	Key Challenges	Performance Indicators MT = Ministerial Target	Level of Achievement
4.1	Expenditure.	Maintain expenditure within Limits and Plans.	Action Achieved.
4.2	Full-Cost Recovery.	MT “To demonstrate ability to achieve full-cost recovery in respect of Client Services”.	Action Achieved.
4.3	Receipts.	Monthly update to Management Board.	Action Achieved.
4.4	Rating Unit Cost.	MT “To achieve a Rating Unit Cost no greater than £233, expressed in 2001-02 prices”.	Rating Unit Cost of £233 Achieved.
4.5	Resource agreed Work Programme.	Report on exceptional deviation from plans.	
4.6	Contingency.	To submit a Contingency Plan to Management Board by 24 June 2004. Publish Service and Client priorities by 1 May 2004.	Action Achieved.



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Section 5: Office Network

DISTRICT OFFICE	DISTRICT COUNCIL AREA	ADDRESS TELEPHONE AND FAX NUMBERS
Ballymena	Ballymena, Ballymoney Carrickfergus, Larne Moyle, Newtownabbey	Government Offices, 12-14 George Street, Ballymena BT43 5AP Tel: 028 2566 0700 Fax: 028 2566 0711 Email: Ballymena.VLA@dfpni.gov.uk
Bangor	Ards, Castlereagh North Down	Crown Buildings, Hamilton Road, Bangor BT20 4LQ Tel: 028 9127 9111 Fax: 028 9147 1644 Email: Bangor.VLA@dfpni.gov.uk
Belfast	Belfast	Queen's Court, 56-66 Upper Queen Street, Belfast BT1 6FD Tel: 028 9025 0700 Fax: 028 9054 3930 Email: Belfast.VLA@dfpni.gov.uk
Craigavon	Armagh, Craigavon Newry & Mourne	Marlborough House, Central Way, Craigavon BT64 1AD Tel: 028 3834 1144 Fax: 028 3832 0177 Email: Craigavon.VLA@dfpni.gov.uk
Lisburn	Antrim, Banbridge Down, Lisburn	1 The Sidings, Antrim Road, Lisburn BT28 3AJ Tel: 028 9262 3500 Fax: 028 9262 3555 Email: Lisburn.VLA@dfpni.gov.uk



Section 5: Office Network (continued)

DISTRICT OFFICE	DISTRICT COUNCIL AREA	ADDRESS TELEPHONE AND FAX NUMBERS
Londonderry	Coleraine, Derry, Limavady Magherafelt, Strabane	Waterside House, 75 Duke Street, Londonderry BT47 6FP Tel: 028 7131 9000 Fax: 028 7131 9087 Email: Londonderry.VLA@dfpni.gov.uk
Omagh	Cookstown, Dungannon Fermanagh, Omagh	Boaz House, 19 Scarffe's Entry, Omagh BT78 1JG Tel: 028 8225 4888 Fax: 028 8225 4880 Email: Omagh.VLA@dfpni.gov.uk
Central Advisory Unit		Queen's Court, 56-66 Upper Queen Street, Belfast BT1 6FD Tel: 028 9054 3774 Fax: 028 9054 3770 Email: CAU.VLA@dfpni.gov.uk



Annual Report & Accounts

Foreword to the Accounts

Accounts for the Year Ended 31 March 2005

Accounts Direction

These are the Valuation and Lands Agency's (VLA) audited Accounts for the Financial Year ended 31 March 2005. The Accounts have been prepared in accordance with the Department of Finance and Personnel Direction issued on 28 March 2003 and the Government Resources and Accounts Act (Northern Ireland) 2001.

History and Principal Activities

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

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

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

Additionally:

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

Funding

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

Business Review

A full review of our activities during the year is given on pages 8 to 28 of the Annual Report.

Events Occurring After Year End

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



Future Developments/Research and Development

The Minister announced, in December 2002, a Revaluation of all Domestic properties in Northern Ireland on a capital values basis, to be published in 2006. Throughout the year the Agency has implemented strategies to ensure the timely delivery of this objective.

The development work on the Agency's new core IT system was a high priority during 2004-05. This system is a critical success factor in the Agency's ability to deliver the Domestic Revaluation. Implementation has been subject to significant delay and the Agency has developed and implemented contingency strategies to mitigate risk to the delivery of the Domestic Revaluation. The first phase of the new system, addressing the needs of revaluation will go live in April 2005 with full implementation planned for November 2005.

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

Management Board

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

Commissioner Chief Executive

N D Woods

Board Members

D Rainey	Operations Division
A Brontë	Corporate and Professional Services
D Annett	District Valuer
P McGuckin	District Valuer
A Hanna	District Valuer
A Hazlett	District Valuer
J Blacker	District Valuer
H Spence	District Valuer
D Stanfield	Corporate Services

Financial Performance

The Income and Expenditure account on page 39 shows expenditure of £12.7m within which £8.6m was spent on staff costs, £0.016m on depreciation and £4.1m on other operating costs. Interest on capital employed amounted to £0.124m.

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The key financial target for 2004-05 was to be able to demonstrate the ability to achieve full-cost recovery in respect of client services, through charging for the full cost of chargeable services and raising notional invoices (on the same basis) in respect of non-chargeable services for Exchequer bodies. This target has been achieved and details are given on page 11.

Fixed Assets

The Agency's fixed assets comprise computer equipment and applications software valued at £3.2m. There were £0.67m of additions acquired by the Agency during the year which related mainly to the purchase of new core system software.

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

Prompt Payment Code

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

Regular reviews conducted to measure how promptly we paid our bills show that 95.99% of bills were paid within this standard. In this context it is relevant to note that the Agency does not itself pay suppliers directly, but processes all invoices through the Department of Finance and Personnel.

Employee Policies and Involvement

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

Enhancements to the business planning process have enabled an increased involvement of staff and operational managers, and clarification for individuals of their contribution to overall Agency goals. Throughout the year the views of all staff continued to be canvassed through a Staff Survey and progressed via Team Days, discussions with the Chief Executive Officer (CEO), team briefings and circulars. In addition there are regular meetings between management and the local employee representatives.

Health and Safety

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

Auditors

The financial statements are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

The audit certificate is reproduced on pages 37 and 38.



N D Woods

Commissioner of Valuation & Chief Executive
29 June 2005



Statement of Agency and Commissioner and Chief Executive's responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel requires the Agency to prepare accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

DFP has designated the Commissioner of Valuation as Accounting Officer of the Agency, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the Accounts, the Accounting Officer is required to comply with the Northern Ireland Resource Accounting Manual (NIRAM) prepared by DFP, and in particular to:

- observe 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 NIRAM, have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Government Accounting Northern Ireland.

Statement on the System of Internal Control

1. Scope of Responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department of Finance and Personnel's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland (GANI).

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Valuation and Lands Agency for the year ended 31 March 2005 and up to the date of approval of the Annual Report and Accounts, and accords with DFP guidance.

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3. Capacity to Handle Risk

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

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

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

4. The Risk and Control Framework

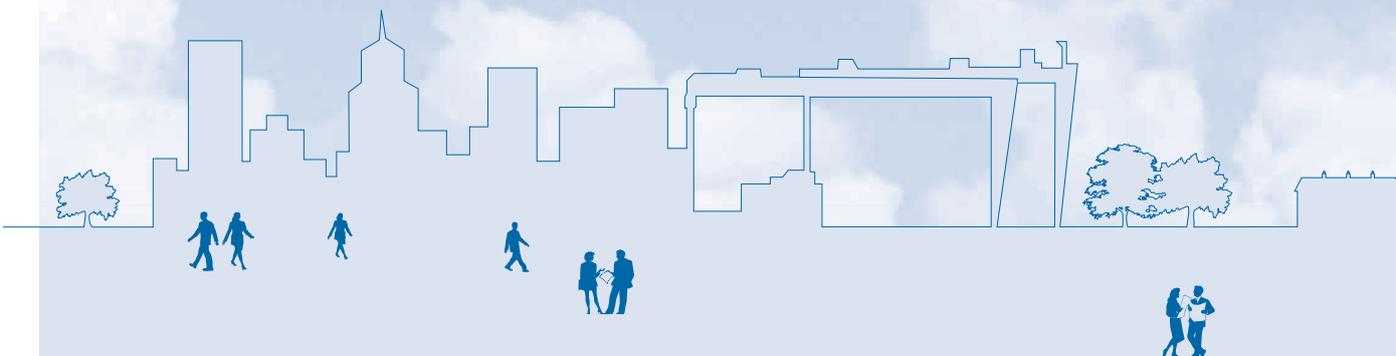
We have carried out appropriate procedures to ensure that we have identified the Agency's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the Department has set out its attitude to risk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

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

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

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

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



5. Review of Effectiveness

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

The Agency's Audit and Risk Committee meet on a regular basis to review the Risk and Control Frameworks and is advised by the relevant risk managers, the Head of Internal Audit and, in the case of priority projects, by Gateway Review reports.

N D Woods

Commissioner of Valuation & Chief Executive
29 June 2005

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Valuation and Lands Agency

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

I certify that I have audited the financial statements on pages 39 to 60 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 42 and 43.

Respective Responsibilities of the Agency, the Chief Executive and Auditor

As described on page 34 the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

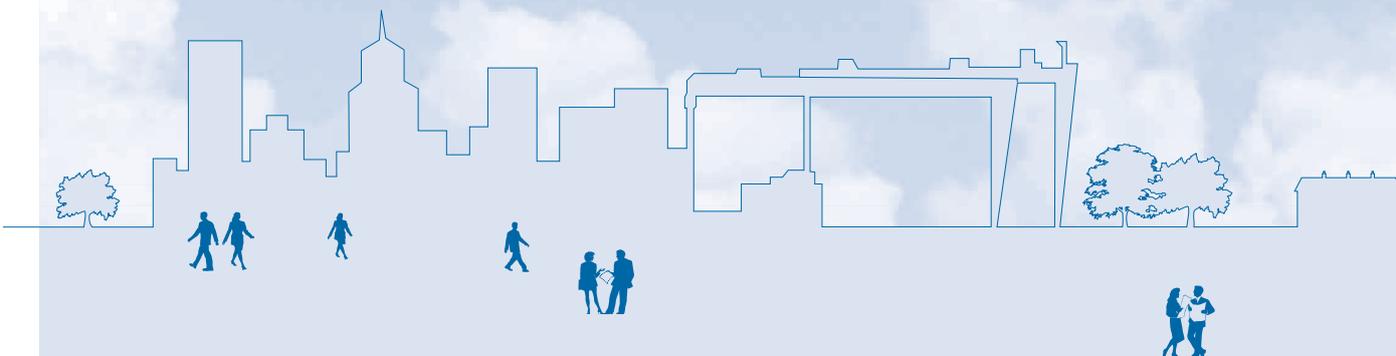
I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 34 to 36 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

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



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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Valuation and Lands Agency at 31 March 2005 and of the net cost of operations, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

J M Dowdall CB
Comptroller and Auditor General

4 July 2005

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

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Accounts

Income and Expenditure Account

For the Year Ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Income	2	1,497	1,781
Expenditure			
Staff Costs	4	8,554	7,835
Depreciation	9	16	183
Other Operating Costs	5	4,148	3,270
Total Expenditure		12,718	11,288
Cost of Operations Before Interest		(11,221)	(9,507)
Interest on Capital Employed	8	(124)	(97)
Net Cost of Operations		(11,345)	(9,604)

The net cost of operations arises wholly from continuing operations.

The notes on pages 42 to 60 form part of these accounts.

Statement of Recognised Gains and Losses

For the Year Ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Unrealised surplus/(deficit) on revaluation of fixed assets	9	4	1

The notes on pages 42 to 60 form part of these accounts.



Balance Sheet

As at 31 March 2005

	Notes	2005 £'000	£'000	2004 £'000
Fixed Assets				
Tangible Fixed Assets	9		3,221	2,518
Current Assets				
Stock	12	51		48
Work In Progress	12	221		284
Debtors	10	827		868
		1,099		1,200
Current Liabilities				
Creditors amounts falling due within one years	11	307		162
Net Current Assets / (Liabilities)			792	1,038
Total Assets less Current Liabilities			4,013	3,556
Provision for Liabilities and Charges	7	169		322
			169	322
			3,844	3,234
Financed by:				
Capital and Reserves				
General Fund	13		3,587	2,978
Revaluation Reserve	13		257	256
			3,844	3,234

N D Woods

Commissioner of Valuation & Chief Executive
29 June 2005

The notes on pages 42 to 60 form part of these accounts.

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Cash Flow Statement

For Year Ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Operating Activities			
Net cash outflow from continuing operating activities	15	(8,874)	(7,550)
Purchase of fixed assets	9	(673)	(1,710)
Net cash outflow before financing		(9,547)	(9,260)
Financing			
Net cash inflow from financing	16	9,547	9,260
Increase/Decrease in Cash		-	-

The notes on pages 42 to 60 form part of these accounts.



Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Accounts Direction which requires the Agency to comply with the Northern Ireland Resource Accounting Manual (NIRAM).

The accounting policies adopted by the Agency are described below. These have been applied consistently in dealing with items considered material in relation to the financial statements.

1.1 Basis of Accounting

The accounts have been prepared in accordance with the historical cost convention, modified to include the revaluation of fixed assets.

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

1.2 Fixed Assets

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

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

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

1.3 Depreciation

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

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

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1.4 Stock and Work In Progress

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

1.5 Pensions

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

For 2004-05 employers' contributions of

Salary bands		%
up to £18,199		12
£18,200 to £37,099		13
£37,100 to £80,199		16
£80,200 and over		18

1.6 Early Departure Costs

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

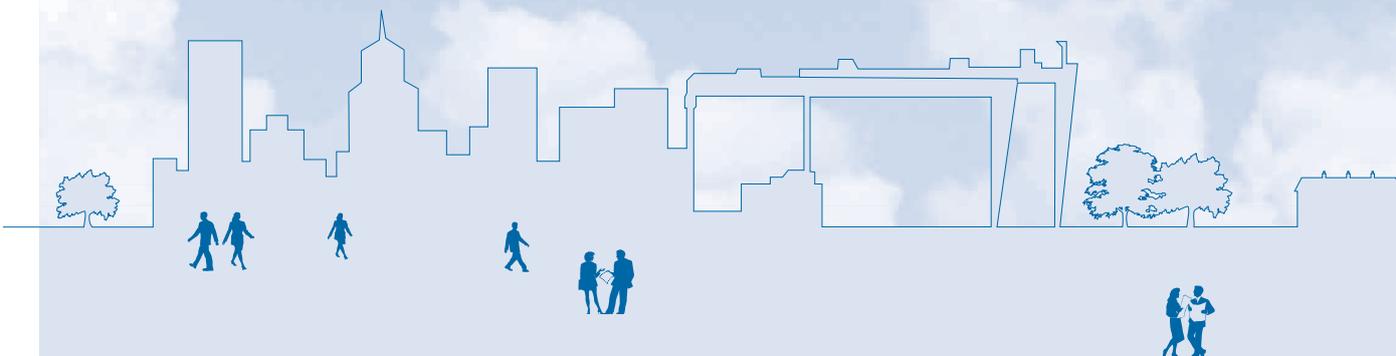
Since the implementation of the Northern Ireland Resource Accounting Manual (NIRAM) the Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. The total costs of these programmes are recognised in the year the announcement is made.

1.7 Research and Development

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

1.8 Taxation

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



2. Income

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

	2005 £'000	2004 £'000
Income comprises:		
Chargeable clients work	1,484	1,759
Rating	13	22
	1,497	1,781

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3. Segmental Analysis of Business attracting Fees and Charges

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

	2005 £'000	2004 £'000
Client Services		
Income *	1484	1,759
Expenditure	3,722	3,643
Deficit	(2,238)	(1,884)
Rating		
Income	13	22
Expenditure	9,120	7,742
Deficit	(9,107)	(7,720)
Deficit for the year	(11,345)	(9,604)

* If within the Income and Expenditure account for Client Services, notional income of £2,132k (2004: £2,202k) were included and expenditure adjusted downward to reflect increased notional WIP of £57k (2004, decreased WIP of £179k) the deficit for the year would be reduced to £9,156k (2004: £7,581k).

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



4. Staff Numbers and Costs

	2005	2004
--	------	------

The average number of full time equivalent persons employed (including senior management) during the year was as follows:

313	293
-----	-----

The analysis of employees by category:

Board and Senior Management	31	31
Professional and Technical	147	138
Executive, Administrative and Ancillary	135	124
	313	293

	£'000	£'000
--	-------	-------

The costs incurred in respect of these employees were:

Salaries and Wages	7,112	6,507
Social Security Costs (ERNI)	549	506
Pension Costs (Superannuation)	893	822
Total	8,554	7,835

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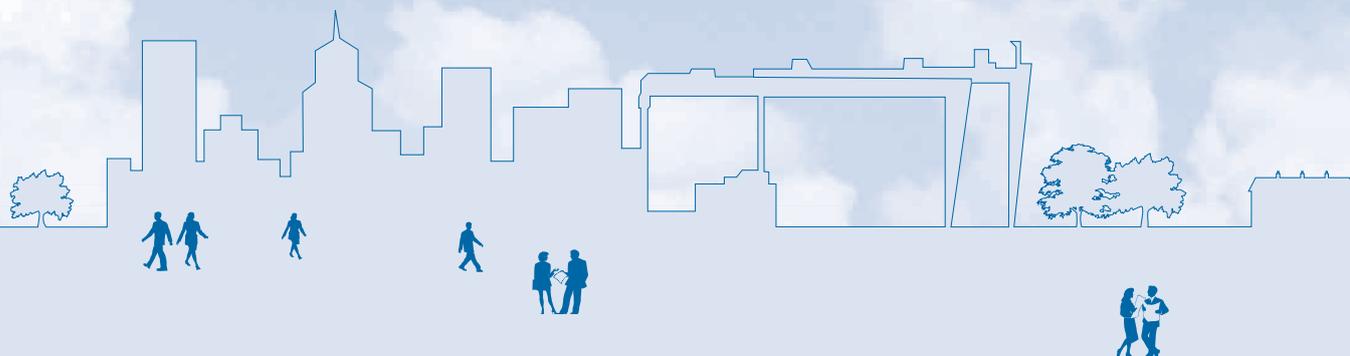
The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but Valuation and Lands Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003, details of which are available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

For 2004-05, employers' contributions of £892,773 were payable to the PCSPS(NI) (2003-04 £821,919) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5% and 23.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, no employer contributions of 0.8 per cent of pensionable pay were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No contributions were paid to the partnership pension providers at the balance sheet date.
No contributions were prepaid at that date.

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

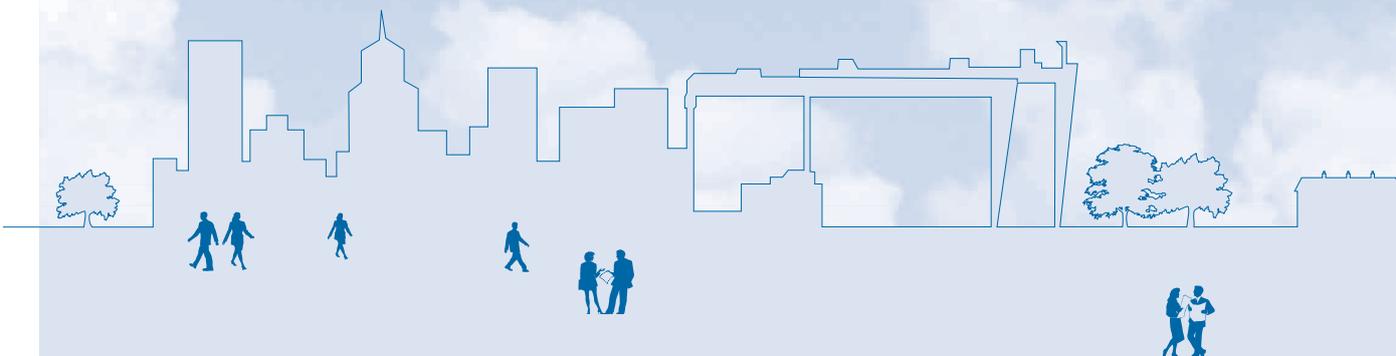


Name and title	Salary (as defined below)	Benefits in kind (rounded to nearest £100)	Real Increase in pension at age 60	Lump sum increase 31/03/04-31/03/05
	£'000	£'00	£'000	£'000
N Woods Commissioner & Chief Executive	85 - 90	-	0 - 2.5	5 - 7.5
D Rainey Assistant Commissioner	CONSENT TO DISCLOSURE WITHHELD			
A Brontë Assistant Commissioner	55 - 60	-	0 - 2.5	0 - 2.5
P McGuckin District Valuer	CONSENT TO DISCLOSURE WITHHELD			
D Annett District Valuer	55 - 60	-	0 - 2.5	0 - 2.5
A Hazlett District Valuer	50 - 55	-	0 - 2.5	2.5 - 5
A Hanna District Valuer	CONSENT TO DISCLOSURE WITHHELD			
J Blacker District Valuer	50 - 55	-	0 - 2.5	5 - 7.5
H Spence District Valuer	45 - 50	-	0 - 2.5	5 - 7.5
D Stanfield Head of Coporate Services	40 - 45	-	0 - 2.5	2.5 - 5

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Total accrued pension at 60 at 31/03/05	Accrued lump sum 31/03/05 or at date of leaving	CETV at 31/3/04 or at date of leaving (to nearest £k)	CETV at 31/3/05 or at date of leaving (to nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (to nearest £k)	Employer contribution to partnership pension account including risk benefit cover to nearest £100
£'000	£'000	£'000	£'000	£'000	£'00
40 - 45	120 - 125	664	730	35	-
15 - 20	55 - 60	261	286	9	-
20 - 25	65 - 70	376	402	11	-
15 - 20	50 - 55	245	277	17	-
20 - 25	65 - 70	294	346	41	-
15 - 20	50 - 55	226	278	39	-
15 - 20	45 - 50	243	268	16	-



Salary

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

Pension

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory based “final salary” defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

Columns 7 & 8 of the above table show 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 takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

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A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Benefits in Kind

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



5. Other Operating Costs

	2005 £'000	2004 £'000
Early Departure Costs	-	5
Travel & Subsistence	349	269
Computer operational expenses	111	331
Supplies and Services consumed	1,387	762
Impairment of fixed assets	18	9
Work in Progress	63	(7)
Notional Costs (see note 6)	2,219	1,898
Loss on disposal of assets (see note 9)	1	3
Total	4,148	3,270

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6. Notional Costs (without transfer of cash)

	2005 £'000	£'000	2004 £'000
Services provided by parent Department:			
Finance	165		162
Personnel	135		132
Miscellaneous	434		433
		734	727
Other Notional Costs:			
Early Departure Costs (Note 7)	-		-
Northern Ireland Audit Office	8		8
DFP Accommodation	1,402		1,094
Insurance *	-		-
Miscellaneous	75		69
		1,485	1,171
		2,219	1,898

* Notional insurance costs have been calculated to be £15,700 (2004: £13,460). If included in the operating costs the deficit for the year would have been £11,361k (2004: £9,617k).



7. Provision for Liabilities and Charges

Early Departure Schemes:

	96/97 Scheme £	01/02 Scheme £	TOTAL £
At 1 April 2004	30,824	280,629	311,453
Payments to Participants in the Year	(16,991)	(135,669)	(152,660)
At 31 March 2005	13,833	144,960	158,793

Other Provisions:

A provision has been made for £10,000 in relation to an invoice for capital software projects. The original contract was for £12,000, which has been accrued for. The balance on the invoice is under investigation.

8. Interest on Capital Employed

	2005 £'000	2004 £'000
Interest on tangible fixed assets	100	60
Interest on working capital	24	37
	124	97

Interest on capital is calculated at 3.5% (2004: 3.5%) of the average capital employed during the year.

9. Tangible Fixed Assets

	Computer Equipment	Software	Office Machinery	New Computer System	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2004	306	3,947	16	2,360	6,629
Additions	21	-	-	652	673
Disposals	(40)	-	-	-	(40)
Transfer from DFP	80	-	-	-	80
Adjustments	(27)	18	-	-	(9)
Revaluation	-	127	-	-	127
Impairment	(38)	-	-	-	(38)
At 31 March 2005	302	4,092	16	3,012	7,422
Accumulated Depreciation					
At 1 April 2004	153	3,947	11	-	4,111
Provided in Year	93	(79)	2	-	16
Disposals	(39)	-	-	-	(39)
Transfer from DFP	1	-	-	-	1
Adjustments	(10)	19	-	-	9
Revaluation	-	123	-	-	123
Impairment	(20)	-	-	-	(20)
At 31 March 2005	178	4,010	13	-	4,201
Net Book Value					
At 1 April 2004	153	-	5	2,360	2,518
At 31 March 2005	124	82	3	3,012	3,221

The depreciation charge for software shows a negative figure due to an Asset Relife which took place during the year.

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10. Debtors and Prepayments

Amounts falling due within one year

	2005 £'000	2004 £'000
Trade debtors	787	828
Prepayments and Accrued Income	40	40
	827	868

11. Creditors and Accruals

Amounts falling due within one year

	2005 £'000	2004 £'000
Accruals	213	86
Tax & other Social Security Costs	94	76
	307	162

12. Stocks and Work in Progress

	2005 £'000	2004 £'000
Stocks	51	48
Work in Progress	221	284
	272	332

13. Reconciliation of Movement in Reserves and Government Funds

	General Fund £'000	Revaluation Res £'000	Total £'000
At 1 April 2004	2,978	256	3,234
Movements on Reserve:			
Net Cash inflow from financing	9,547		9,547
Total Expenditure	(11,345)		(11,345)
Notional Costs	2,219		2,219
Capital Charges	124		124
Accommodation Costs Recoverable	-		-
ISU Additions	78		78
Consolidated Fund Extra Receipts	-		-
Fixed Asset Adjustments	(14)	(3)	(17)
Early Retirement Adjustment	-		-
On revaluation of Fixed Assets	-	127	127
Backlog Depreciation	-	(123)	(123)
At 31 March 2005	3,587	257	3,844

14. Capital Commitments and Contingent Liabilities

Amounts contracted but not provided in the financial statements in respect of the Core System Replacement project total £711k (2003-04: £1,111k)

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

VLA has entered into a contract with ESRI Ireland for the use of 250 consultancy days on the Domestic Revaluation project. Under the terms of the contract any days not used by 31/12/05 have to be paid for in full. As at 31/03/05 VLA had a contractual commitment of £95,923 in respect of unused days. It is envisaged that all these days will be fully used over the course of the next financial year.

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

	2005 £'000	2004 £'000
Cost of Operations before interest	(11,221)	(9,507)
Adjustments for non-cash transactions		
Depreciation charge	16	183
Impairment	18	9
Notional Costs	2,219	1,898
Consolidated Fund Extra Receipts	-	-
Post Year End Payments	-	-
Net Movement in Provision for Liabilities and Charges	(153)	(163)
Loss on disposal	1	3
Early Retirement Adjustment	-	-
Accommodation Costs recoverable	-	-
	2,101	1,930
Adjustments for movements in working capital		
(Increase)/Decrease in Current Assets	101	109
Increase/(Decrease) in Current Liabilities	145	(82)
Cash inflow/(outflow) from operating activities	(8,874)	(7,550)



16. Financing

	2005 £'000	2004 £'000
Gross Assembly Grant	11,104	11,118
Accruing Resources	(1,557)	(1,858)
Net Assembly Grant (DFP Vote 1)	9,547	9,260

This was used to finance:

Net cash outflow from operating activities

17. Related Party Transactions

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

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

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



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