



# The Valuation Tribunal Service

Annual Report and Accounts 2019-20





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HC 1108

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## Chief Executive's report

The ability to adapt and change is something that is not uncommon to us as an organisation. Rising to the challenges that present themselves remains our strength and this year is no exception.

For 2019-20 we set ourselves a very challenging agenda, one full of investment in our staff, our Valuation Tribunal members and our organisation. Our investment in information technology has given us the platform to be more flexible in the way we do things and how we work, creating greater efficiencies.

Driven by the changed process for appeals on the 2017 rating list (check, challenge, appeal, CCA) we have reviewed our organisational structure and have created a grade of Tribunal Support Officer. These staff provide the Valuation Tribunal for England and our hearing clerks with greater support in the active case management of appeals, from receipt to listing, with the aim of providing users with a better end to end experience of our service.

We have also introduced our Appeals and Listings Service on our website, a facility that enables users to search and extract information in respect of CCA appeals; penalty notice appeals; council tax liability appeals; and council tax valuation/invalidity appeals. This facility will be of particular benefit to billing authorities in providing greater real time visibility of the amount of rateable value under appeal in their area.

On 23 March 2020, I invoked our business continuity plan as a result of COVID-19 and since then have been adhering to government advice and managing our organisation remotely. This national period of social distancing and isolation has not meant that we have stood still, and I record my thanks to my staff who have again risen to these rather unusual challenges during this unprecedented time.

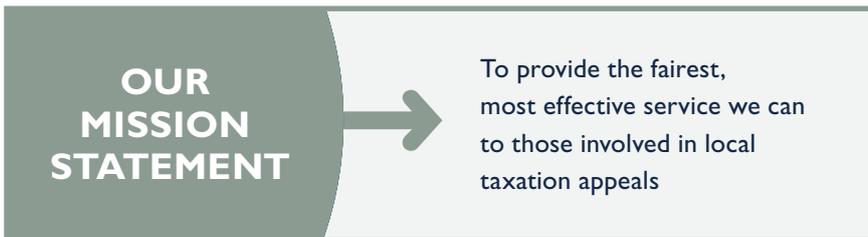
A handwritten signature in black ink, appearing to read 'Antonio Masella'. The signature is fluid and cursive.

**Antonio Masella**

Chief Executive and Accounting Officer  
Valuation Tribunal Service



## Our services and what we do



The Valuation Tribunal Service (VTS) is an administrative statutory body<sup>1</sup>, which supports the Valuation Tribunal for England (VTE)<sup>2</sup>.

The VTE's jurisdiction covers appeals on:

- business (non-domestic) rates
- council tax
- completion notices
- penalty notices for failure to provide requested information

The VTS is an executive non-departmental public body (NDPB), sponsored by the Ministry of Housing, Communities and Local Government (MHCLG); the VTE is a tribunal NDPB.

In supporting the VTE, the VTS's roles include arranging and administering hearing days, training VTE members, providing general assistance to appellants and their representatives, and issuing statutory notices. The VTS also provides clerks to advise the lay panels at hearings on practice, procedure and legal issues, and to draft the decisions arrived at by the panels, for their approval.

The President of the VTE has a statutory duty to ensure that arrangements are made for appeals to be determined in accordance with the Regulations<sup>3</sup>.

An appeal arises when the Valuation Office Agency (VOA, in the case of business rates or council tax valuation) or the council (in the case of other council tax matters) does not agree with a ratepayer's or council taxpayer's contention and the ratepayer or taxpayer seeks an independent resolution to the matter.

<sup>1</sup> The VTS was established under the Local Government Act 2003 and created on 1 April 2004

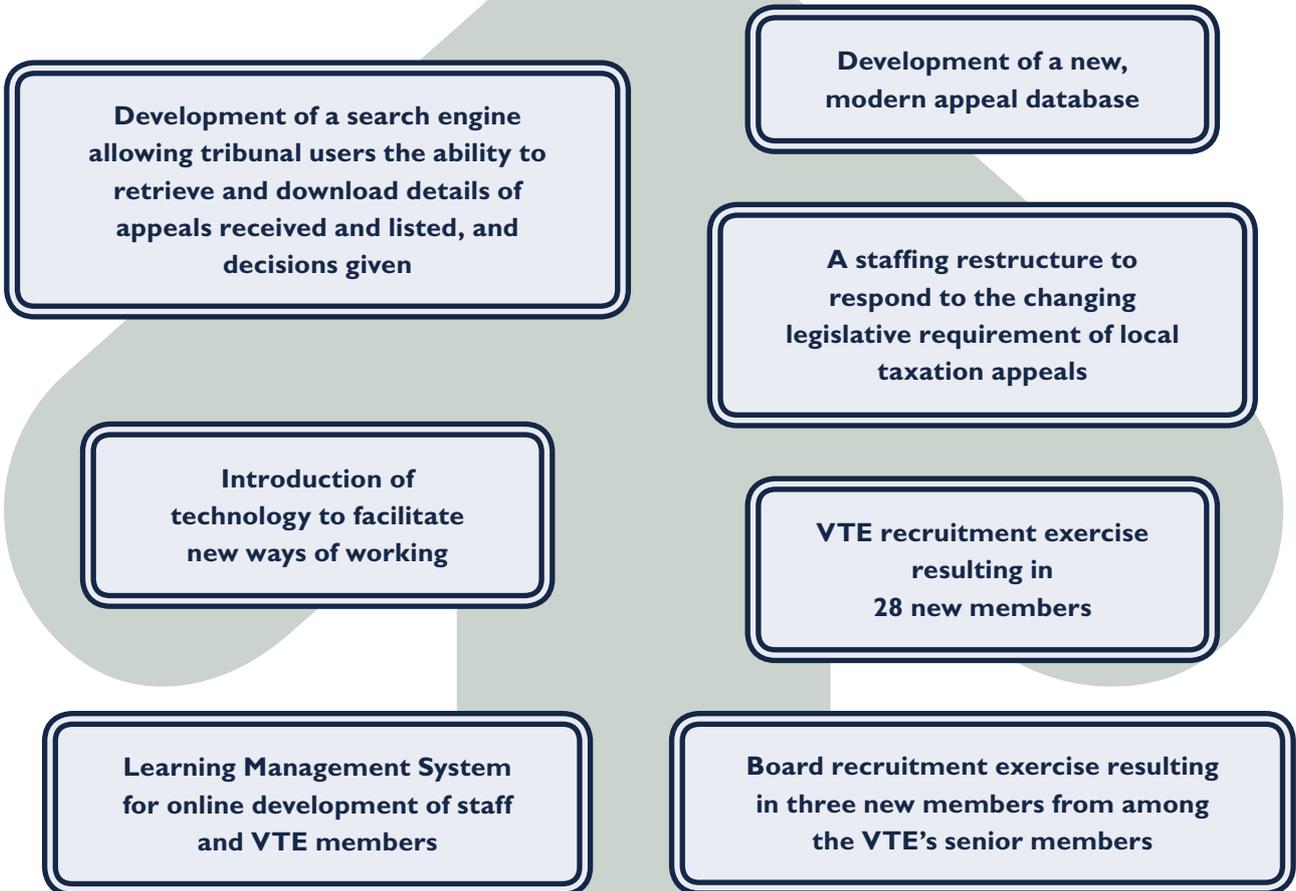
<sup>2</sup> The VTE was established by the Local Government and Public Involvement in Health Act 2007, which amended the 2003 Act; it came into being on 1 October 2009

<sup>3</sup> Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 SI 2009 No 2269 as amended

**OUR VALUES**

- **Impartial** – we act with integrity, honesty and openness in exercising our statutory functions, to maintain confidence in us as a public service
- **Professional** – we deliver on our commitments by applying high levels of expertise, conduct and personal responsibility and developing our skill base
- **People focussed** – we are responsive to the needs of our users in taking care to get things right
- **Efficient** – we actively embrace change and bring new ideas to deliver excellent, value for money services to our users, demonstrating agility and flexibility in our approach

## Our year’s highlights





## Key risks and issues

Detail of these is given in the Governance Statement on page 24. Briefly they are:

- impact of COVID-19
- importance of geographically focussed VTE recruitment exercises by the Judicial Appointments Commission (JAC)
- impact of office lease ends, and
- workload expectations from a new appeal process.

## Going concern

The financial statements have been prepared on a going concern basis.

The Statement of Financial Position on page 51 shows net liabilities of £14,561,561 at 31 March 2020. This includes pension liabilities, £61,739,000, falling due in future years which, to the extent that they are not to be met from the VTS's other sources of income, may only be met by future grants or grant in aid from the sponsoring Department. Grants and grant in aid may not be drawn in advance of need and can only be drawn as the liabilities fall due.

The grant in aid for 2020-21 takes into account the amounts required to meet the VTS's liabilities falling due in that year and has already been included in the sponsoring Department's Parliamentary estimates for 2020-21. Liability for all pension payments not met through the normal funding cycle will continue to fall to the Department.

## Performance summary

The VTS completed 22 of the 27 actions identified to meet the strategic priorities set out in its Business Plan for 2019-20. Further details appear in the Performance analysis section on page 9.

Of the 10 key performance indicators (KPIs) that we identified for 2019-20, the VTS achieved or exceeded the targets for seven of them (see page 13). In 2018-19 we achieved or exceeded targets for six out of eight KPIs.

Average permanent staff headcount for 2019-20 was 64, the same as in 2018-19. VTE member numbers were 152 as at 31 March 2020, a reduction of 36 (from 188) over the year due to members either reaching the statutory retiring age or resigning.

The VTS continues to operate within budget and to make savings wherever possible.

# Performance analysis

## Volumetrics

Around 68,000 appeals were brought forward in April 2019 and almost 8,000 were received. Table 1 shows the detail of these figures by appeal type.

Table 1

Appeal type	Brought forward 1 April 2019	Received 2019-20	Cleared 2019-20	Carried forward 31 March 2020
Council tax: Completion Notice	170	870	850	190
Council tax: Penalty Notice	10	30	30	10
Council tax: liability	470	850	900	420
Council tax: Notice of invalidity	50	220	190	80
Council tax: reduction	400	800	820	380
Council tax: valuation	860	2,200	2,040	1,020
Non-domestic: Completion Notice	160	170	210	120
Non-domestic: Penalty Notice	–	10	10	–
Non-domestic: Transitional Certificate	100	60	90	70
Non-domestic rating: Notice of invalidity 2005	10	–	10	–
Non-domestic rating: Notice of invalidity 2010	560	880	350	1,090
Non-domestic rating list 2005	390	–	260	130
Non-domestic rating list 2010	65,100	1,500	13,800	52,800
Non-domestic rating list 2017	34	310	230	114
<b>Total</b>	<b>68,314</b>	<b>7,900</b>	<b>19,790</b>	<b>56,424</b>

Note: Figures in the Table are rounded to the nearest 10, except for non-domestic rating appeals against the 2010 list, which have been rounded to the nearest 100 and appeals against the 2017 list, which are actuals.

Some 'Brought forward' figures differ slightly from the 'Carried forward' figures reported last year due to this rounding, added to the fact that the statistics are based on a 'snapshot' of data at a fixed point in time. This can change over the course of a day, because of reinstatements or clearances of appeals.

During the year, 884 hearing days were held (999 in 2018-19), to which we listed 21,972 appeals (83,000 in 2018-19) and issued 2,710 Tribunal determinations. The number of hearing days have fallen by 12% when compared with 2018-19; this can be accounted for by a significant reduction in the number of non-domestic rate appeals listed. There are two factors here: almost 50,000 of the outstanding 2010 list cases are stayed pending the outcome of decisions from higher courts; and the current volume of 2017 list receipts remains low.

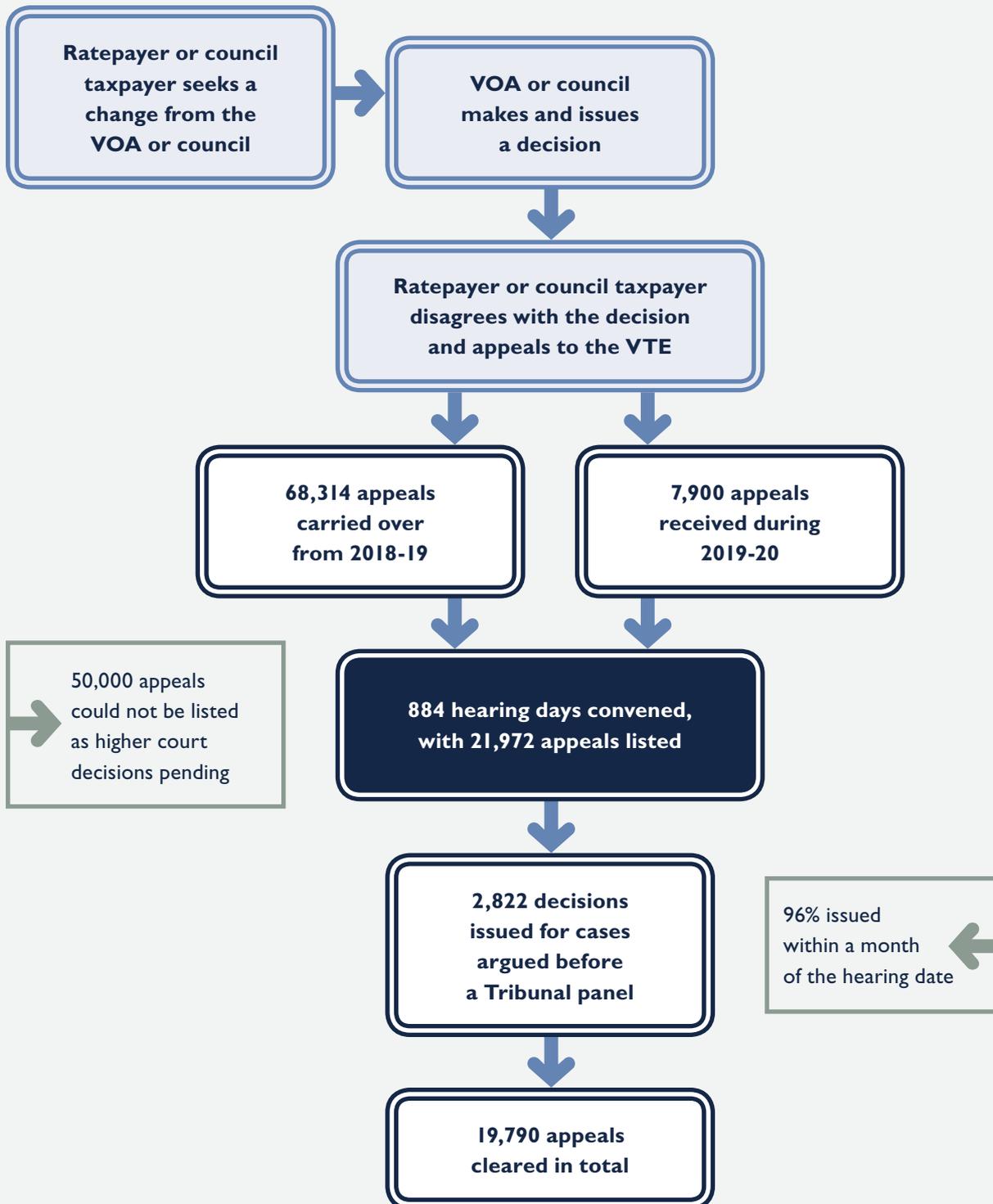
## Measurement of performance

To improve the efficiency of the listing process, making good use of resources, we monitor the percentage of hearing days where two or more appeals were argued before and determined by a panel. In 2019-20, that number was 77%, slightly down from 80% in 2018-19. This is attributable to an increase in the number of cases which were resolved by agreement between the parties ahead of the tribunal hearing.



Chart 1

Appeals process and headline workload figures



We continue to commission customer research to gauge views of our service. Feedback from those tribunal users who represent themselves makes clear that the speed of listing their appeal to a hearing and the speed with which they receive the written reasoned decision are of major importance to them. So, a key service standard commitment for VTS staff is to list an appeal against the 2017 rating list to a hearing date that is within five months of the date we received the appeal. In 2019-20 we achieved this in 91% of cases. This was in fact all the appeals that could be listed; the remainder were held up pending the outcome of an appeal to the Upper Tribunal (Lands Chamber) in relation to the treatment of fitting out costs. We also aim to issue the panel's decision for all appeal types within one month of the hearing date. In 2019-20, 96% of decisions issued were sent to the parties within one month (the same as in 2018-19).

### Achievement of business objectives and key performance indicators

The VTS Business Plan outlines the objectives for the organisation. The Board and the MHCLG sponsor team receive a performance report quarterly. This report is aligned to our objectives and details our performances in each of the key strategic areas, as shown below in Chart 2.

Chart 2

#### Our Strategic Objectives





Of the **27** actions planned to meet the strategic aims set in 2019-20, **22** were fully completed, with three met in part. Two objectives were not met due to changing priorities. Table 2 shows the achievements towards these.

Table 2

**STRATEGIC OBJECTIVE**

**Be an exemplar national tribunal, delivering a local service**

ACTION	ACHIEVEMENT	COMMENTS
Review our online appeal forms to ensure that they are written in plain English and are user-friendly, avoid legal jargon where possible and are consistent in look and feel to assist staff.	<b>MET</b>	A staff project group was set up to review all forms and guidance. These have been revised and are now in use. This work also informed the design of the structure for the new online application system.
Introduce more standard, user-friendly forms for VTE judicial processes, to promote consistency and remove unnecessary jargon, writing them in plain English to assist unrepresented appellants' understanding of the appeals process.	<b>MET</b>	Forms and guidance have been reviewed by the project group and will be brought in to effect from 1 April 2020.
Arrange training events for billing authorities, professional representatives and the Valuation Office Agency to assist them in presenting at hearings, so expectations are clear and to assist the judicial decision-making process.	<b>MET</b>	A specially designed training package, addressing recent regulatory and procedural changes, was delivered at 20 training events across a range of locations in England. The audiences were representatives of billing authorities, rating forums and the Valuation Office Agency.
Create offline free information packs for presenting staff from billing authorities and the Valuation Office Agency, including template suggestions for wording decision letters and guidance on preparing for hearings.	<b>MET</b>	In January 2020 we issued guidance for respondents in council tax cases on tribunal evidence bundles. This explains what needs to be done in order to comply with the VTE's requirements.
Commission a survey of rating professionals on aspects of the appeal process, to gain feedback from an important category of service users, to help us identify further improvements in practice and procedure, especially in relation to Check, Challenge and Appeal.	<b>NOT MET</b>	This survey has been postponed. The current low volume of 2017 rating list appeals from professional representatives does not provide sufficient sample for a meaningful survey.

**STRATEGIC OBJECTIVE**

**Build the diversity and capability of our staff and the VTE membership**

ACTION	ACHIEVEMENT	COMMENTS
Introduce a VTE members' appraisal scheme to assess judicial performance and soft skills in handling proceedings.	<b>MET</b>	An appraisal system was successfully launched, and some appraisals of chairmen were carried out as a pilot exercise. To address the significant VTE resource required to complete appraisals, in consultation with the VTE President, we are exploring the possibility of engaging an external service (such as the Judicial College) to conduct independent appraisals moving forward.
Create online modules for staff and VTE members to inform and train on legislative updates, reducing the delay in providing updates and the costs of face-to-face training.	<b>MET</b>	We developed and successfully introduced an online Learning Management System (LMS). VTS- and VTE-specific modules have been written, are in place and are being completed for training and learning purposes.
Introduce a lifelong learning strategy that allows staff to develop skills and qualifications which aid future career development and delivers online training to VTE members.	<b>MET</b>	Annual qualification sponsorships are invited and evaluated annually. The LMS provides a learning environment for both staff and VTE members to better equip themselves for their respective roles, measured through test and the issue of pass/fail certificates.
Introduce national planning to better deploy staff and VTE members avoiding, where possible, long distance travelling (time and costs) to hearings.	<b>MET</b>	The staff restructuring in July 2019 has introduced a national role of Planning Manager, who now has a complete overview of resources available for hearings.
Review the need for more peripatetic working across all staff grades.	<b>MET</b>	We have moved a number of office-based technical staff to home-based working to provide a more flexible peripatetic workforce.
Invest in customer care training for all staff to equip them for interaction with service users.	<b>MET</b>	Customer training has been provided to ensure that we remain receptive to the needs of our users.
Continue dialogue with the Ministry of Justice's Judicial Reform Team over the VTE recruitment process.	<b>MET</b>	Discussions were productive leading up to the latest recruitment exercise for VTE members, to reach a broader range of applicants. The inability of JAC to make geographically-based appointments continues to present a challenge for us.



**STRATEGIC OBJECTIVE**

**Maximise the use of our IT for the benefit of all stakeholders, particularly appellants**

ACTION	ACHIEVEMENT	COMMENTS
Research technology methods available within the judicial environment that will assist appellants through the appeal process.	<b>MET</b>	We have maintained a watchful eye on developments within other judicial arenas and have actively engaged with various organisations. The technology introduced to date has built on this research. We consider this an ongoing process as we grow as an organisation.
Make available to parties a portal to enable 'drop in' evidence, etc and view information regarding status of their appeal in real time.	<b>MET IN PART</b>	We have developed an online appeal registration service for 2017 rating list appeals and are testing this. This enables appellants to upload data, link documents and pay fees/receive refunds through an integration with GovPay.  We continue to work with the representative bodies' e-comms group to develop a business to business model that will allow bulk transmissions of appeals and permit self-management of appeal data and transactions. This will be subject to a business case to our sponsors in 2020-21 financial year.
Create improved dashboards and management information to meet both internal and external data requirements.	<b>MET</b>	We have successfully migrated to the Dynamics system for council tax and 2017 rating list appeals. Reports have been written to give the data that management, the Board and external reporting require.
Review current telephony to deliver a more modern and efficient call handling solution.	<b>MET IN PART</b>	We continue discussions with MHCLG to partner with them in their current contract and to introduce 'soft' phones.
Review and implement solutions to enhance communications using Short Message Service (SMS) and social media for notifications and updates.	<b>NOT MET</b>	SMS use is still in development and will be pursued in 2020-21. The VTS has trialed and adopted the use of Twitter for notifications and updates.
Continue to develop and expand the use of tablets by VTE members at hearings.	<b>MET</b>	Following engagement with a VTE project group to understand needs, we have invested in tablets for tribunal use by VTE members and all have been issued with dedicated VTS email addresses (via Office 365) to access this technology in a safe environment. We are working on developing file structures for hearing papers so that these are easily navigable.
Achieve a smooth transition for appellants from 'Challenge' to 'Appeal', for appeals on the 2017 rating list.	<b>MET</b>	A process with guidance for non-represented ratepayers is now in place. We also provided training events to rating firms and the various professional bodies on the new regulatory requirements.

**STRATEGIC OBJECTIVE**

**Continue to improve customer/user satisfaction**

ACTION	ACHIEVEMENT	COMMENTS
Provide a dedicated help line to assist parties requiring general information and advice regarding their appeal journey.	<b>MET</b>	A new post of Tribunal Support Officer has been created and those appointed have been trained on expectations of the customer care role. The dedicated telephone line is 0300 123 2035.
Review the current guidance to ensure that it is consistent, easy to understand and reflects recent changes in the business rates/council tax environment.	<b>MET</b>	Plain English Campaign crystal-marked guidance publications reviewed by a staff project group. An 'easy read' version is now with Citizens Advice to review.
Review ways of cutting down waiting times from receipt of appeals to decisions.	<b>MET</b>	We introduced a business process in consultation with the VTE that facilitated a timeframe from receipt to listing of five months.
Carry out an in-house exit survey of our hearing venues to gauge views of all users on the 'local' aspect of our service and adequacy of venues, and identify improvements that could be made.	<b>MET</b>	Survey responses about the non-office located hearing venues we use showed good overall satisfaction. It has also led to criteria being developed to measure their effectiveness.

**STRATEGIC OBJECTIVE**

**Seek out efficiencies which lead to greater effectiveness**

ACTION	ACHIEVEMENT	COMMENTS
Research developments in technology to find alternatives to face-to-face staff meetings.	<b>MET</b>	We have taken advantage of our investment in new technology and hold many meetings via Microsoft Teams. This has reduced the need for staff to travel, saving time and expense. It has also proved invaluable during the COVID-19 pandemic, allowing staff to work at home.
Reduce the use of paper at every stage of the appeal process.	<b>MET IN PART</b>	We have set out our expectations for electronic receipt of appeals and evidence and we are consulting with users regarding an evidence handling system. VTE members' access to appeal documents on tablets at the hearing will further reduce use of paper.
Keep under review the staffing structure to ensure it is able to flex up and down to meet the challenges of variable workload.	<b>MET</b>	A staff restructuring has concluded. We have introduced a 'one team' ethos to provide a holistic view of resources across England.
Develop training to reflect changes in data protection legislation so that managers and Information Asset Owners become exemplars for their teams in following policies and guidance, and how they handle data.	<b>MET</b>	Obligatory data protection training was introduced via the LMS, requiring all staff to obtain a pass mark. Information Asset Owners received a training update on their roles and responsibilities.





### Key performance indicators

The 10 key performance indicators for 2019-20, aligned to the strategic objectives, were reported on to the Board, MHCLG and to staff throughout the year. Seven of these were exceeded or met as Table 3 shows.

Table 3

PERFORMANCE MEASURE	TARGET IN 2019-20	MET?	COMMENTS										
<p><b>Support the VTE by administering a fair, efficient and accessible appeals system</b></p> <p>Hearing lists that result in two or more fully heard cases, to make best use of resources.</p>	<b>80%</b>	No	<b>77%</b> The ability to meet this performance measure was impacted by late settlement of appeals by the parties.										
	<table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2016-17</td><td>84%</td></tr> <tr><td>2017-18</td><td>80%</td></tr> <tr><td>2018-19</td><td>81%</td></tr> <tr><td>2019-20</td><td>77%</td></tr> </table>	Year	Percentage	2016-17	84%	2017-18	80%	2018-19	81%	2019-20	77%		
Year	Percentage												
2016-17	84%												
2017-18	80%												
2018-19	81%												
2019-20	77%												
<p>Postponed appeals as a percentage of appeals listed are maintained at low levels to improve listing and clearance efficiency for council tax appeals.</p>	<b>20% or lower</b>	Yes	<b>16%</b> Tribunal policy allows for postponement where there is good reason but seeks to avoid unnecessary delay in bringing appeals to a conclusion.										
	<table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2016-17</td><td>47%</td></tr> <tr><td>2017-18</td><td>24%</td></tr> <tr><td>2018-19</td><td>21%</td></tr> <tr><td>2019-20</td><td>16%</td></tr> </table>	Year	Percentage	2016-17	47%	2017-18	24%	2018-19	21%	2019-20	16%		
Year	Percentage												
2016-17	47%												
2017-18	24%												
2018-19	21%												
2019-20	16%												
<p>Postponed appeals as a percentage of appeals listed maintained at low levels to improve listing and clearance efficiency for 2017 rating list appeals.</p>	<b>10% or lower</b>	Yes	<b>5%</b> The low number of appeals received under the new regulations has allowed increased engagement with parties and more proactive case management. These factors contribute to maintaining low postponement volumes.										
	<p>This is a new measure for which there are no historic data.</p>												
<p>Appeals on the 2017 rating list are listed to a hearing date that is within five months of receipt, assuming current volumes are maintained.</p>	<b>100%</b>	No	<b>91%</b> All appeals capable of being progressed were listed within the target timeline. A small number of cases were held up pending the outcome of a case progressing through the Upper Tribunal.										
	<table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2018-19</td><td>100%</td></tr> <tr><td>2019-20</td><td>91%</td></tr> </table>	Year	Percentage	2018-19	100%	2019-20	91%						
Year	Percentage												
2018-19	100%												
2019-20	91%												

PERFORMANCE MEASURE	TARGET IN 2019-20		MET?	COMMENTS												
<p><b>Enhance the quality and consistency of our service to all stakeholders</b></p> <p>Decisions for appeals are issued within one month of the hearing.</p>	<b>90%</b>	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2016-17</td> <td>95%</td> </tr> <tr> <td>2017-18</td> <td>92%</td> </tr> <tr> <td>2018-19</td> <td>96%</td> </tr> <tr> <td>2019-20</td> <td>96%</td> </tr> </table>	Year	Percentage	2016-17	95%	2017-18	92%	2018-19	96%	2019-20	96%	<b>Yes</b>	<b>96%</b> We recognise that it is important for appellants to receive the outcome of their hearing in a timely manner. For this reason, one of our key aims is to issue a very high percentage of reasoned decisions within one month of the hearing.		
Year	Percentage															
2016-17	95%															
2017-18	92%															
2018-19	96%															
2019-20	96%															
<p>Decisions on appeals are issued within two months of the hearing.</p>	<b>100%</b>	<table border="1"> <tr> <th>Year</th> <th>Percentage</th> </tr> <tr> <td>2016-17</td> <td>99%</td> </tr> <tr> <td>2017-18</td> <td>99%</td> </tr> <tr> <td>2018-19</td> <td>100%</td> </tr> <tr> <td>2019-20</td> <td>100%</td> </tr> </table>	Year	Percentage	2016-17	99%	2017-18	99%	2018-19	100%	2019-20	100%	<b>Yes</b>	<b>100%</b> Factors, such as site inspections, cannot always be arranged to fit within our target timescale for issuing decisions. This KPI ensures that those decisions are still issued as promptly as possible.		
Year	Percentage															
2016-17	99%															
2017-18	99%															
2018-19	100%															
2019-20	100%															
<p>Tribunal users who take part in the survey agree that they are kept well informed and up to date by the VTS throughout their appeal process.</p>	<b>67% or more</b>	<table border="1"> <tr> <th>Period</th> <th>Percentage</th> </tr> <tr> <td>2018-19</td> <td>67%</td> </tr> <tr> <td>Q1 2019-20</td> <td>51%</td> </tr> <tr> <td>Q2</td> <td>61%</td> </tr> <tr> <td>Q3</td> <td>63%</td> </tr> <tr> <td>Q4</td> <td>64%</td> </tr> </table>	Period	Percentage	2018-19	67%	Q1 2019-20	51%	Q2	61%	Q3	63%	Q4	64%	<b>No</b>	<b>60%</b> Although the target was not met, there has been a steady increase in this rating during the year. This reflects a proactive policy to enhance engagement with parties, from receipt of appeal throughout the process.
Period	Percentage															
2018-19	67%															
Q1 2019-20	51%															
Q2	61%															
Q3	63%															
Q4	64%															

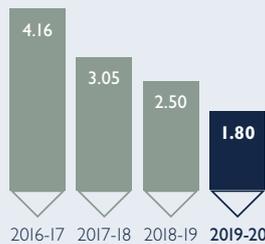


PERFORMANCE MEASURE	TARGET IN 2019-20	MET?	COMMENTS
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**Build capacity and capability in our staff, learning from their experience and from their feedback**

Absence levels for all short-term sickness (fewer than 20 days)/ FTE maintained at 2018-19 levels or below.

**2.5 days or fewer**



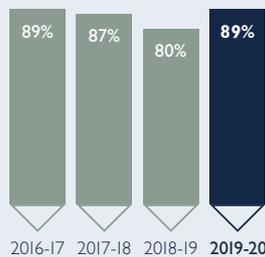
**Yes 1.8 days**

PERFORMANCE MEASURE	TARGET IN 2019-20	MET?	COMMENTS
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**Operate with financial and organisational initiative and efficiency**

Undisputed invoices are paid promptly within five days of receipt.

**87%**



**Yes 89%**

Undisputed invoices are paid promptly within 30 days of receipt.

**100%**



**Yes 100%**

\* 2016-17 to 2018-19 include all payment types.

## Training

### Staff

In 2019-20 the VTS continued to improve its business practices, focussing on building resilience into the organisation's capacity, in response to the increasingly challenging environment. Our staff remain our greatest asset and we provide our employees with tailored training according to their needs and those of the service, providing opportunities for personal and professional development. We continue to invest in qualification sponsorship against a criteria to maximise organisational learning skills.

During the year, we have expanded our Learning Management System (LMS) to provide a flexible, self-managed, online training environment in which staff learn and improve their skills.

We also continued to hold quarterly forums with staff to provide important case law updates as well as communicating any procedural or regulatory changes which are pivotal to their role.

During the year under review, we provided 462 days of face-to-face training to staff, an average of 7.8 days per staff member. This financial year, 99% of our staff received at least two days' face-to-face training and all staff completed at least one online training module, which we aim to increase as we further develop the VTS's LMS.

### Valuation Tribunal for England (VTE) members

Our aim remains to provide at least two days' training to each member of the VTE. To reflect the geographical location of members, training events are held quarterly in the North, Midlands and South of England to ensure availability to all. In recognition that VTE members are volunteers and that they may be engaged in other employment, we also provide an online modular training facility.

In June 2019 we held a national training event in Stratford-upon-Avon for VTE members on the non-domestic rating reform and the impact of this on the VTS.

### Tribunal user feedback

We continue to commission monthly surveys of appellants who have recently represented themselves at a tribunal hearing as this provides us with quick feedback and, where necessary, allows us to respond with explanation and/or an action plan for improvement. In 2019-20, 30 responses were obtained each month, either by phone or online.





Looking at overall satisfaction levels, 52% of those surveyed were satisfied or very satisfied with the service they received from us. This was a 2% decrease from the previous year's 54%. For successful appellants, 86% were satisfied or very satisfied compared to 40% of unsuccessful appellants. This latter figure is important for us because, in line with Procedural Justice Theory, our aim is that everyone should feel that they have had a good and fair experience. This year 66% of the appellants interviewed were unsuccessful.

It remains a challenge for us to be recognised as a separate, independent service provider in part of an appeals process that starts with a challenge to an external body, either the VOA or the local council. Often an appellant's view of the VTS will be coloured by their experience throughout the whole of the process. We continue to look for ways to distinguish ourselves and key to this is our staff. Staff professionalism continues to show through as one of our strengths, with 67% satisfied with this aspect; similarly, 69% were satisfied with staff helpfulness.

We also actively participate at various local taxation conferences and events held throughout England where we share the platform with government, public sector and rating and council tax specialists. During the year under review, the Chief Executive and the Director of Operations & Development accepted a number of engagements to speak at various national events, including the Institute of Revenues, Rating & Valuation (IRRV) annual conference (the professional body for local taxation), the Rating Surveyors' Association and the annual Royal Institution of Chartered Surveyors' Rating Diploma Holders' Conference. In addition, the Registrar and newly appointed Deputy Registrar led training sessions for billing authorities, VOA staff, and rating firms on the appeals process for CCA appeals and tribunal expectations at hearings.

This year we again took advantage of having an exhibition stand at the IRRV annual conference in Telford. This provided an ideal opportunity to engage with users of our service on a more one-to-one basis and to hear and respond to their individual views. We were also able to demonstrate the refreshed website and a new online appeal service for CCA appeals, which enables users and rating agents to make their appeal to us electronically via an online platform.

**Complaints**

The VTS maintains a register of all complaints received. Our Customer and Service Charter and Complaints Policy documents were revised during the year and are published on the VTS website for the use of anyone dissatisfied with the service they receive from the administration. This year, to ensure we receive the information we need to address the complaint appropriately, we encouraged as many as are able to access it to use an online complaint form, introduced in September 2018.



During the year, 25 formal complaints about the administration were registered (compared to 44 in 2018-19) and eight were upheld (two in part). In all, 21 of the complaints were resolved at the first stage of the revised two-stage complaints process. There were 11 complaints concerning aspects of customer service, nine of which were resolved at the first stage. All complaints received a full response within a month. No complaints about the VTS were investigated by the Parliamentary and Health Services Ombudsman during the year.

### **Efficiencies**

As a service delivery organisation we continue to look at ways of achieving financial as well as operational efficiencies. Our staffing restructure is expected to impact positively on our ability to maintain operational efficiency as a key service provider in the local taxation appeals environment. Our investment in migrating our appeal database from an unsupported platform managed by HMRC to the modern Dynamics system managed in-house will provide financial efficiencies.

### **Estate matters**

Our operation remains focussed in two office locations, Doncaster and London, and our overall estate footprint is 857 sqm.

Having engaged with Government Property Agency, and following approvals from both Cabinet Office (Places for Growth) and National Property Controls, we have secured a new five-year lease in respect of our existing London office site from 1 November 2020.

Following our sub-lease end on 31 September 2020, we also extended our current arrangements in Doncaster with the Department for Work and Pensions until 5 June 2021 to coincide with their own lease end on Crossgate House.

### **External venues for hearings**

In addition to two hearing rooms in the London office, we use some 70 other venues throughout England to provide regional or more local tribunal hearings. We regularly review our venue portfolio to ensure that we continue to provide suitable and cost-effective facilities for appellants. In line with other judicial bodies we are keen to harness technology to improve the experience for all users in the hearing environment, so there has been a greater emphasis recently on identifying venues with suitable Wi-Fi capabilities.

In our tribunal user survey we seek feedback on the venues and types of rooms we use and this has been largely positive. We carried out a three-month exit





survey on hearing venues this year, aimed at appellants and their representatives, from which we received over 250 responses. Almost 96% of all responses thought the venues provided were adequate, with 57% responses stating the venues were better than expected.

**Health and safety**

In the year, there were minor incidents reported in both the London office and Doncaster office. None of these recorded incidents resulted in absence from work.

No near misses were recorded.

**Environment**

The VTS is exempt from the requirement to report on sustainability; nevertheless it acknowledges its responsibility to have sound environmental practices.

The VTS operates a paper recycling programme and during the year, through recycling, the London office has saved 43.79 trees from destruction and 82,432 litres of water.

**Equality, diversity and inclusion**

Our policies relating to equality, diversity and inclusion are reviewed to ensure that we continue to meet our statutory obligations both as an employer and a public body. We value the different skills and experience our diverse workforce brings. Our aim continues to adopt a user-friendly approach for those who use our services and to make full use of the talents of disabled staff and VTE members.

We ensure that as far as possible our offices and external hearing venues comply with the access requirements of the Equality Act 2010. If necessary, we do arrange hearings in the appellant's own home. During the year we have reviewed the physical effectiveness of the external venues we use. This review follows an exit survey from the parties who attended the venue.

We continue to offer to translate our guidance, and VTE decision documents into other languages, Braille or large print; no such requests were received during the year. 'Easy-read', pictorial versions of council tax guidance are available on our website. We received no requests for signers or other communication assistance, but there were 34 requests for interpreters for appellants (32 in 2018-19). We fulfilled all 15 of those requests for appellants whose appeals subsequently went to a hearing (for Arabic, Bengali, Chinese (Mandarin), Farsi, Hungarian, Polish, Punjabi, Russian, Slovak, Somali, Tamil and Turkish speakers).

Our website includes a link enabling the public to download, free of charge, 'Texthelp' software. This reads out the contents of any webpage, PDF file or Word document. In addition to reading the contents of the website in a variety of languages and accents, the software contains a facility that explains the meaning of any word for the user and enables MP3 files to be created. Last year there were around 50 toolbar loads and 260 speech requests on our website.

**Freedom of information and data protection**

In 2019-20 there were 37 requests under the Freedom of Information Act for information that is not readily available, down from last year's 44. However, subject access requests increased by two over the previous year, to 12. All requests were dealt with within the statutory time limits. One internal review was requested during the year but was not upheld. No complaint about the way these requests were handled was made to the Information Commissioner. We publish on our website those responses that are deemed to be of wider public interest.



**Antonio Masella**  
 Chief Executive  
 Valuation Tribunal Service  
 13 January 2021

# Corporate governance report



The Accountability report gives details of the governance arrangements in place in the VTS, that underpin the organisation's strategy and decision making process. The Directors' report lists those responsible for making decisions and includes a report from the Senior Information Risk Owner. Risk management and the significant risks and issues form a key part of the Accounting Officer's Governance Statement.

## Directors' report

### Directors and Board

VTS Chair – Robin Evans

VTS Chief Executive & Chief Operating Officer and Accounting Officer – Antonio Masella

In 2019-20 the Board comprised:

- Martin Allingham (until retirement on 21 September 2019)
- Neil Buckley
- Paul Cammidge (from 3 February 2020)
- Stephen Chappell (from 3 February 2020)
- Kevin Everett
- Alison Griffiths (from 3 February 2020)
- Suzanne McCarthy (Deputy Chair)
- Lola Moses
- Gary Garland (VTE President), *ex officio* Member

A register of Board Members' interests is maintained, reviewed annually and is available for inspection; a summary appears on our website at: <https://www.valuationtribunal.gov.uk/about-us/vts/board/register-board-members-interests/>.

## Data security and information risk

Data handling and information security meetings take place quarterly, chaired by the Board's Senior Information Risk Owner (SIRO) and attended by all VTS Information Asset Owners and the Data Protection Officer. This provides a forum for promoting compliance with information risk policy and process and promotes discussion on information risk issues and effective management across all VTS operational and head office functions.

Further investment in Information Technology (IT) has allowed the VTS to continue migration of its core appeal data to more modern cloud-hosted platforms. This has provided the opportunity to sift substantial data sets and ensure ongoing compliance with the VTS record retention and disposal policy. IT is now an enabler to increased information management controls, with protocols in place to allow automatic archiving and appropriate deletion of records when there is no legislative or business need to retain them.

Internal auditors have undertaken a review to check the design and effectiveness of key controls for cyber security. The recommendations from this audit will provide a focus in 2020-21 on further work required to enhance system controls and mitigate the risk from common internet-based threats and general system vulnerability.

The VTS continues to be proactive in raising awareness and providing guidance to staff on data security and information risk. Online training modules in cyber security, data protection and fraud prevention have been completed by all staff. Internal policies and guidelines, based on data protection legislation, have also been reviewed. Information Asset Owners received a training update on their role and responsibilities.

All risks during the year have been evaluated and proportionate controls and mitigations are in place. Any non-compliance with guidelines or instructions has been logged and addressed in a timely manner. Where necessary, controls have been strengthened to prevent reoccurrence. Two incidents during the year were escalated to the Information Commissioner's Office (ICO), both resulting from processing errors, with incorrect appeal information being emailed to individuals. No further action was deemed necessary by the ICO, although minor recommendations were received in relation to the first incident to ensure suitable checking and verification of email addresses and content.





## Statement of Accounting Officer's responsibilities

Under the Local Government Act 2003, the Secretary of State has directed the VTS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the VTS and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Permanent Secretary of the Ministry of Housing, Communities and Local Government has appointed Antonio Masella, the Chief Executive, as Accounting Officer of the VTS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the VTS's assets, are set out in *Managing Public Money* published by HM Treasury.

So far as the Accounting Officer is aware, there is no relevant audit information of which the external auditors are unaware. The Accounting Officer has taken all steps to be aware of any relevant audit information and to establish that the VTS's auditors are aware of that information.

The Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable. The Accounting Officer believes that this annual report and accounts as a whole is fair, balanced and understandable.

## Governance Statement

The purpose of my Governance Statement is to provide a clear and honest review of the financial year, highlighting risks and issues, providing assurance, and to demonstrate to our sponsor and users of our service how I, as Chief Executive and Accounting Officer for the VTS, have discharged my responsibilities in managing and controlling the resources under my remit. I am fully responsible for the day-to-day management of the VTS, and for having in place effective systems of governance, risk management and internal control. I share responsibility with the Board for complying with the Framework Document with our sponsoring Department, the Ministry of Housing, Communities and Local Government (MHCLG). This sets out our relationship and how the VTS and MHCLG intend to operate and, in particular, ways in which the VTS provides the necessary assurances on the adequacy, effectiveness, efficiency, control and governance of our systems and processes. This Governance Statement reflects and reports this assurance.

I have responsibility for the overall financial, management and staffing of the organisation, for the formulation of strategy with the Board and for the successful delivery of results. Other than a duty of care in selecting venues, arranging hearings, allocating sittings and providing relevant training to VTE members, I have no role in the make-up of the membership of the VTE other than to provide within the VTS budget for:

- the staff costs of the VTE President
- daily fees payable within the financial year to the Vice-Presidents based on the VTE President's expectations of them and the terms and conditions of their appointment with the sponsoring Department
- reasonable costs associated with the appropriate training of VTE members
- reimbursement of expenses to VTE members incurred whilst on approved duty in accordance with the Secretary of State's 2010 Determination Order.

Responsibility for the management, complaints, appraisal or discipline of VTE members and the judicial processes of the VTE lie with its President, although the financial impact of such matters lies firmly with the VTS and ultimately myself, as Accounting Officer.

In light of all the assurances provided to me across the organisation, I am able to conclude that the VTS is operating effectively and that there are no significant issues or weaknesses.





**Governance framework, Board structure, attendance and coverage**

Established under the Local Government Act 2003 and created on 1 April 2004, the VTS provides or arranges for the provision of the services required for the general discharge of the VTE’s functions and gives general advice about procedure relating to proceedings before the Tribunal. The Act requires the VTS to do anything which it considers is “calculated to facilitate the carrying out of its functions” and that it shall carry out its functions “in the manner it considers is best calculated to secure the VTE’s efficient and independent operation”. In providing this support, the VTS must ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively at all times.

Under its governing legislation the VTS has a non-executive Board, the majority of whom must be senior members (serving chairmen) of the VTE. This majority is currently made up of five VTE senior members and the VTE President, who is an *ex officio* Member of the Board. The Chair and Members of the Board (other than the VTE President) are appointed by the Secretary of State for MHCLG, in accordance with the Code of Practice of the Commissioner for Public Appointments.

The recruitment process for Board Members falls under the remit of the Office of the Commissioner for Public Appointments (OCPA). On 21 September 2019 Martin Allingham retired as a Board Member. In February 2020 three new Board appointments were made, Paul Cammidge, Stephen Chappell and Alison Griffiths, following an OCPA recruitment exercise among VTE senior members (chairmen). Lola Moses, an existing Board Member and also a senior member of the VTE, was re-appointed to the Board for a further term. Terms of appointment for all Board Members are set out in Table 4 below.

The Framework Document, revised in December 2018, governs the relationship between the VTS and our sponsoring Department. MHCLG’s Local Government and Finance Directorate schedule a number of Accounting Officer meetings during the year, usually quarterly, where financial progress against budgets, staffing and financial resources, the risk register, key performance indicators (KPIs) and achievement of objectives against our Business Plan are reviewed and discussed. Our sponsoring team receives all Board minutes and papers and has a standing invitation to attend all Audit & Risk Assurance Committee meetings scheduled as observers.

Our relationship with MHCLG continues to be one of mutual respect and collaboration. It is one that recognises and embraces the various pinch-points and risks faced by our respective organisations, recognising the impact any may have on ministerial and government priorities and the achievement of our strategic objectives.

The Board is collectively responsible for decision making and for setting out the strategic direction of the organisation and monitoring delivery. The Board approves the budget, which is under my stewardship, and the Annual Report and Accounts. My Chief Executive’s Report, prepared for each Board meeting, provides information on key activities and outcomes and is an important source of information and assurance. I attend all meetings of the Board, except for those Part 2 meetings when matters of my employment are considered.

The separate statutory positions of the VTS and the VTE are set out by legislation, but our working relationship is set out in a protocol document and forms the basis of our relationship and our respective governance arrangements. The VTE President and I continue to collaborate in the consideration of judicial and administrative matters and this assists in providing a single focus for the two separate organisations.

**Board performance, assessment and effectiveness**

The Board met formally on eight occasions during the year, including a strategy day held in October 2019. Board agendas are structured to differentiate between reports for information and those for decision. The Board receives prompt, regular and meaningful management information on costs, efficiency, quality and performance to track progress and value for money. This information is of a quality that enables the Board to determine whether the VTS is on track to meet its strategic objectives and is acting within its risk appetite. Standing items include reviews of the management accounts, strategic risk register and reports from the Chair, the VTE President, myself and the Chairs of the various Board committees. The Board receives quarterly reports on performance against objectives, KPIs and workload data.

During the year, the Board also discussed:

- May 2019: workload volume projections; General Data Protection Regulations (GDPR) one year on; an Equality, Diversity and Inclusion Policy; the health and safety report for 2018-19.
- June 2019: Audit & Risk Assurance Committee report; decision to approve the Annual Report and Accounts 2018-19; review of the Register of Board Members' interests.
- July 2019: the tribunal user survey annual report and action plan; the business case for a VTE member allocation system; VTS office locations and leases; 2017 rating list workload volume projections.
- September 2019: proposals for an organisational re-structuring; procedural justice theory and its application in the Valuation Tribunal arena; the Board's development plan; hearing venue management; office locations and leases; CCA training being provided by the VTS to rating agents and the VOA.
- October 2019: a perspective from MHCLG's Director of Local Government and Finance on business rates policy; a review of the VTS's strategic direction including remaining 'fit for purpose'.
- November 2019: the re-structuring of the VTS; a five-year financial projection; initiatives to improve customer service including a revised Customer and Service Charter and Complaints Policy; National Audit Office's introduction of KPMG as a framework partner to support the delivery of the Comptroller & Auditor General's opinion for the VTS.
- January 2020: business case requirements for MHCLG; tender for internal auditors resulting in the reappointment of Mazars for a further three year term; KPIs for 2020-21; business case for an online appeal service for all appeal types; draft Corporate Plan/Business Plan; draft budget for 2020-21.
- March 2020: operational measures to comply with government requirements regarding the escalation of COVID-19 (coronavirus) in minimising this risk for the VTS and VTE; approval of the draft budget for 2020-21.

The Board composition and attendances at meetings are shown in Table 4.





Table 4

Board Members' dates of expiry of appointment, Committee membership and attendance

	Date of expiry of appointment	Attendance at Board meetings (7 board meetings and a strategy day in 2019-20)	Attendance at Audit & Risk Assurance (ARAC) Committee meetings (4 in 2019-20)	Attendance at Finance Committee meetings (4 in 2019-20)	Attendance at Remuneration & Terms of Service Committee meetings (1 in 2019-20)
Martin Allingham	21 September 2019	■ 3 (3)	■ 1 (1)		■ 1
Neil Buckley	30 November 2020	■ 8		■ 3	■ 0 (0)
Robin Evans	31 March 2021	■ 8		■ 3	■ 1
Kevin Everett	31 August 2021	■ 8	■ 2 (2)		
Gary Garland	n/a	■ 6		■ 2	
Suzanne McCarthy	31 March 2021	■ 7	■ 4		■ 1
Lola Moses	7 February 2023	■ 7	■ 4		
Paul Cammidge	3 January 2023	■ 1 (1)			
Stephen Chappell	2 February 2023	■ 1 (1)			
Alison Griffiths	2 February 2023	■ 1 (1)			
Joanne Kennedy-Reardon (independent member of the ARAC)	31 August 2022	n/a	■ 3 (3)	n/a	n/a

■ Chair ■ Member

Where a number is shown in brackets, this indicates the maximum number of meetings the member could have attended during their period of appointment.

Chart 3  
Corporate Governance Structure



Three committees support the Board in the effective governance of the VTS:

**The Audit & Risk Assurance Committee (ARAC)** provides the Board with an independent view of the assurance framework, overseeing the risk management strategy through scrutiny of the various risk registers to ensure that processes in place are effective and robust. I attend the Committee’s meetings to provide an update to the strategic risk register and present various reports. The Finance Director also attends. The Committee met four times during the year. It comprises three Members of the Board, one of whom is appointed by the Board as the Committee Chair, and an independent member. Joanne Kennedy-Reardon was appointed as the independent member of the Committee on 1 September 2019 following an external recruitment exercise. External and Internal Auditors also attend meetings. A representative from our sponsoring team has an open invitation to attend meetings. At the end of every meeting, the Committee has a private session with the auditors, without staff. The Chair has confirmed to me that no matters of concern were raised at these meetings.

During the year, this Committee recommended to the Board the adoption of the 2018-19 year-end financial statements and the audit completion report. Our audited 2018-19 statutory accounts were laid before Parliament on 24 July 2019, with a clean audit opinion. The ARAC reviewed and approved revised policies on Risk Management, Procurement, Data Handling, Whistle-blowing and Fraud. It also considered all internal audit reports and monitored progress against



management responses to and action plans for the various recommendations. Risks relating to the recruitment exercise of VTE members, the two office lease expiries and the workload volume projections were matters the Committee focussed on over the year. The Committee was also involved in a development plan for its members based on the outcomes of a short self-assessment exercise conducted the previous year. A workshop session delivered by the Civil Service College discussed committee effectiveness.

**The Finance Committee** monitors the financial aspects of the VTS and supports me, as the Accounting Officer, and provides assurance to the Board on financial planning and management. In addition to reports on the management accounts and finance risks, the Committee also discussed a five-year financial projection, the draft budget for 2020-21, impact of lease ends and the initial report from actuaries following the triennial valuation of pensions. This Committee, comprising of three Board Members, met four times during the year. The Finance Director attends these meetings with me.

**The Remuneration & Terms of Service Committee** determines policy on executive remuneration and terms and conditions of service. This Committee of three Board Members exercises oversight on matters relating to my performance and pay. During 2019-20 the Committee met once and recommended to the Board and MHCLG the level of performance considered appropriate for the Chief Executive. The Committee also took forward an external review of executive Director salaries in comparison with other bodies, within and external to MHCLG's family of arms-length bodies. This work is currently with our sponsor for consideration and a response.

There are two management committees that provide me with additional support:

- **Executive Management Team (EMT)** – This group is made up of the Directors and me. Its role is to assist my decision making by providing accurate information and to advise me in the delivery of the VTS's aims and to provide strategic direction to staff. The EMT met on nine occasions during the year.
- **Senior Management Team (SMT)** – This management group comprises the Director of Operations & Development (who chairs the meetings), Head of HR & Training, Registrar, Planning Manager and the Performance Manager; and is responsible for reviewing operational activity and for improving business processes to enhance service provision.

For the purpose of ensuring that any business related process changes identified by VTS staff and/or the VTE President may be discussed, costed, evaluated and benefits analysed prior to implementation through projects, a **Change Approvals Board (CAB)** is in place. The CAB comprises the Director of Operations & Development (as chair), the IT Manager, the Data Protection Officer, the Business Analyst and the Business Development Officer. I also attend any meetings where my engagement may be of assistance or I require more detailed information to make an assessment.

On my behalf, the Finance Director prepares and submits an annual budget to the Board for approval prior to the start of the new financial year. Financial performance against budget is monitored at every Board meeting. The Finance Director is also responsible for the detailed finance protocols, procedures, guidance and training to budget holders and other staff, and is responsible for maintaining and reviewing a contracts register. The VTS's budget is devolved to individual budget holders under written and signed delegated authority.

**Corporate governance compliance**

The Board observes *Corporate governance in central government departments: Code of good practice* and its principles insofar as they are relevant to a small NDPB. There are no material departures. It complies with the Code’s requirements for the Board, though the Board’s particular composition is set out in the Local Government Act 2003, and the VTS Board does not have a nominations and governance committee because of its size. It directs the business of the VTS in as effective and efficient way as possible with a view to the long-term health and success of the VTS and VTE. Board Members are aware that they should not stray into the executive management of the VTS.

The Board supports the Accounting Officer in the discharge of obligations set out in *Managing Public Money* and its Standing Orders and Scheme of Delegations show those matters reserved for Board decision. The Board acts corporately and objectively when discharging its responsibilities, and Board Members act in the public interest in keeping with the Nolan principles of public life. Its meetings are recorded, and summary minutes are published on the VTS website. At the beginning of every Board and committee meeting Members are asked to declare any potential conflicts of interest, which are then noted in the minutes along with any action necessary to address them. An annual declaration of Board Members’ interests is required and made available for inspection.

The Board reviews its corporate governance framework annually to ensure it remains robust. It includes the Standing Orders and Scheme of Delegations, Standing Financial Instructions, the Board Code of Conduct and its Ways of Working.

Board Members, with the exception of the VTE President, are appraised annually by the Chair, who is appraised by the sponsoring Department. These appraisals assess individual performance, which in turn translate into the collective effectiveness of the Board. During the year, the Board carried out a self-evaluation of its own effectiveness, the outcomes of which were discussed further at their October Strategy Day. This discussion concluded an overall satisfaction with how the Board was functioning and serviced. There was also a greater appetite for gaining more insight into operational matters and the wider world of valuation and rating. As a consequence, the Chair and I have developed a plan for achieving this.

**Risk management and risk profile**

We maintain a culture where risk management is not just a process, but is integral to the decisions we make. Risks are identified in a variety of ways, including the continuous review of operations and the evaluation of new challenges and opportunities. All reports to the Board include a section on risk implications. The Risk Management Policy, which is published on our intranet, sets out the key features of risk management and provides guidance for staff on their role in the process. This policy is reviewed annually and was last approved by the Audit & Risk Assurance Committee in March 2020. I am responsible to the Board for ensuring that risks are managed effectively. There are a number of more detailed operational risk registers underpinning the strategic risk register. Each risk register owner takes responsibility for their own area of operation and reports on the processes of risk assessment, management actions to mitigate risk and highlights the possibility of risk failure. The registers clearly identify risk owners and mitigating strategies ensuring risk owners respond quickly. Risk registers are submitted to me quarterly. I carry out my assessment of the overarching strategic risk register with the EMT at each of its meetings.





The review of the strategic risk register is a standing agenda item at Board and ARAC meetings, with the Committee maintaining an overview of risk management. The Committee receives presentations in respect of other departmental risk registers as an assurance that risk management process is universal throughout the VTS.

We use an assurance map alongside the register that identifies whether we have controls in place at the appropriate level (operational management; governance and oversight; independent/external) to monitor and mitigate risks. This is reviewed by ARAC and the Board quarterly.

The Board has appointed the Director of Operations & Development as the Senior Information Risk Owner (SIRO), who is required to ensure that I am apprised of any matter which may affect information assurance and data security. The SIRO provides me with an assurance statement, which is drawn from similar assurances confirmed to him by each Information Asset Owner. Whilst much of the data the VTS produces and manages is in the public domain, the VTS operates within the demands of the Cabinet Office’s security policy framework and the requirements of the data protection legislation, as well as respecting the public access rights in the Freedom of Information Act. Two incidents were escalated to the Information Commissioner’s Office (ICO) during the year, but no further action was deemed necessary by the ICO. During the year we introduced mandatory online awareness training on data protection for all staff.

We continue to look at ways of improving our data handling. Responsibilities regarding data handling are set out in contracts of employment to recognise their importance. The Corporate Services Manager is the Board-appointed Data Protection Officer (DPO), with key responsibilities in this area. Her focus continues to be in ensuring staff understand their responsibilities and that the VTS is compliant with the 2018 legislation and any new regulations and guidance issued.

As Accounting Officer, I also receive an annual assurance statement from the Finance Director providing assurance to me over the effectiveness of finance systems and adherence to procedure to identify and report fraud. There were no instances of fraud or suspected fraud that the Finance Director was aware of or notified about during the year.

The VTS has a Whistle-blowing Policy and I have not been notified of any whistle-blowing incidents, nor have I been made aware of any such reports being raised in 2019-20.

**Sources of assurance**

Throughout the year I also gain assurance regarding the performance of the VTS through a number of other sources:

**Internal Audit:** Mazars is the Internal Audit provider. The Head of Internal Audit provides me with assurance on the systems of internal control. All audit reports are reviewed at ARAC meetings to ensure appropriate challenge. All agreed audit recommendations are logged and progress against implementation is monitored and reported at every EMT and ARAC meeting.

During the year, Internal Audit conducted audits and advisory work over 30 planned days, and the Committee received four reports based on the 2019-20 plan. These reports were on: Customer complaints and claims (adequate assurance), Payroll (substantial assurance), HR recruitment, retention, succession planning (substantial assurance) and Cyber security (adequate assurance). A total of 13 recommendations arose from these reports, eight of which were Priority 3 (housekeeping) recommendations and five were Priority 2 (significant) recommendations. None of the 13 recommendations highlighted fundamental weaknesses.

A follow up report on recommendations since 2018 was also carried out, which concluded that, of 21 recommendations made, 18 had been implemented, two superseded by events and that one was in progress having been delayed by circumstances beyond the VTS's control.

The ARAC receives an annual opinion from the Head of Internal Audit on the overall effectiveness of controls, including risk management. Based on the audit work conducted during the year, the Head of Internal Audit's opinion on our framework of governance, risk management and control remains 'Moderate' in its overall adequacy and effectiveness. Whilst certain weaknesses and exceptions were highlighted as part of this audit work, none was considered fundamental and these have been, or are in the process of being, addressed.

**Working with the Board:** I maintain a very transparent style of working. I ensure the Board remains up to speed on any significant issues and developments. Board meetings are structured so that Members are able to provide appropriate challenge as well as support.

**Accounting Officer meetings:** I meet with both the Finance and Policy teams within MHCLG at quarterly meetings and this provides opportunities to discuss a variety of matters, including a review of the strategic risk register and performance against KPIs, as well as carrying out 'deep dives' in a number of areas. For each meeting I provide a detailed letter setting out concerns and challenges to focus our discussions.

**Executive Management Team (EMT):** The EMT is presented with performance reports at each meeting and considers the risk implications of all proposals that are brought before it. I encourage and expect members of the EMT to keep lead staff briefed on significant issues and developments, and to seek feedback.

**Data Handling and Information Security Group:** This Group, under the chairmanship of the SIRO, maintains an overview of data and security matters, compliance with statutory requirements and risks across our information assets, projects and communications.

**Personal assurance:** I gain personal assurance by speaking informally and directly with front line staff, enabling me to keep in touch with operational delivery across both offices.

**Significant risks and issues**

The most significant risk that faces us is the impact of COVID-19. Although this manifested itself at the end of the financial year, nonetheless its onset had an immediate impact. With growing media coverage surrounding this pandemic came an increasing reluctance by the parties to travel to attend hearings and to entertain the prospect of gathering in a hearing room. Likewise, these concerns grew among VTE members. This naturally required us immediately to review our practices, which led to postponing all appeals listed (some 500) up to 30 June 2020 and moving our entire workforce to home-working. Our governing regulations support public face-to-face hearings and did not envisage situations of using video or telephone hearings. We initially sought to progress the appeals postponed by seeking consent to determine the disputes on the papers alone. However, there has been significant objection to this from the parties, resulting in only 59 of the postponed appeals progressing in this way. We have now moved to offering remote online hearings as the current norm in this current environment. We are working with our sponsoring department to understand what regulatory changes may be applied to allow other methods of disposing of appeals post COVID-19.





The benefits of our IT investment have clearly been evident as we continue to remain active as an organisation, with our office landline transferred to our home-working staff and relying on G-Cloud technology.

The lack of certainty regarding when a return to normality will occur is likely to impact on and limit what we had set ourselves out to achieve in the coming year.

We have made significant progress with the Ministry of Justice and the Judicial Appointments Commission (JAC) in streamlining the recruitment process for VTE members and in reflecting the volunteer nature of the role and to reach a wider range of applicants, beyond the legal profession. JAC's recent approach in making national rather than geographically specific appointments presents us with challenges when allocating VTE resources to venues throughout England that require excessive travelling from their normal home or work base. I am working with JAC, HM Courts and Tribunals Service and the Judicial Office to address a more geographically based recruitment solution for us.

We currently continue to operate from two office locations. Following engagement with the Government Property Agency, a cost benefit analysis highlighted a 'stay put' option to be the preference regarding our London presence and following approvals from both Cabinet Office (Places for Growth) and National Property Controls we agreed an extension to our sub-lease to 30 October 2020 to coincide with the expiry of the head lease with the Department of Health and Social Care. We subsequently agreed a renewal of the lease in our name from 1 November 2020. In light of the current COVID-19 crisis, we also extended our current sub-lease in Doncaster with the Department for Work and Pensions to 4 June 2021 to coincide with their lease end. Both of these lease extensions will provide some stability in our estate during this period of global uncertainty. The impact of this on-going health pandemic has inevitably injected a degree of uncertainty as the UK starts to move into a recovery phase. The need for us to continue to remain responsive and flexible as an organisation in a post COVID-19 environment may require us to review our future estate planning.

The number of appeals received under the 2017 rating list (check, challenge and appeal, CCA) since 1 April 2017 to 31 March 2020 stood at 389. Our expectation from the outset has always been that, due to the regulatory time frames pertaining to the check and challenge stages, appeals would take some time to materialise. Our expectation is that appeals, as the end product of CCA, will increase in the coming year as the check and challenge processes are exhausted and decision notices are issued by the Valuation Office Agency (VOA). At that point, ratepayers have four months in which to make a conscious decision whether to appeal the VOA's decision. We have developed some workload projections following engagement with our stakeholders and have shared this work with our sponsoring Department. To mitigate against increased workload, we have realigned our staffing structure, changed our front line processes and made better use of technological developments.

Low appeal receipts in 2019-20 has allowed us to learn from our experiences and in building on this we have been able to deliver external training to the various professional bodies within the rating fraternity on the new appeal process and expectations of the new regulations, which is a significant change from past rating lists. This external training has been very well received.

One of the main regulatory changes is the restriction on admissibility of evidence to be considered on appeal. What evidence is admissible has been subject to a recent superior court judgment, where the Upper Tribunal held that the parties on appeal to it are not restricted solely to the evidence presented and relied on at the VTE hearing. We are working with the President of the VTE to understand the impact this judgment will have given the regulatory limitations the VTE faces.

# Remuneration and staff report

## Remuneration

### Board Members' emoluments and expenses

The remuneration of the Chair, Deputy Chair and other Board Members are determined by the Secretary of State, based on maximum days per annum. The Chair and Deputy Chair are remunerated based on 24 days per annum. Other Board Members are remunerated on 20 days per annum. Remuneration and emoluments are non-pensionable. Board Member posts are non-executive.

The VTE President is an *ex officio* Member of the Board and is in receipt of a salary for up to three days per week, but is not an employee of the VTS.

### Chair's term of office

Robin Evans was appointed Chair with effect from 1 April 2018 to 31 March 2021.

Suzanne McCarthy was appointed Deputy Chair with effect from 1 April 2018 to 31 March 2021.

### Senior executives

The salary of the Chief Executive is set by the Board in line with guidance provided from the sponsoring Department and is subject to a contractual performance award as recommended by the Remuneration & Terms of Service Committee to the Board, which is subject to approval by the sponsoring Department.

Directors are appraised by the Chief Executive.

### Proportion of remuneration subject to performance

The Remuneration & Terms of Service Committee considers the performance of the Chief Executive annually, against the objectives set for the year.

### Directors' contracts

#### Chief Executive

#### Permanent contract

Commenced on 1 February 2010  
3 months' notice for both parties

#### Director of Operations & Development

#### Permanent contract

Commenced on 1 January 2015  
3 months' notice for both parties

#### Finance Director

#### Permanent contract

Commenced on 1 February 2018  
3 months' notice for both parties



## Audited information

The information below on fees, emoluments and pensions for non-executive Members of the VTS Board and the Directors, together with the disclosure of the ratio of the remuneration of the highest paid Director and median remuneration in the accompanying pages, is audited.

## Remuneration (salary, benefits in kind and pensions)

Table 5

### Single total figure of remuneration

Board Members	Salary (£'000)		Pension benefits (to nearest £'000)		Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Robin Evans	5-9	5-9	–	–	5-9	5-9
Martin Allingham*	0-4	5-9	–	–	0-4	5-9
Lola Moses	5-9	5-9	–	–	5-9	5-9
Gary Garland**	65-69	65-69	35	26	100-109	90-94
Neil Buckley	5-9	5-9	–	–	5-9	5-9
Suzanne McCarthy	5-9	5-9	–	–	5-9	5-9
Kevin Everett	0-4	0-4	–	–	0-4	0-4
Robert Cammidge***	0-4	–	–	–	0-4	–
Stephen Chappell***	0-4	–	–	–	0-4	–
Alison Griffiths***	0-4	–	–	–	0-4	–

\* Board Member served the full term of his contract and left on 21 September 2019.

\*\* The President is appointed by the Lord Chancellor and paid by the VTS; he is neither an employee of the VTS nor accountable to it. He is an *ex officio* Member of the Board and was appointed from 12 September 2016. During 2019-20 £35,227 (2018-19: £26,377) was paid by the VTS into the Judicial Pension Scheme.

\*\*\* Board Members were appointed on 3 February 2020.

## Remuneration of Directors

Table 6

### Single total figure of remuneration

Officials	Salary (£'000)		Bonus payments (£'000)*		Pension benefits (to nearest £'000)**		Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Antonio Masella</b> Chief Executive and Chief Operating Officer	95-100	95-100	9-10	5-9	76	12	180-189	115-134
<b>Lee Anderson</b> Director of Operations & Development	75-79	75-79	–	–	54	34	126-134	105-114
<b>Keung Wong</b> Finance Director	74-79	70-74	–	–	39	23	110-119	90-99

\* Bonus is usually paid one year in arrears. This figure is an estimate based on up to 10% as 2019-20 has yet to be determined.

\*\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

### Salary

'Salary' includes gross salary, bonus, overtime, reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments by the VTS and thus recorded in these accounts.

The Remuneration & Terms of Service Committee has carried out a review of its executive pay in comparison with other similar organisations in and external to the MHCLG family and a report has been submitted to the sponsoring Department. Discussions regarding this remain ongoing with MHCLG.

### Bonuses

The Chief Executive's bonus is contractual, restricted to a maximum of 10% of gross salary. The Remuneration & Terms of Service Committee recommends the level of the Chief Executive's performance award to the Board. The Board's decision regarding the amount of the performance award must have the approval of the sponsoring Department.





## Pensions

The VTS is a Schedule 2 body within the Local Government Pension Scheme (LGPS) Regulations. All new employees are entitled to become members of the London Pension Fund Authority (LPFA) administered scheme and are auto-enrolled on appointment.

From 1 April 2014, the LGPS changed from a contributory defined benefit final salary scheme to what is known as a career average revaluated earnings defined benefits scheme. In effect, the final salary element was removed from that date onwards.

### Pension benefits

Table 7

Officials	Accrued pension at pension age as at 31.03.20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31.03.20 £'000	CETV at 31.03.19 £'000	Real increase in CETV £'000
<b>Antonio Masella</b> Chief Executive and Chief Operating Officer	52 plus lump sum 90	3 plus lump sum 2	974	863	86
<b>Lee Anderson</b> Director of Operations & Development	36 plus lump sum 58	2 plus lump sum 1	609	530	63
<b>Keung Wong</b> Finance Director	3 plus lump sum 0	2 plus lump sum 0	40	19	13

## Fair pay disclosure

The VTS is required to disclose the relationship between the remuneration of the highest paid Director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director in the VTS in the financial year 2019-20 will be within the remuneration band of £105,000-£110,000 (2018-19: £100,000-£105,000). This was 2.9 times (2018-19: 3.1 times) the median remuneration of the workforce, which was £36,000 (2018-19: £34,000). In 2019-20, as for the previous year, no employees received remuneration in excess of the highest paid Director. Remuneration ranged from £19,000 to £110,000 (2018-19: £19,000 to £105,000).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the CETV pensions.

Table 8

	Ratio of top to median staff pay as at 31 March 2020	Ratio of top to median staff pay as at 31 March 2019
Remuneration band of highest paid Director	£105,000 to £109,999	£100,000-£104,999
Median total remuneration (excluding highest paid Director)	£36,492	£34,106
Ratio	2.9	3.1



The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2020 exceeded £40,000 (excluding pension contributions and staff performance related pay and including any London weighting) was 13 (2018-19: 14).

Table 9

Remuneration band	Period ended 31 March 2020, based on FTE pay, number of staff	Period ended 31 March 2019, based on FTE pay, number of staff
£40,000 to £44,999	1	1
£45,000 to £49,999	1	4
£50,000 to £54,999	6	3
£55,000 to £59,999	–	1
£60,000 to £64,999	1	2
£65,000 to £69,999	1	–
£70,000 to £74,999	–	1
£75,000 to £79,999	2	1
£80,000 to £84,999	–	–
£85,000 to £89,999	–	–
£90,000 to £94,999	–	–
£95,000 to £99,999	–	–
£100,000 to £104,999	–	1*
£105,000 to £109,999	1*	–

\* The remuneration for the Chief Executive includes an estimated contractual bonus payment, which is up to 10% of his salary.



## Staff report

The VTS restructured its operational team during the year. This led to the implementation of a leaner structure and a restating of our operational focus on customer service and stakeholder engagement to underpin a cradle-to-grave approach from start to finish of an appeal. This restructuring involved some redundancies. We coupled this new structure with greater ownership of the work and empowerment of staff. This new structure also facilitates an improved career pathway for individuals coming into the organisation at the bottom rung and developing their skills and abilities to enable them to eventually move into clerking roles if that is their desire. This also has the advantage of helping manage our ageing workforce through effective succession planning. As a consequence, a detailed (and amendable) succession plan was developed during the year to assist with this approach. We also significantly revised our diversity and equality policy to create a more extensive Equality, Diversity and Inclusion (EDI) Framework.

### Staff costs

Staff costs comprise:

Table 10

	2019-20 £'000	2018-19 £'000
Wages and salaries	2,319	2,316
Social security costs	245	246
Other pension costs	867	1,026
Agency staff costs	220	159
<b>Total</b>	<b>3,651</b>	<b>3,747</b>

### Staff numbers as at 31 March 2020

As at 31 March 2020, the actual number of staff employed was 58 compared to 68 at 1 April 2019.

### Average number of staff over the year

The average staff headcount for the year was 64 (2018-19: 64). There were no early retirements on ill-health grounds in 2019-20 (and none in the previous two years).

During the year there was one new starter and there were 12 leavers. Of the 12 leavers, five were normal resignations, four of which were to seek other opportunities or in order to relocate to other parts of the country. One of these five normal resignations was associated with a wish to take early retirement having almost reached the age of 64. Under the terms of the Local Government Pension Scheme, a person who reaches age 55 can elect to access their (actuarially reduced) pension without any requirement for permission from their employer. One individual was dismissed for the fair reason of capability having failed to reach an acceptable level of performance during probation.

The other six leavers were for the fair reason of redundancy following a reorganisation of the operations team. Five of the six individuals volunteered for redundancy and their requests were agreed. The sixth person was unsuccessful





through the selection process and so that person was issued with formal redundancy notice. No alternative jobs (either suitable alternatives – or simply alternative) presented themselves during the notice period.

**Average number of persons employed**

Table II

	Permanently employed staff	Others	2019-20 Total	2018-19 Total
Directly employed	64	–	64	64
Other	–	2.15	2.15	3.3
<b>Total</b>	<b>64</b>	<b>2.15</b>	<b>66.15</b>	<b>67.3</b>

**Staff composition at 31 March 2020**

Chart 4

**Directors** – three male (100%).

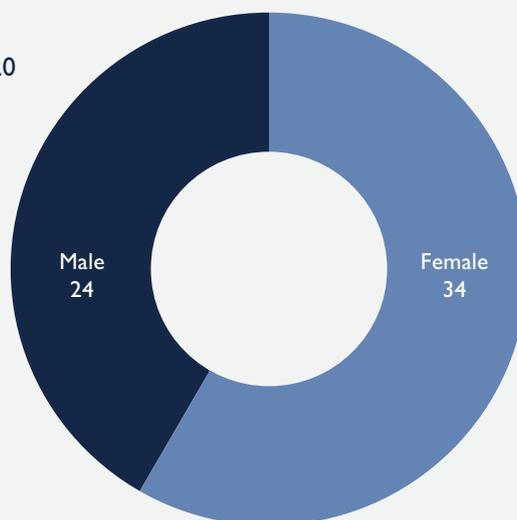


**All permanent staff** – 58 comprising 58.6% female, 41.4% male (31 March 2019: 57.3% female, 42.7% male).



Chart 5

Gender Profile as at 31 March 2020



The representation of ethnic minorities within the workforce at the end of the year increased to 20.7% compared to 16.2% as at 31 March 2019.

The percentage who either declared themselves to have a disability or were assessed by occupational health as likely to be considered to have a disability, under the Equality Act 2010, totalled seven individuals (12.1% of the workforce) as at 31 March 2020. Please note that the definition of disability is a legal definition and not necessarily a medical one although the two often overlap.

The average age of our staff increased slightly from 45.7 to 46.7. The median age was 49 as at 31 March 2020 – the same as it was at 31 March 2019.

Chart 6

Age profile as at 31 March 2020

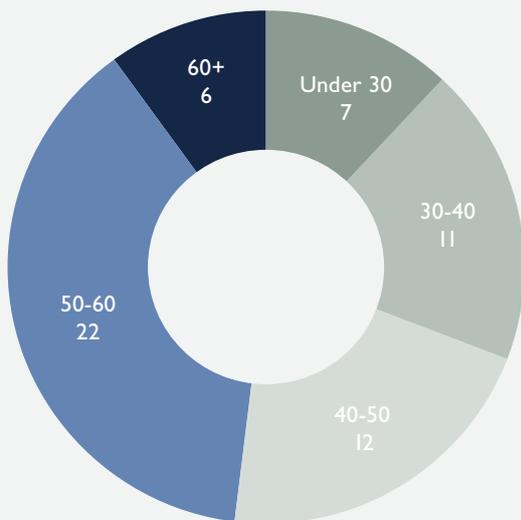
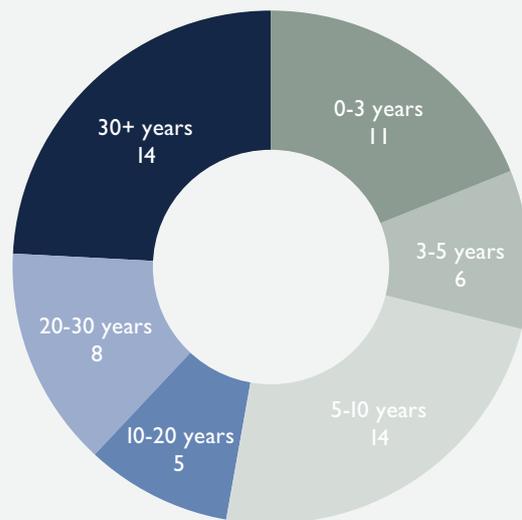


Chart 7

Length of service as at 31 March 2020



The average length of service increased to 14.7 from 12.4 years. This was largely as a consequence of some fairly new members of staff leaving to pursue new opportunities at the start of their working careers and some of the individuals whose posts were made redundant also had relatively short service. The median length of service increased to nine years from six years for similar reasons. (These figures include service in the former valuation tribunals before staff transferred to the VTS in 2004.)

**Sickness absence data**

In 2019-20, 50% (29) of our current staff had no sickness absence. The average sickness absence, including long-term absence (absences over 20 consecutive days), for the rolling year to 31 March 2020 increased from 6.4 days to 8.0 days. Excluding long-term sickness, average sickness absence was 1.8 days which remains in line with our KPI of maintaining short-term absence under 2.5 days per employee. One member of staff remains on long-term absence as at 31 March 2020.





## Staff policies applied during the financial year in relation to disabled people

These included the Occupational Health Policy and Sickness Absence Policy and application of legal requirements in respect of making reasonable adjustments and phased return to work after longer term absences. Recruitment is monitored and reasonable adjustments are made for interview wherever necessary to do so. Any person with a disability who meets the essential criteria for the role will be interviewed.

The trigger points for sickness monitoring can be adjusted where employees have identified themselves or have been identified as having a disability. The definition of disability is a legal construct albeit influenced by medical information. The VTS provides an external, confidential Employee Assistance Programme and commissions additional counselling or occupational health referrals for staff where appropriate from two providers; one based in the north of England and one in the south. As detailed earlier in the Training section, the VTS is building on its well-being and mental health arrangements and providing support in the workplace.

The VTS has also reviewed our existing Diversity and Equalities Policy and created an Equalities, Diversity and Inclusion Framework which is more extensive and focusses attention on our moves to become a much more inclusive organisation.

## Reporting of compensation schemes

There was one compulsory redundancy in 2019-20. There were a further five voluntary redundancies in year and a further one was agreed which came into effect on 12 May 2020. The following table contains the relevant data.

Table 12

Exit package cost band £'000	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<10	1	4	5
10-25	n/a	1	1
25-50	n/a	n/a	n/a
50-100	n/a	n/a	n/a
100-150	n/a	1**	1
150-200	n/a	n/a	n/a
Total number of exit packages	1	6	7
<b>Total cost</b>	<b>£8,551*</b>	<b>£178,596</b>	<b>£187,147</b>

\* A 'pension strain' payment of £3,287 is required to the pension fund as the individual is marginally below normal retirement age.

\*\* This required sponsoring Department approval which was provided on 17 February 2020, including a 12 week notice period and a 'pension strain' of £88,600.

**Off-payroll engagements**

For all new off-payroll engagements, or those that reached six months duration between 1 April 2019 and 31 March 2020, for more than £245 per day and that last longer than six months:

Table 13

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	2
<b>of which:</b>	
Number assessed as caught by IR35	2
Number assessed as not caught by IR35	NIL
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	NIL
Number of engagements reassessed for consistency/assurance purposes during the year	2
Number of engagements that saw a change to IR35 status following the consistency review	NIL

Both engagements were via agency. The agency confirmed any payments made to individuals were subjected to tax and NI at appropriate employee rate. Neither had significant financial responsibility within the VTS. The intention was to advertise and recruit to permanent roles. Ongoing legal dispute prevented the recruitment process in one instance and continuity in this important role was a necessity particularly during the year end and COVID-19 situation. The other engagement allowed the VTS the resilience and security to deal with its IT during the COVID-19 situation.

**Auditors' remuneration**

The VTS's Annual Report and Accounts are audited by the Comptroller and Auditor General who is appointed under statute. Auditors' remuneration of £43,000 (2018-19: £40,000) was charged in the audit of these Accounts. No remuneration was paid to the external auditor in respect of non-audit services.



# Parliamentary accountability and audit report



The Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 came into force on 1 April 2017. Having received a determination by the VOA, a ratepayer making an appeal to the Valuation Tribunal for England is required to pay a fee, set by statute. This fee is returnable in full in the event of a decision in favour of the ratepayer or remitted to HM Treasury where the appeal fails. During the course of the appeal process the VTS holds these funds as an agent of HM Treasury and therefore the funds are not available to defray the expenditure of the service. These funds are managed and shown separately from the funds of the VTS. In the year, 308 appeals were lodged with fees received totalling £81,450.

The VTS has no remote contingent liabilities, gifts, losses or special payments to report under this Parliamentary Accountability disclosure. There were no losses for the 2019-20 financial year.

**Antonio Masella**

Accounting Officer  
Valuation Tribunal Service

13 January 2021



# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Valuation Tribunal Service for the year ended 31 March 2020 under the Local Government Act 2003. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Valuation Tribunal Service's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government Act 2003 and Secretary of State directions issued thereunder.

## Emphasis of matter

I draw attention to Note 10 to the financial statements, which sets out the Valuation Tribunal Service's pension assets, and explains that due to the impact of COVID-19, there is a material valuation uncertainty associated with the valuation of certain classes of asset (property assets, infrastructure assets and private equity assets). Consequently, less certainty and a higher degree of caution should be attached to the valuation of these assets than would normally be the case. My opinion is not modified in respect of this matter.

## Opinion on regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Valuation Tribunal Service in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.





## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Valuation Tribunal Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Valuation Tribunal Service has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Valuation Tribunal Service's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Local Government Act 2003.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Valuation Tribunal Service's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- conclude on the appropriateness of the Valuation Tribunal Service’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Valuation Tribunal Service’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Valuation Tribunal Service to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Other information**

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor’s report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Local Government Act 2003;
- in the light of the knowledge and understanding of the Valuation Tribunal Service and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.





**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

Comptroller and Auditor General

15 January 2021

National Audit Office

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Staff costs	2	3,651	3,747
Purchase of goods and services	3	1,941	2,137
Other operating expenditure	3	476	504
Depreciation, amortisation and impairment charges	3	242	207
Provision and pensions expense	3	67	62
<b>Total operating expenditure</b>		<b>6,377</b>	<b>6,657</b>
Finance expense (net interest on pension liabilities)	3	311	405
<b>Net expenditure for the year</b>		<b>6,688</b>	<b>7,062</b>
<b>Other comprehensive net expenditure</b>			
<b>Items which will not be classified to net operating costs</b>			
Actuarial loss/(gain) on pension scheme liabilities	10	1,094	(3,109)
<b>Total comprehensive net expenditure for the year ended 31 March</b>		<b>7,782</b>	<b>3,953</b>

The notes on pages 54 to 69 form part of these accounts.



# Statement of Financial Position

## for the year ended 31 March 2020



	Note	31 March 2020 £'000	31 March 2019 £'000
<b>Non-current assets</b>			
Property, plant and equipment	4	120	165
Intangible assets	5	546	637
<b>Total non-current assets</b>		<b>666</b>	<b>802</b>
<b>Current assets</b>			
Trade and other receivables	6	258	258
Cash and cash equivalents	7	198	318
<b>Total current assets</b>		<b>456</b>	<b>576</b>
<b>Total assets</b>		<b>1,121</b>	<b>1,378</b>
<b>Current liabilities</b>			
Trade and other payables	8	(664)	(1,039)
<b>Total current liabilities</b>		<b>(664)</b>	<b>(1,039)</b>
<b>Total assets less current liabilities</b>		<b>457</b>	<b>339</b>
<b>Non-current liabilities</b>			
Pensions	10	(15,019)	(13,111)
<b>Total non-current liabilities</b>		<b>(15,019)</b>	<b>(13,111)</b>
<b>Total assets less total liabilities</b>		<b>(14,562)</b>	<b>(12,772)</b>
<b>Taxpayers' equity</b>			
General fund		457	339
Pension reserve		(15,019)	(13,111)
<b>Total taxpayers' equity</b>		<b>(14,562)</b>	<b>(12,772)</b>

The notes on pages 54 to 69 form part of these accounts.

The financial statements were approved by the Board on 22 December 2020 and were signed on its behalf by:

**Antonio Masella**

Accounting Officer

Valuation Tribunal Service

13 January 2021

# Statement of Cash Flows

## for the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
<b>Cash flows from operating activities</b>			
Net operating cost	SoCNE	(6,688)	(7,062)
Employer's pension contributions	10	(426)	(1,453)
<b>Adjustment for non-cash transactions</b>			
Depreciation and amortisation	4 & 5	242	202
Impairments	4 & 5	–	–
Loss on disposal of property, plant and equipment and intangible assets	4 & 5	–	5
Decrease/(Increase) in trade and other receivables	6	–	(29)
Other non-cash pension movements	10	1,240	1,492
(Decrease)/Increase in trade and other payables	8	(375)	292
<b>Net cash outflow from operating activities</b>		<b>(6,007)</b>	<b>(6,553)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(16)	(152)
Purchase of intangible assets	5	(89)	(272)
<b>Net cash outflow from investing activities</b>		<b>(105)</b>	<b>(424)</b>
<b>Cash flows from financing activities</b>			
Grant in aid received from sponsoring Department	TpEq	5,992	7,120
<b>Net cash inflows from financing activities</b>		<b>5,992</b>	<b>7,120</b>
<b>Net (decrease)/increase in cash and cash equivalents for the period</b>		<b>(120)</b>	<b>143</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>318</b>	<b>175</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>198</b>	<b>318</b>

The notes on pages 54 to 69 form part of these accounts.



# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020



	Note	General Fund £'000	Pension Reserve £'000	Total Taxpayers' Equity £'000
<b>Balance at 31 March 2018</b>		<b>241</b>	<b>(16,169)</b>	<b>(15,928)</b>
Grants from sponsoring department		7,120	–	7,120
Comprehensive net expenditure for the year	SoCNE	(7,062)	–	(7,062)
Transfers between reserves		40	(40)	–
Actuarial gains	10	–	3,098	3,098
<b>Balance at 31 March 2019</b>		<b>339</b>	<b>(13,111)</b>	<b>(12,772)</b>
Grants from sponsoring department		5,992	–	5,992
Comprehensive net expenditure for the year	SoCNE	(6,688)	–	(6,688)
Other pension movements in the year		814	(814)	–
Actuarial losses	10	–	(1,094)	(1,094)
<b>Balance at 31 March 2020</b>		<b>457</b>	<b>(15,019)</b>	<b>(14,562)</b>

The notes on pages 54 to 69 form part of these accounts.

# Notes to the accounts

## Note 1 Statement of accounting policies

### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury and Accounts Direction as issued by the Ministry for Housing, Communities and Local Government (MHCLG). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounting policies also meet the accounting and disclosure requirements of the Companies Act 2006 to the extent these are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the VTS for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items that are considered material to the financial statements. All policies adopted for the VTS are described below.

### 1.2 Going concern basis

The financial statements have been prepared on a going concern basis.

The Statement of Financial Position shows net liabilities of £14,561,561 at 31 March 2020. This reflects the inclusion of pension liabilities falling due in future years which, to the extent that they are not to be met from the VTS's other sources of income, may only be met by future grants or grant in aid from the sponsoring Department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need and will only be drawn as the liabilities fall due.

The grant in aid for 2019-20 has taken into account the amounts required to meet the VTS's liabilities falling due in that year and has already been included in the sponsoring Department's Parliamentary estimates for 2019-20. MHCLG have confirmed funding for 2020-21 with indicative annual allocations through to 2021-22. Liability for all pension payments not met through normal funding cycle will continue to fall to MHCLG.

### 1.3 Standards adopted by the VTS

The financial statements have been prepared under the historical cost convention with depreciated cost used as a proxy for current value in existing use in respect of property, plant and equipment and intangible assets.

### 1.4 Future accounting developments

Policies are applied in accordance with International Accounting Standards (IAS) as interpreted by the FReM for public sector context. All new and revised standards are considered and applied where relevant and adopted by the FReM.





The following IFRSs are to be adopted:

#### **IFRS 16 Leases (being adopted in 2022-23)**

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The details of the application of IFRS 16 in the public sector has now been confirmed in the 2019/20 FReM. The VTS's leases consist primarily of operating lease commitments, and are therefore not materially affected by the introduction of the single lessee accounting model, which requires VTS's leases to become right-of-use assets, which may have increased the value of assets and liabilities on the VTS's Statement of Financial Position. As at the reporting date, the VTS has non-cancellable operating lease commitments of £1,813,657 (see note 12).

#### **IFRS 17 Insurance Contracts (effective from 2022-23)**

The standard is set to replace IFRS 4 Insurance Contracts, which has applied in the UK public sector since the adoption of IFRS accounting. The broad scope of IFRS 17 will result in the application to some contracts that are not described or currently treated as insurance contracts. Treasury is expected to publish the final full accounting guidance applicable to the public sector by December 2021. As at the reporting date, it does not seem likely that VTS will be affected by the application of IFRS 17 Insurance Contracts.

### **1.5 Non-current assets**

The FReM permits public bodies to determine the most appropriate valuation methodology. Non-current assets are held at current value in existing use and are depreciated/amortised on a straight-line basis over their estimated useful life. The VTS capitalisation threshold is £5,000.

Where assets have short useful lives or low values, the FReM permits the adoption of depreciated historic cost as a proxy for current value in existing use. The VTS has concluded that the assets held meet these criteria and therefore has adopted the depreciated historic cost model.

### **1.6 Property, plant and equipment**

Property, plant and equipment are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £5,000 including VAT. Individual items valued at less than this threshold are capitalised only if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

The VTS does not hold any financial interest in land or buildings; it occupies premises rented or leased from its landlords. The VTS has property lease obligations on two offices as at 31 March 2020.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost to residual values over their estimated useful lives, as follows:

Information technology	3-5 years
Furniture and office equipment	5 years
Leasehold improvements	over life of lease

### 1.7 Intangible assets

Intangible assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £5,000 including VAT. Individual items valued at less than this threshold are capitalised only if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer software licences                      over the length of the licence period

Computer software development    5 years

### 1.8 Grant in aid

Grant in aid (GIA) is accounted for on a cash basis. GIA received is treated as financing in accordance with the FReM and recognises that this is funding from the sponsoring Department. This reflects ownership of the VTS as a non-departmental public body (NDPB) of MHCLG.

### 1.9 Employee benefits

In compliance with its Accounts Direction and the FReM, the VTS has accounted for employee benefits under IAS19. This accounting standard prescribes the treatment of retirement benefits in the accounts of employing entities. VTS staff are members of the Local Government Pension Scheme (LGPS). The LGPS is a funded, multi-employer, contributory defined benefit statutory scheme administered in accordance with the LGPS Regulations 1997, as amended with effect from 1 April 2014. It is contracted out of the state second pension. The London Pension Fund Authority (LPFA) administers the LGPS on behalf of all VTS employees with Barnett Waddingham as the scheme's actuaries.

The entity has a defined benefit plan for its employees. A defined benefit plan is a pension plan under which the entity has legal or constructive obligations to pay further contributions to the plan if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net pension liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the calculated liabilities at the latest valuation, less the scheme assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated every three years by Barnett Waddingham using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Asset values are estimated based on projected returns for the year and are updated using actual returns figures obtained after the year end where this results in a material change in values.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Taxpayers' Equity in the Statement of Financial Position in the period in which they arise.





Past service costs are normally recognised immediately in the Statement of Comprehensive Net Expenditure, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

The VTS pays for the pension entitlements of existing and retired employees and also bears the full cost of the LGPS benefits for employees who retire early or with an enhanced pension. The total cost of granting early retirements or enhancements is charged to the Statement of Comprehensive Net Expenditure in the year that the retirements are granted. Regular pension fund costs are paid from the same source.

IAS19 requires an organisation to account for pension liabilities as they arise, regardless of when pension payments are due to be paid. Setting side by side the value of all future pension payments and the snapshot value of investments as at 31 March each year results in either an overall deficit or a surplus. The total net deficit arising for the VTS, as at 31 March 2020 is £15,019,000. The assessment of current surplus or deficit arising from an IAS19 valuation carries with it no additional payment requirement from the VTS as the actuarial valuation, carried out every three years, sets revised employer contribution rates to ensure that existing assets and future contributions will be sufficient to meet future pension payments. A triennial pension valuation was carried out by the actuary, Barnett Waddingham, on 31 March 2019. The financial position of the pension fund was funded at 111%, which is equivalent to a surplus of £4,858,000, compared to 96% funded at the 2016 triennial valuation. The VTS have accepted the new contribution rate of 16.3% (the previous contribution rate was 15.3%) for the next three years from 1 April 2020 to 31 March 2023.

The VTS is sponsored by MHCLG. The pension obligations are fully funded by MHCLG and protected at all times. As such there is no risk that it will default on its LGPS contribution payments.

#### **1.10 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

#### **1.11 Provisions**

Property dilapidations are provided for over the life of the lease and utilised at the exit of the lease. When the exit from the lease and the payment in respect of dilapidations is due in the next reporting period, this provision is moved to accruals.

#### **1.12 VAT**

The VTS is not VAT registered. Where goods and services include a charge for VAT the VAT-inclusive cost is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets.

#### **1.13 Taxation**

The VTS is exempt from income and corporation tax under the Income and Corporation Taxes Act 1988.

#### **1.14 Interest rate risk**

All of the VTS's financial assets and liabilities carry nil or fixed rates of interest and are, therefore, not exposed to significant interest rate risk.

**1.15 Financial instrument risk**

As the cash requirements of the VTS are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to short-term payables and receivables in line with VTS expected purchase and usage requirements and the VTS is therefore exposed to little credit, liquidity, or market risk.

**1.16 Appeal fees**

The Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 came into force on 1 April 2017. Having received a determination by the VOA, a ratepayer making an appeal to the Valuation Tribunal for England is required to pay a fee. This fee is returnable in the event of a decision in favour of the ratepayer or remitted to HM Treasury where the appeal fails. During the course of the appeal process the VTS holds these funds as an agent of HM Treasury. These funds are not available to defray the expenditure of the service. These funds are managed and shown separately from the funds of the VTS and do not form part of the organisation's financial statements.

**1.17 Critical accounting judgements and key sources of estimation uncertainty**

The application of the accounting policies requires judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 10 sets out the VTS's pension liability, and sets out the judgements, estimates and assumptions made in respect of this. The liability takes account of all active and non-active fund valuations.

**Note 2 Staff costs**

Staff costs comprise:

	<b>2019-20</b> <b>£'000</b>	<b>2018-19</b> <b>£'000</b>
Wages and salaries	2,319	2,316
Social security costs	245	246
Other pension costs	867	1,026
Agency staff costs	220	159
<b>Sub total</b>	<b>3,651</b>	<b>3,747</b>

Please see the Remuneration Report (from page 34) for further detail on staff costs.





### Note 3 Other operating costs

	Note	2019-20 £'000	2018-19 £'000
<b>Cash items</b>			
<b>Other operating expenditure</b>			
VTE costs		242	260
Board costs		60	60
Travel and subsistence		128	136
Training		46	48
		<b>476</b>	<b>504</b>
<b>Purchase of goods and services</b>			
Support services (IT, legal and finance)		264	456
Rentals under operating leases		499	493
IT (maintenance and licences)		360	509
Post and communications		203	247
Tribunal costs		196	136
Printing and publications		34	31
Auditors' remuneration and expenses		43	40
Other goods and services		301	176
Variable maintenance		16	20
Heating and lighting		12	13
Internal audit		13	16
		<b>1,941</b>	<b>2,137</b>
<b>Non-cash items</b>			
Administration charge – pensions	10	67	62
Net interest on pension liabilities	10	311	405
Amortisation	5	181	164
Depreciation	4	61	38
Loss on disposal of property plant and equipment and intangible assets	4 & 5	–	5
Impairments and other non-cash movements	4	–	–
		<b>620</b>	<b>674</b>
<b>Total</b>		<b>3,037</b>	<b>3,315</b>

**Note 4 Property, plant and equipment**

	Furniture and fittings £'000	Information technology £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 April 2018</b>	<b>5</b>	<b>146</b>	<b>151</b>
Additions	–	152	152
Disposals	–	(105)	(105)
<b>At 31 March 2019</b>	<b>5</b>	<b>193</b>	<b>198</b>
Additions	–	16	16
<b>At 31 March 2020</b>	<b>5</b>	<b>209</b>	<b>214</b>
<b>Depreciation</b>			
<b>At 1 April 2018</b>	<b>3</b>	<b>93</b>	<b>96</b>
Charge for period	1	36	37
Disposals	–	(100)	(100)
<b>At 31 March 2019</b>	<b>4</b>	<b>29</b>	<b>33</b>
Charge for period	–	61	61
<b>At 31 March 2020</b>	<b>4</b>	<b>90</b>	<b>94</b>
<b>Net book value at 31 March 2020</b>	<b>1</b>	<b>119</b>	<b>120</b>
<b>Owned at 31 March 2020</b>	<b>1</b>	<b>119</b>	<b>120</b>
<b>Net book value at 31 March 2019</b>	<b>1</b>	<b>164</b>	<b>165</b>
<b>Owned at 31 March 2019</b>	<b>1</b>	<b>164</b>	<b>165</b>





## Note 5 Intangible assets

	IT assets under construction £'000	IT development expenditure £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2018	–	668	668
Additions	267	5	272
<b>At 31 March 2019</b>	<b>267</b>	<b>673</b>	<b>940</b>
Additions	–	89	89
<b>At 31 March 2020</b>	<b>267</b>	<b>762</b>	<b>1,029</b>
<b>Amortisation</b>			
At 1 April 2018	–	138	138
Charge for period	–	165	165
<b>At 31 March 2019</b>	<b>–</b>	<b>303</b>	<b>303</b>
Charge for period	–	180	180
<b>At 31 March 2020</b>	<b>–</b>	<b>483</b>	<b>483</b>
<b>Net book value at 31 March 2020</b>	<b>267</b>	<b>279</b>	<b>546</b>
<b>Owned at 31 March 2020</b>	<b>267</b>	<b>279</b>	<b>546</b>
<b>Net book value at 31 March 2019</b>	<b>267</b>	<b>370</b>	<b>637</b>
<b>Owned at 31 March 2019</b>	<b>267</b>	<b>370</b>	<b>637</b>

**Note 6 Trade and other receivables**

Amounts falling due within one year:

	2019-20 £'000	2018-19 £'000
Prepayments and accrued income	254	252
Season ticket interest free loans	4	6
<b>Balance at 31 March</b>	<b>258</b>	<b>258</b>

**Note 7 Cash and cash equivalents**

	Note	2019-20 £'000	2018-19 £'000
Cash at bank at 1 April		318	175
(Decrease)/increase in cash for the year	SCF	(120)	143
<b>Cash at bank and held at 31 March</b>		<b>198</b>	<b>318</b>

The following balance at 31 March was held at:

<b>Government banking services</b>	<b>198</b>	<b>318</b>
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**Note 8 Trade and other payables**

Amounts falling due within one year:

	Note	2019-20 £'000	2018-19 £'000
Trade payables		168	522
Accruals and deferred income		496	517
<b>Balance at 31 March</b>		<b>664</b>	<b>1,039</b>

**Note 9 Provisions**

The VTS has no provisions for either the current or prior year.





## Note 10 Pensions

Year ended 31 March 2020	Assets £'000	Obligations £'000	Net liability/ (asset) £'000
<b>Opening position</b>	<b>51,515</b>	<b>(64,626)</b>	<b>(13,111)</b>
Current service cost	–	(862)	(862)
Administration costs	(67)	–	(67)
<b>Total service cost</b>	<b>(67)</b>	<b>(862)</b>	<b>(929)</b>
Net interest	–	–	–
Interest income on plan assets	1,215	–	1,215
Interest cost on defined benefit obligation	–	(1,526)	(1,526)
<b>Total net interest</b>	<b>1,215</b>	<b>(1,526)</b>	<b>(311)</b>
<b>Total (expenditure)/income recognised in the statement of comprehensive net expenditure</b>	<b>1,148</b>	<b>(2,388)</b>	<b>(1,240)</b>
Plan participants' contributions	158	(158)	–
Employer's contributions*	426	–	426
Benefits paid including expenses	(2,287)	2,287	–
Unfunded benefits paid	(98)	98	–
<b>Expected closing position</b>	<b>50,862</b>	<b>(64,787)</b>	<b>(13,925)</b>
Changes in demographic assumptions	–	(215)	(215)
Changes in financial assumptions	–	5,667	5,667
Experience	–	(2,404)	(2,404)
Return on assets excluding amounts included in net interest	(1,403)	–	(1,403)
Changes in asset ceiling	–	–	–
Other actuarial losses	(2,739)	–	(2,739)
<b>Total re-measurements recognised in the statement of other comprehensive net expenditure</b>	<b>(4,142)</b>	<b>3,048</b>	<b>(1,094)</b>
<b>Closing position</b>	<b>46,720</b>	<b>(61,739)</b>	<b>(15,019)</b>

\* Contributions by employer including unfunded pension payments.

The VTS pension is held with the Local Government Pension Scheme which is administered by the London Pension Fund Authority (see note 1.9).

Most of the Pension Fund's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets. The property and infrastructure assets are subject to valuation by external valuers and due to the unprecedented impact of COVID-19 on the market and wider economy, the valuers have advised the Pension Fund that these assets are subject to material valuation uncertainty at 31 March 2020. In addition, the Pension Fund have advised the VTS that there is a material uncertainty related to the valuation of the private equity assets held by the Fund, again due to the impact of COVID-19 on these assets. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in VTS's accounts, than would normally be the case.

The pension valuation has made allowance for the Court of Appeal judgment in relation to the McCloud and Sargent cases which relate to age-discrimination with the Judicial and Fire Service Pension schemes respectively.

The Government has announced a public consultation in seeking views on proposed methods of implementing changes to remedy the age discrimination identified in the McCloud court case.

There is likely to be a change to the pension liability following the completion of the consultation. At the time of completing the financial statements, there is insufficient information available to base any calculations of the impact on the total IAS19 liabilities as at 31 March 2020.

The timing of the consultation means that any resulting changes will be reflected in the pension liability as at 31 March 2021.

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
<b>Year ended 31 March 2019</b>			
<b>Opening position</b>	<b>47,896</b>	<b>(64,065)</b>	<b>(16,169)</b>
Current service cost	–	(818)	(818)
Administration costs	(62)	–	(62)
Past service cost including curtailments	–	(208)	(208)
<b>Total service cost</b>	<b>(62)</b>	<b>(1,026)</b>	<b>(1,088)</b>
Net interest			
Interest income on plan assets	1,203	–	1,203
Interest cost on defined benefit obligation	–	(1,608)	(1,608)
<b>Total net interest</b>	<b>1,203</b>	<b>(1,608)</b>	<b>(405)</b>
<b>Total (expenditure)/income recognised in the statement of comprehensive net expenditure</b>	<b>1,141</b>	<b>(2,634)</b>	<b>(1,493)</b>
Plan participants' contributions	165	(165)	–
Employer's contributions*	1,442	–	1,442
Benefits paid including expenses	(2,098)	2,098	–
Unfunded benefits paid	(96)	96	–
<b>Expected closing position</b>	<b>48,450</b>	<b>(64,670)</b>	<b>(16,220)</b>
Changes in demographic assumptions	–	2,583	2,583
Changes in financial assumptions	–	(2,539)	(2,539)
Experience	–	–	–
Return on assets excluding amounts included in net interest	3,065	–	3,065
Changes in asset ceiling	–	–	–
Other actuarial losses	–	–	–
<b>Total re-measurements recognised in the statement of other comprehensive net expenditure</b>	<b>3,065</b>	<b>44</b>	<b>3,109</b>
<b>Closing position</b>	<b>51,515</b>	<b>(64,626)</b>	<b>(13,111)</b>

\* Contributions by employer including unfunded pension payments.





The financial assumptions used in the calculation of pension liabilities under IAS19 are as follows:

Assumptions as at:	31 March 2020		31 March 2019	
	% pa	real	% pa	real
RPI increases	2.80	–	2.45	–
CPI increase	1.90	(0.9)	1.45	(1.0)
Salary increases	2.90	0.1	3.95	1.5
Pension increases	1.90	(0.9)	2.45	–
Discount rate	2.35	(0.5)	2.40	(0.1)

These assumptions are set with reference to market conditions at 31 March 2019. The 'real' assumptions shown are with reference to the Retail Prices Index (RPI).

The discount rate has been calculated using a Single Equivalent Discount Rate (SEDR) which has been derived using sample future cash flows to identify the appropriate point on the Merrill Lynch AA corporate bond yield curve for two to 30 years and the curve is assumed to be flat beyond the 30-year point. Based on future pension cash flows, a discount rate of 2.35% has been deemed appropriate, compared with 2.40% last year.

The RPI increase assumption is set based using a similar approach to the SEDR described above. The Single Equivalent Inflation Rate (SEIR) uses the Bank of England implied inflation curve over two to 30 years, with inflation assumed to be flat beyond the 40-year period. Using the inflation curve an SEIR has been determined as appropriate to reflect the impact of inflation on the pension fund. The RPI assumption using SEIR is assumed to be 2.80% p.a., compared with 2.45% assumed last year.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, the actuaries, Barnett Waddingham, have made a further assumption that CPI will be 0.9% p.a. below RPI (i.e. 1.9% p.a.). This is a smaller RPI/CPI differential than last year, but they believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation method and recent independent forecasts.

In the longer term, salaries are assumed to increase by 1% above CPI (1.90%) including the impact of promotional scales.

The employer contribution rate is set at 16.3% for the remainder of the inter-valuation period.

The post retirement mortality tables have been constructed based on Club Vita (life expectancy) analysis. These tables are then projected using the Continuous Mortality Investigation (CMI) 2018 Model. The core assumptions were adopted within the model, including continuing to adopt a long-term improvement rate of 1.25% p.a.

The assumed life expectancies from age 65 are:

<b>Life expectancy from age 65</b>		<b>31 March 2020 Weighted by liability</b>	<b>31 March 2020 Unweighted</b>	<b>31 March 2019 Unweighted</b>
		Retiring today	Males	22.8
	Females	24.2	23.0	23.7
Retiring in 20 years	Males	23.4	23.6	22.9
	Females	24.9	24.6	25.6

The above table shows the life expectancies at 31 March 2020 weighted by liability and unweighted.

The table below summarises the membership data, as at 31 March 2020, for members receiving funded and unfunded benefits.

<b>Member data summary</b>	<b>Number of members</b>	<b>Salaries/ pensions £'000</b>	<b>Average age</b>
Actives	59	2,165	50
Deferred pensioners	128	420	50
Pensioners	223	1,985	73
Unfunded pensioners	48	89	77

### Sensitivity analysis

International Accounting Standards require disclosure of the sensitivity of the results to the methods and assumptions used. The costs of a pension arrangement require estimates regarding future experience. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date.

Changes in assumptions can have a significant effect on the value of the liabilities reported. The table below explains the effect of +/- 0.1% movement in financial assumptions.

<b>Sensitivity analysis</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Adjustment to discount rate</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(0.1%)</b>
Present value of obligation	60,728	61,739	62,768
Projected service costs	704	720	736
<b>Adjustment to long-term salary increase</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(0.1%)</b>
Present value of obligation	61,810	61,739	61,669
Projected service costs	720	720	720
<b>Adjustment to pension increases and deferred revaluation</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(0.1%)</b>
Present value of obligation	62,701	61,739	60,793
Projected service costs	736	720	705
<b>Adjustment to life expectancy assumptions</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of obligation	63,804	61,739	59,741
Projected service costs	744	720	697





### Statement of Financial Position

The asset and liability values as at 31 March are reflected in the table on page 63 and are reported in the Statement of Financial Position on page 51 as the total pension net liability of £15,019,000.

Unfunded benefits paid as at 31 March 2020 amounted to £98,000 (2018-19: £96,000). The liability for unfunded benefits at 31 March 2020 was £1,283,000 (2018-19: £1,659,000). This is contained within the net pension liability of £15,019,000 (2018-19: £13,111,000).

### Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2020 is estimated to be 0% (zero percent).

The estimate asset allocation as at 31 March 2020 is as follows:

Asset breakdown	31 March 2020	
	£'000s	%
Equities	25,216	54%
Target return portfolio	12,037	26%
Infrastructure	3,404	7%
Property	4,637	10%
Cash	1,426	3%
<b>Total</b>	<b>46,720</b>	<b>100%</b>

### Projected pension expense for the year to 31 March 2021

Projections for the year	31 March 2021 £'000s
Service cost	720
Net interest on the defined liability (asset)	348
Administration expenses	61
<b>Total loss (profit)</b>	<b>1,129</b>
Employer's contributions	350

### Note II Capital commitments

The VTS has no capital commitments for either the current or prior year.

## Note 12 Commitments under leases

### Operating leases

Obligations under operating leases for the following periods comprise:	2019-20 £'000	2018-19 £'000
<b>Buildings</b>		
Not later than one year	494	223
Later than one year and not later than five years	1,319	75
<b>Total</b>	<b>1,814</b>	<b>298</b>

Following the end of the year the Valuation Tribunal Service agreed an extension to its lease of the London office site from 1 November 2020 to 31 October 2025. The figures quoted above relate to the lease until 31 October 2025.

The commitment arising as a result of the subsequent lease agreement is £1,319k.

## Note 13 Related party disclosures

The VTS is sponsored by MHCLG, which is regarded as a related party. During the reporting period there were a number of significant related party transactions. The most significant are for IT managed services.

The values of related party transactions include the following:

- grant in aid of £5,992k (2018-19: £7,120k) was received from MHCLG.
- the VTS is a non-departmental public body and during the year the VTS had various material transactions with the Department but not with any other entity for which MHCLG is regarded as the parent Department.
- in addition, the VTS has had various transactions with other government departments and other central government bodies which include:
  - payments of Nil (2018-19: £312k) were made to the VOA for IT support and maintenance services. The VOA is an executive agency of HMRC.
  - payments of £425k (2018-19: £1,442k) were made to the LGPS pension fund representing employer's contributions for the year for funded and unfunded schemes, excluding settlements.
  - remittances were made to HMRC for social security costs of £776k (2018-19: £796k).
  - payments of £320k (2018-19: £335k) were made to NHS Property Services for office rent, service charges, heating and lighting.
  - payments of £92k (2018-19: Nil) were made to the Secretary of State for Housing Communities and Local Government of the Department for Work and Pensions for office rent, insurance rent and service charges.

During the year, no Board Members, senior management staff or other related parties have undertaken any material transactions with the VTS.





### Note 14 Check, Challenge Appeal fees (CCA)

Under the Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 which came into force on 1 April 2017 appellants are required to pay a fee, returnable if their appeal is upheld or remitted to the Consolidated Fund when not. The VTS is not permitted to utilise these fees to defray its operating costs and they are held pending the Tribunal's determination.

	2019-20		2018-19	
	Number	£'000	Number	£'000
<b>Balance as 1 April</b>	<b>41</b>	<b>9</b>	<b>5</b>	<b>1</b>
CCA cases received during the period	308	81	65	15
Determined in favour of the appellant	(160)	(42)	(18)	(4)
Determined in favour of the authority	(75)	(19)	(16)	(3)
Cases remaining undetermined at 31 March	114	29	36	8
Determined cases held for repayment to the appellant at 31 March	23	6	3	1
Determined cases held for remittance to the Consolidated Fund at 31 March	27	8	2	–
<b>Balance at 31 March</b>	<b>164</b>	<b>43</b>	<b>41</b>	<b>9</b>

The above position differs slightly from the Operations report, because of timing differences created by the current manual processing of registration, processing of cheques and refund of repayments (to both the appellants and the Consolidated Fund).

### Note 15 Events after the reporting period

The VTS's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. The Chief Executive and Accounting Officer authorised the accounts for issue on the date that they were certified by the Comptroller and Auditor General.

# Accounts direction

## The Valuation Tribunal Service

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH PARAGRAPH 19(2) OF SCHEDULE 4 TO THE LOCAL GOVERNMENT ACT 2003

**1** The annual accounts of The Valuation Tribunal Service (hereafter in this accounts direction referred to as “the Service”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the financial statements for 2010-11 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in Managing Public Money and in the Government Financial Reporting Manual issued by the Treasury (“the FRoM”), as amended or augmented from time to time;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State.

Insofar as these requirements are appropriate to the Service and are in force for the year for which the Accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the Notes to the Accounts.

**2** Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.

**3** This direction shall be reproduced as an appendix to the annual Accounts.

**4** This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government



An officer in the Department for Communities and Local Government

31 March 2010

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