The Valuation Tribunal Service

Annual Report and Accounts 2012-13

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The Valuation Tribunal Service

Annual Report and Accounts 2012-13

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Chairman's statement

I am pleased to present the Valuation Tribunal Service's (VTS) Annual Report for 2012-13. This was a very successful year for us, as we continued to deliver good levels of service to business rates and council tax appellants, as well as preparing for the introduction of new appeals against the application of local authority council tax reduction schemes. What is particularly pleasing is that this has been achieved with higher levels of user satisfaction and in a way that has yielded greater value for money, in line with the trend we have established in recent years. This is a reflection of the commitment and careful thought which our staff have brought to their work.

A very significant challenge during the year was to ensure that the VTS was ready to process whatever level of council tax reduction appeals are lodged. The reduction schemes drawn up by local authorities replace council tax benefit, which was a national scheme where appeals lay to the Social Entitlement Chamber of the First-tier Tribunal. In place of council tax benefit, all 326 local authorities now either have their own schemes, on which they have carried out local consultation, or have adopted the Default Scheme. Our preparations for the implementation of this new regime have therefore involved extensive networking with local authorities, to gain some understanding of the issues that may arise on appeal, to facilitate communications between us and to exchange information about how they and we would process this work. We set up a project team to ensure that all strands of activity were monitored and costed. Not least, our preparations have involved extensive changes to our IT system, which has needed to be thoroughly tested to ensure compatibility with existing IT processes. I am pleased to say that we have met a considerable portion of the cost of making these changes out of existing resources. We have also had to estimate the small number of additional staff who will be required to undertake this new caseload, to secure approval to recruit, to undertake the recruitment exercise and, in due course, we will be inducting and training the team. In conjunction with the President of the Valuation Tribunal for England (VTE), we have also made available training for his tribunal members, and trained our existing cohort of staff. New leaflets and appeal forms have been prepared, and our website has been altered to include information about the new appeals. So it will be apparent that the breadth of activity in our preparations has involved staff in all disciplines across the organisation and I am very proud of the team spirit they have shown.

Such a significant injection of new work comes at a time when we still await progress on a move to HM Courts and Tribunals Service. With so many unknowns and uncertainties, the Members of the Board of the VTS have certainly been particularly exercised to watch issues of risk. Their advice and encouragement have been effective and supportive and I would like to thank them for their commitment and wisdom, and their personal contribution to the VTS. The Board is well supported by its Chief Executive and senior managers, who are excellent role models for staff in their commitment and professionalism.

Alongside preparations for the new appeal work, we have been mindful that there must be a continuing commitment to the efficiency and effectiveness of our work in relation to business rates appeals and other types of council tax appeals. We have worked with the President of the VTE and the Valuation Tribunal Users' Group, and with the Department of Communities and Local Government (DCLG) to consider ways in which the business rates appeals process can be refined and improved. This work is on-going, and we hope it will yield some process improvements to enhance the experience for users. If it can be brought to fruition in a process of direct appeals to the VTE, it would fulfil a longstanding aim of the Board.

Anne Galbraith CBE
Chairman
Valuation Tribunal Service

Chief Executive’s statement

I am delighted to report on what has again proved to be a challenging but successful year for the VTS. This Annual Report demonstrates how much has been achieved over the past year and the ability of the VTS to rise to unexpected challenges that inevitably surface during the year.

We continue to work in an increasingly demanding external environment and are rightly subject to greater expectations from the public and their representatives – not least for the effective use of public money at a time of continuing financial constraints. It is therefore essential to remain focused on our aims and objectives to ensure that any potential risks resulting from external change are managed effectively internally. Our achievements in this respect admirably reflect our ability to respond and maintain the balance between continuity and change in a number of areas.

As an innovative organisation, we are always on the lookout for smarter and leaner ways of providing our service. It is therefore pleasing to note that during the year we listed over 148,000 appeals and cleared almost 30,000 more appeals than last year, yet on 200 fewer hearing days. This aim has been part of our initiative to handle the listing of appeals more effectively, recognising that not all appeals listed actually result in a full hearing.

The passing of legislation in October 2012 introducing local council tax reduction schemes for each billing authority presented us, as administrators of this new appeal workstream under the existing provisions of section 16 of the Local Government Finance Act 1992, with different challenges and not a lot of time to find solutions. I would like to pay particular tribute to my Operations Manager, IT Manager, Corporate Services Manager and the rest of the council tax reduction project team, for their professionalism in what was undoubtedly a difficult and pressurised time for us all. The team’s work in this area meant that we were ready to receive, acknowledge and list these new appeals on 28 March 2013, ahead of it coming into force on 1 April.

Professionalism remains at the heart of everything we do at the VTS. I would like to thank our staff for maintaining high standards to ensure business as usual throughout a challenging time. Whatever position they hold within the organisation, it is their professionalism and commitment which is at the heart of our achievements. We work as a team, so we have a lot to be proud of and we will build on this solid foundation in continuing to raise our level of achievement in addressing any challenges that we may again face during the year to come.

Antonio Masella

Chief Executive and Chief Operating Officer
Valuation Tribunal Service

Our services and what we do

The Valuation Tribunal Service

The VTS, sponsored by the Department for Communities and Local Government (DCLG), was created under the Local Government Act 2003 and established as a non-departmental public body on 1 April 2004. The VTS supports the operation of the Valuation Tribunal for England (VTE) by providing the following services:

- accommodation
- staffing
- information technology
- equipment
- training for staff and VTE members
- general advice about procedure relating to the proceedings before the Tribunal.

The VTE was established by the Local Government and Public Involvement in Health Act 2007 with jurisdiction to hear appeals in respect of:

- business rates
- council tax
- completion notices
- penalty notices for failure to provide requested information
- drainage rate assessments.

The VTE is headed by a President, Professor Graham Zellick CBE QC, appointed by the Lord Chancellor. The President and four Vice-Presidents provide judicial leadership and guidance to a voluntary membership.

The chairmen and members of the VTE are volunteers who come from all walks of life and receive training to support them in their statutory role. They commit to one hearing day per month and are reimbursed for expenses incurred, based on prescribed amounts determined by the Secretary of State. In certain circumstances, members may also be reimbursed at prescribed rates for financial loss incurred as a result of undertaking VTE duties. A tribunal panel normally consists of a chairman and two members; they are supported at hearings by a salaried clerk who provides procedural and technical advice.

Appeals

Appeals arise 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) do not agree with a ratepayer's or council taxpayer's contention and the ratepayer or taxpayer seeks a resolution to the matter. For the main types of appeals, the processes are as follows.

Business (non-domestic) rates appeals are forwarded to the VTE by the VOA under a regulatory framework that requires them to transmit any proposals (formal challenges) that they have not resolved after a three-month period. This is an automated process and, owing to the large volume of challenges made, the number of proposals transmitted as appeals is also large. The vast majority of these do not require a hearing and discussions are underway to find a process that reduces the involvement of the VTS in administering them.

Council tax valuation (banding) appeals are made direct to the VTE when the individual has made a proposal to the VOA and the VOA has issued a decision notice with which the appellant disagrees. An appeal must be made within three months of receiving the notice.

Other types of council tax appeals against a council's decision are made direct to the VTE and have to be made within two months of the date of the council's decision. In cases where a council has failed to respond to an individual within this period, the timescale for appealing becomes four months, starting from the date the initial challenge was made by the individual.

30,000

Almost 30,000 more appeals listed than last year with around 200 fewer hearing days.

Workload

Around 274,000 appeals were brought forward in April 2012 and during the year just over 121,000 were received, a significant decrease from the 180,000 received in 2011-12. During the year, 221,000 appeals were cleared, 25% more than last year, reducing the 'Carried forward' figure by 100,000. Table 1 shows the detail of these figures by appeal type.

Table 1

Appeal groups	Brought forward	Received	Cleared	Carried forward
Council tax completion notice	50	350	300	100
Council tax liability	460	860	780	540
Council tax notice of invalidity	70	330	110	290
Council tax valuation	1,010	2,030	1,800	1,240
Non-domestic completion notice	150	160	140	170
Non-domestic penalty notice	–	–	–	–
Non-domestic transitional certificate	160	120	80	200
Non-domestic rating list 2000	140	–	50	90
Non-domestic rating list 2005	72,700	400	54,000	19,100
Non-domestic rating list 2010	199,000	117,000	163,700	152,300
Total	**273,740**	**121,250**	**220,960**	**174,030**

Note: Figures have been rounded to the nearest 10, except for figures for non-domestic rates appeals against the 2005 and 2010 lists, which have been rounded to the nearest 100. 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, on account of reinstatements or clearances of appeals.

During the year under review, 1,175 tribunals were held, to which we listed 148,000 appeals. This is almost 30,000 more appeals listed than last year with around 200 fewer hearing days. This was as a consequence of focusing business rate appeals into regional hearings, thus creating more meaningful hearings.

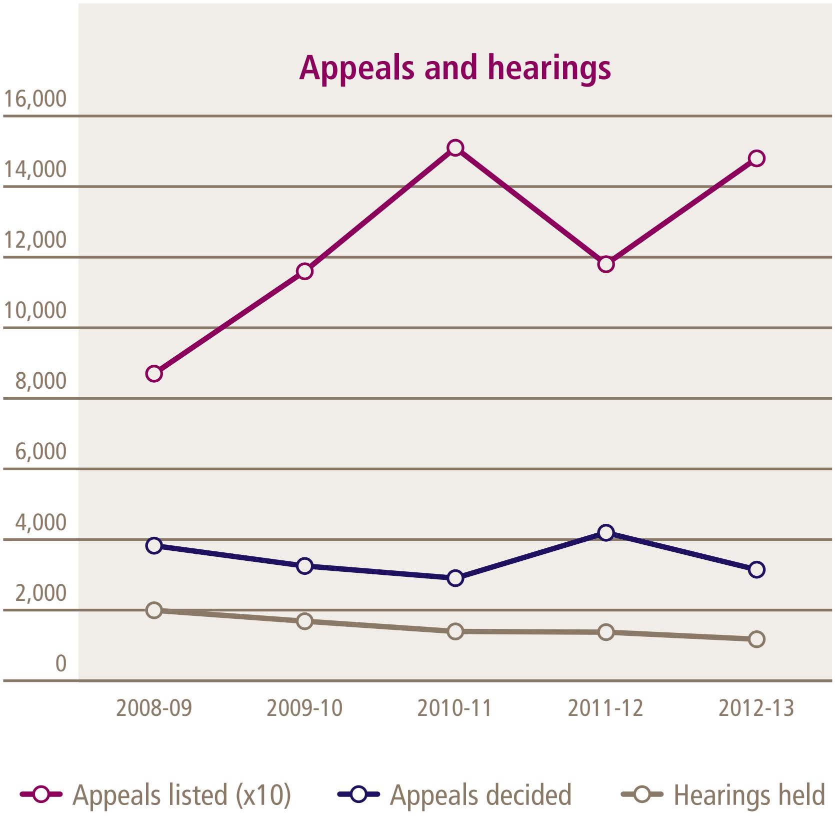
Listing more appeals has inevitably lead to an increase in the numbers of parties' statements of case received; these are required by a VTE Practice Statement to be exchanged before the hearing, for appeals against the 2010 rating list. During the year, we received almost 34,000 statements of case compared with fewer than 20,000 last year. This has added considerably to the administrative workload and the VTE President is currently reviewing his Practice Statement on exchange and disclosure of evidence.

Although high volumes of statements of case are received, this does not translate into the actual number of cases that follow through to a hearing, as some are agreed through negotiation between the parties during the period leading up to the hearing date; this year 35% of all appeals listed for hearing were settled and 34% were struck out.

A key service standard commitment for VTS staff is to issue a tribunal panel's reasoned account of its decision (in a contested case) to the parties within one month of the hearing date. Our tribunal user surveys continue to highlight that early receipt of the decision is important to them. In 2011-12, 74% of such decisions were sent to the parties within one month. This year's figure is 90% of the 3,145 decisions issued. This is a significant improvement resulting from a number of performance management initiatives introduced during the year.

Chart 1 shows the decline over five years in the number of hearings held and the increase in the numbers of appeals listed to them. The chart also shows, perhaps counter intuitively, the inverse relationship between the number of cases requiring a full hearing and the number of appeals listed.

Chart 1



90% of the 3,145 decisions issued were sent to the parties within one month.

90%

From 1 April 2013 a new appeal workstream will require our resources; these are appeals against local authorities' council tax reduction schemes. We shall focus on giving priority to these appeals, in line with DCLG's requirements. At the time of publishing this report, the volumes are unknown. However we are working on the Department's assumption of 14,000 appeals in 2013-14. Based on listing eight cases per hearing day, this will mean an additional 1,750 hearing days in the year.

Our people

Staff

Our staff headcount increased from 73 reported last year to 74 at the end of this financial year, with an average across the year of 76.25. This was still 5.9% below our lean complement of 81 full-time equivalent posts. Vacancies that have arisen were due to staff turnover. We shall be recruiting to these positions during the course of 2013, having secured the necessary approvals from our sponsoring Department, during the general moratorium on recruitment.

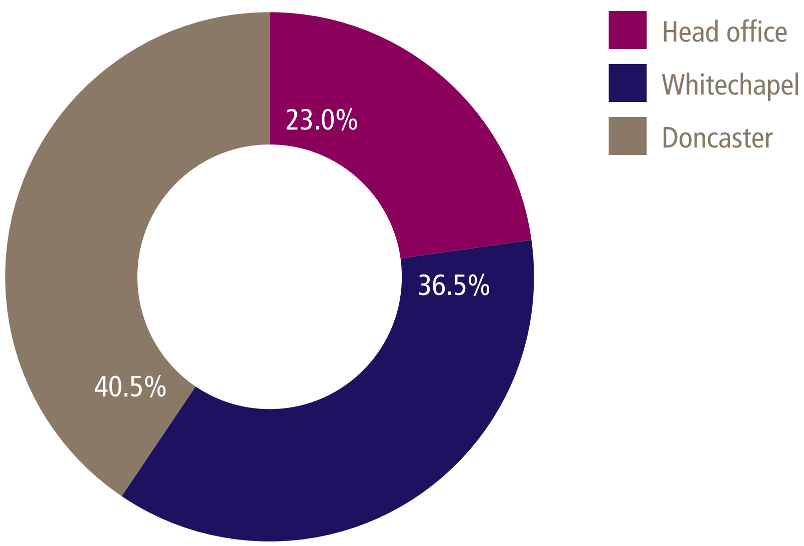
Because of a new work stream from 1 April 2013 (council tax reduction appeals), we have been granted approval to recruit to an additional 11 full-time equivalent positions in 2013-14 to deal with the anticipated workload. This will take our staff complement up to 92 full-time equivalents.

Since 1 April 2011, we have operated from two administrative hubs, Doncaster and London (Whitechapel). Staff in each of these offices administer and case manage appeals from receipt to listing. Our Head Office is integrated within the Whitechapel office.

We also have a group of home-based staff who work peripatetically, advising hearing panels throughout England on rating and council tax practice and procedure.

Chart 2 shows the distribution of headcount (by percentage of the total) as at 31 March 2013. This includes our home-based staff who have an allocated office for management purposes.

Chart 2



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Ten people left our employment during the year, six resigned, three were dismissed and one retired.

The representation of ethnic minorities within the workforce at the end of the year had reduced slightly to 16.2% from 17.8% in 2011-12.

The average age of our staff increased from 44.9 to 45.8 years, with a median age of 49. Average length of service fell slightly from 12.7 years in 2011-12 to 12.5 years in 2012-13.

The VTS inherited pension liabilities in a number of local government schemes and, at 31 March 2013, 88% (65) of our current employees were members of these schemes.

During the year, 548 days' staff sickness absence were recorded, an average of 7.2 days per person compared with 9.2 days in 2011-12. The reasons for this 22% reduction include the introduction of a new, more robust sickness absence procedure, which focused on proactive management. In addition a number of long-term sickness cases were resolved.

The absenteeism rate due to sickness was 3.3% (4.2% for 2011-12). This compares to an overall UK rate of 3.0% and a public sector rate of 3.5% (*CIPD Absence Management: Annual Survey Report 2012*). In a relatively small organisation such as the VTS, sickness levels can fluctuate quite markedly. For example, based upon our current total sickness and staffing numbers, one extra incidence of a 20-day (long-term) absence can increase the overall average by 0.26 days a year.

Valuation Tribunal for England (VTE) members

As at 31 March 2013, there were 302 chairmen and members, representing a 20% reduction from last year's closing figure. This reduction was due to members reaching the statutory retirement age (72 years) and resignations for personal reasons. The equality breakdown remained fairly consistent, with 19% being female and 8% being from ethnic minority groups. The percentage recorded as having a disability rose from 7.7% to 8.4%.

During the year, we have further enhanced the central booking system we use for members to record timely management information surrounding member activity.

22%

Staff sickness absence: an average of 7.2 days per person was recorded, a 22% reduction.

Developing our People

Staff

Developing our staff continues to be a key priority for us and we support continuing professional development (CPD). A minimum of 20 hours CPD is a requirement for all our professionally qualified staff and we currently have 12 staff undertaking qualification study, of whom four were successful in examinations during the year.

We provided 449 days of training to our staff, an average of 6 days' training per staff member compared to 4.9 days last year. Overall, 100% of our staff received at least one day's training in the financial year.

The 2012-13 training programme concentrated on organisational responsibilities such as Health and Safety, Customer service and Equality. In addition, a cohort of staff were trained in Lean Six Sigma (Green Belt) with a view to streamlining our business processes and working smarter, thereby relieving pressure on the administration wherever possible. All of these courses were aimed at assisting us to deliver our services better with our current staff.

VTE members

The members' training and development programme for 2012-13 continued to be delivered regionally; we increased significantly the notice period and gave options to transfer to more convenient dates to enable more members to attend. In addition to the planned programme, a further event for chairmen was rolled out towards the end of the year to prepare them for the new jurisdiction in council tax reduction, which the VTE takes on from 1 April 2013.

In all, 871 days' training were delivered during the year, equivalent to 2.6 days per member, exceeding our performance target to deliver 1.5 days' training a year per member.

449

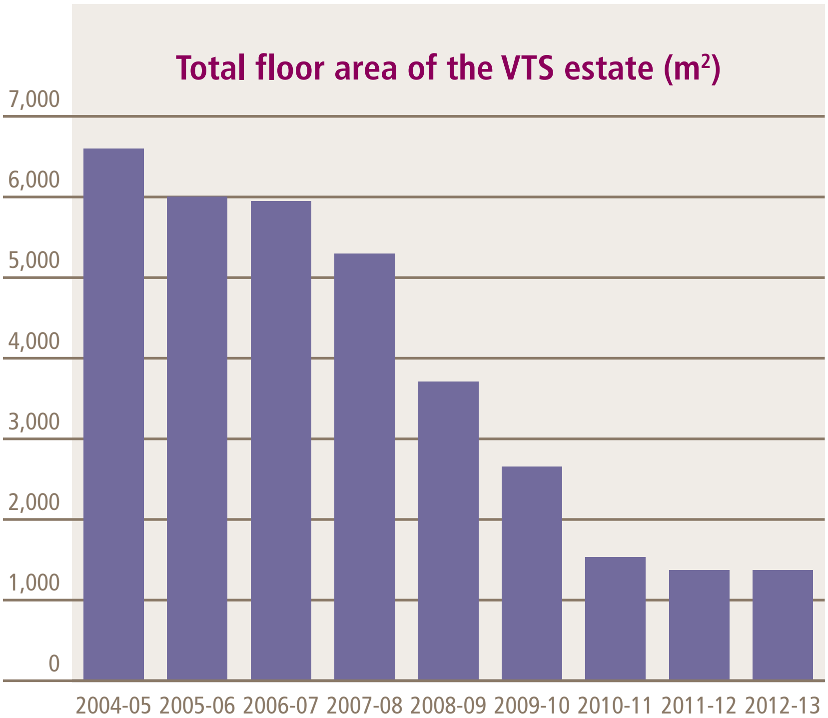
We provided 449 days of training to our staff, an average of 6 days' training per staff member.

The estate

Our estate footprint has reduced significantly since we were first established in 2004. The chart below shows this yearly reduction. During the year we successfully surrendered our lease on the Witham office to the Treasury Solicitor under the doctrine of bona vacantia. Our estate is now fully optimised and we continue to operate from our two administrative centres, London (Whitechapel) and Doncaster, both of which provide in-house hearing rooms.

Chart 3 shows how the total area of the estate has decreased since the VTS came into being in 2004.

Chart 3



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Our public interests

Equality and diversity

We developed our policies relating to equality and diversity to ensure that we met our statutory obligations under the Equality Act 2010.

We value the skills and experience of our workforce and wish to make full use of the talents of disabled staff and members, and to be user-friendly towards appellants with disabilities.

We continue to offer to translate our guidance leaflets into commonly used languages in the UK (Arabic, Bengali, Chinese, Gujarati, Polish, Punjabi and Urdu). During the year, we received only one request for a translation. We also arranged three interpreters for appellants attending hearings (in Turkish, Italian and Polish).

We continue to offer our guidance booklets and tribunal decision documents in Braille and large print. Audio versions of all new guidance booklets are available to download from our website. For the new appeal workstream of council tax reduction from 1 April 2013, we have produced 'easy-read', pictorial versions of the booklets. Signers and other communication assistance are provided on request to enable hearing-impaired appellants to participate fully when attending a hearing. During the year we received one request for a signer.

We ensure that, as far as possible, our offices and hearing venues comply with the access requirements of the Disability Discrimination Act 1995 (most of which are now encompassed within the Equality Act 2010). If necessary, we arrange hearings in especially suitable venues or the appellant's own home.

Our website includes a link enabling the public to download, free of charge, 'Browse aloud' software for use on their PCs. This software 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. It was downloaded by 168 new users visiting our website during the year.

63%

Overall satisfaction levels (where the VTS scores 8, 9 or 10 out of 10), these averaged 63% during the year, compared to 56% for the previous year.

Customer survey

We continue to commission monthly surveys of appellants who have attended a hearing in the preceding month. This is a valuable method that enables us to receive feedback and, where necessary, respond quickly with improvement initiatives. Last year, around 25 telephone interviews were conducted each month.

Looking at overall satisfaction levels (where the VTS scores 8, 9 or 10 out of 10), these averaged 63% during the year, compared to 56% for the previous year. This improvement, for a second consecutive year, was largely driven by the satisfaction levels of those people whose appeals were not successful; 52% of them scored the service provided at 8, 9 or 10 in 2012 (40% in 2011). This is an important measure for us since it suggests that the VTS is increasingly perceived in terms of the service it provides rather than being influenced by the appeal outcome. We intend to learn more about this in the coming year by commissioning in-depth research with a small group of appellants throughout their appeal journeys.

Environment and Corporate Social Responsibility

The VTS is exempt from the requirement to report on sustainability; nevertheless it acknowledges its responsibility to have sound environmental practices and supports the Sustainable Operations on Government Estate targets on carbon emissions.

The VTS operates a recycling programme and during the year, through recycling, we saved a total of 198 trees.

Health and safety

As part of our ongoing commitment to preserve the health, safety and wellbeing of staff, VTE members and others lawfully on our premises, we have reviewed our health and safety policies.

During the year, there were three recorded accidents of a minor nature (two in 2011-12); none resulted in any absence from work.

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Complaints

The VTS maintains a register of all complaints received. Our Customer Charter and Complaints Policy document is published on the VTS website.

During the year, 31 complaints about the administration were registered (compared to 21 in 2011-12). One complaint was referred to the Chief Executive for investigation for maladministration (one in 2011-12); maladministration was not found.

No complaints against the VTS were investigated by the Parliamentary and Health Service Ombudsman this year.

The Data Protection Act 1998 and Freedom of Information Act 2000

During the year, the VTS received and responded to 25 requests made under these Acts, (15 in 2011-12). Two internal reviews were carried out; one of these cases was referred to the Information Commissioner for investigation, the outcome of which is awaited.

Data security and information risk

In accordance with annual practice, the VTS returned its assurance statement to DCLG in March 2013 confirming that it had undertaken a thorough risk management overview of its requirements to meet the Cabinet Office's security policy framework. In so doing the VTS supported its own security risk management processes in various areas. The VTS Data Handling and Information Security Group delivered an updated, and externally accredited, information security system (ISS) which followed on from staff completing updated e-learning modules on information risk. In June 2012, business continuity training extended to engaging incident managers in an externally supervised 'mock' disaster incident, from which an updated Incident Response and Business Continuity Plan and staff 'Incident Cards' were produced. These measures, together with dedicated training to the Data Protection Officer, not only supported the ISS but ensured that all staff continued to participate in a culture that values, protects and uses information for the public good. Separately through the year, the VTS's senior information risk owner provided the necessary assurances to the Accounting Officer, VTS Board and its Audit Committee. In 2012-13 there were no reports of risk-related incidents.

Through recycling, we saved 198 trees.

198

recycle

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Management commentary

Performance against objectives

The expectation had been that, after the reorganisation in 2011-12, last year would be a period of consolidation, with ‘business as usual’. In our Business Plan 2012-13 we said that the focus for the year would be on:

‘robust and measurable quality improvements which provide lasting benefits to tribunal users, stakeholders, members and staff.’

While such improvements were made, as the data below show, our focus was redirected by the unexpected addition of a new jurisdiction for the Valuation Tribunal, council tax reduction (CTR) appeals, from 1 April 2013 (by virtue of the Local Government Finance Act 2012). The other unanticipated external factor that influenced our work was the Government’s announcement that the 2015 rating revaluation would be postponed. This led to pressure for an increase in numbers of business rates appeals listed for hearing. Both these events impacted on our performance against certain of the key performance indicators shown on page 20. For example, extra training activity was needed to prepare staff and VTE members to deal with the new appeals, and the emphasis on rating appeals meant that council tax cases were not always listed as quickly as we aim to do.

A full account of our performance against the Business Plan for 2012-13 can be found on our website, www.valuationtribunal.gov.uk. Of 20 objectives, 16 were completed fully. Two were completed only in part because resources were diverted to CTR appeals implementation and because of ongoing discussions with DCLG on reducing pension liabilities. Of the remaining two, we channelled the funds we planned to invest in video resources for appellants into more urgently needed projects as part of our preparation for the new jurisdiction; the objective on preparing for transfer to the Ministry of Justice was delayed by ongoing, inconclusive discussions at Departmental level.

Highlights from among our achievements include:

Strategic Priority 1 – We will enhance our support to the VTE

What we did

We maintained effective relationships with existing stakeholders and developed new relationships with billing authorities to understand the impact of the change from council tax benefit to council tax reduction schemes.

We developed new relationships with Social Entitlement Chamber administrators.

We developed our IT system to capture CTR appeals and issue the various notices that will be sent to the parties.

We implemented a training programme for VTE members encompassing non-domestic rating training and specialised training for chairmen on the new CTR appeals.

We participated in discussions on draft new regulations for CTR appeals.

We continued to develop our website to assist in communicating the VTE President’s Practice Statements and judgments in cases of interest and introduced a new area on CTR for tribunal users.

Strategic Priority 2 – We will continue to improve the way we work and the quality and consistency of our service

What we did

We commissioned independent surveys of appellants to highlight user experience, and monthly, quarterly and annual reports were used to refocus or develop new customer service initiatives.

We worked with the VTE President on revisions to Practice Statements.

A cohort of staff has been trained in Lean Six Sigma to Green Belt standard and this will assist us in lean processing current practices in all areas of our work.

We further developed our appeals management information reports and the way they are used to monitor the effect of initiatives and highlight areas where improvement is required.

We introduced new telephony and the ability to acquire management information on calls.

Strategic Priority 3 – We will operate in ways that are efficient, economic and provide value for money

What we did

We enhanced our existing appeals database to accommodate and effectively manage CTR appeals following legislative change.

We developed and reviewed health and safety policies and worked with staff in significantly reducing sickness absence.

We harmonised all staff car allowances and introduced consistency.

We operated on a reduced budget, while increasing user satisfaction levels.

We introduced change request processes to better prioritise IT spend.

We successfully negotiated a 25% reduction in rent on a lease renewal for our Doncaster office without any detriment to operational activity.

Strategic Priority 4 – We will build capacity to deliver through our people

What we did

We continued to support staff in qualification learning to enhance their skills set across a broad range of subject areas.

We implemented health and safety, and equality training for staff as well as training in CTR appeals processes.

Key performance indicators

In our Business Plan we set ourselves a number of performance indicators. What we achieved against what we set out to achieve is shown in Table 2, compared to performance in 2011-12.

Table 2

Performance indicator	2012-13 target	2012-13 performance		2011-12 performance
Tribunal users are satisfied that we meet the communication commitments in our Customer Charter	90%	*Not achieved*		
		Listing council tax appeals within five months of receipt	**77%**	92%
		Responding to:		
		– telephone messages	**55%**	51%
		– emails	**78%**	81%
		– letters	**51%**	31%
Overall satisfaction level of Tribunal users who have attended a hearing	Improve on the previous year	*Achieved*		
		All those surveyed	**63%**	56%
		– successful appellants	**83%**	87%
		– unsuccessful appellants	**52%**	40%
Tribunal decisions issued within a month of the hearing date	80%	*Exceeded*	**90%**	75%
Invoices are paid within five days of receipt	80%	*Exceeded*	**92%**	88%
Overall reduction in days lost through staff sickness absence	20%	*Exceeded*	**22%**	–
Staff receiving two or more days' training	85%	*Exceeded*	**95%**	83%
Number of days' training per VTE member	1.5 days	*Exceeded*	**2.6 days**	1.6 days
Reduced central administration costs (by using shared services where possible)	3%	*Exceeded* This was because of a reduction negotiated with DCLG for the SAP accounting system (plus a 3% saving on office supplies)	**20.7%**	–

We recognise that, as a service delivery organisation, there is still more to do to meet the targets we set ourselves for responding to post and phone messages. We also need to improve on the time we take to provide a hearing for a council tax valuation or liability appeal. These are two areas that we are focusing on in the new financial year.

Forward Look

Discussions with DCLG, HM Courts and Tribunals Service (HMCTS) and the Ministry of Justice will continue to investigate possible solutions that will permit the transfer to HMCTS. However, in the meantime, the VTS still exists as a legal entity, and needs to discharge its statutory functions and continue to deliver its service against this backdrop and with funding that reduces annually. In doing so, the VTS remains committed to:

- supporting the VTE in providing independent, open, fair and impartial hearings;
- listening to user comments from our customer surveys and focus groups;
- remaining accessible to users and focusing on their needs;
- offering cost effective procedures; and
- maintaining appropriate systems and organisation.

The Board has agreed its strategic objectives for 2013-14 and published them in its Forward Plan, *A challenge ahead*. The strategic objectives remain:

- supporting the VTE;
- continuing to improve the way we work and the quality and consistency of our service to all stakeholders;
- operating in ways which are efficient, economic and provide value for money; and
- building capacity to deliver through our people.

Financial review

Delivery of an efficient service that provides value for money

Managing budgets continues to play a vital part in supporting the VTS's accountability and management of its public funds. Government funds, which reduced by 5.3 per cent for the year, placed even greater emphasis on regular reviews with budget holders to support the necessary internal controls and standards expected of regularity and propriety.

From 1 April 2011 the VTS concentrated its administration in its Doncaster and London (Whitechapel), offices, allowing it to introduce more coordinated, lean and manageable business processes across both. Continued financial measures will seek to gain even more added value from this two-office structure, targeting at the same time further effort into achieving customer benefit through front line service delivery.

Our sponsoring Department's shared-service agenda continues to allow the VTS to respond to joint cooperation initiatives to minimise cost in certain spend areas.

Further pressure on the efficient management of resources through 2013-14, with funding further reduced by 4.6 per cent, comes at a time when the Government has introduced, from 1 April 2013, the new CTR appeals system to be resourced on behalf of the VTE by the VTS.

Funding

We managed our grant in aid to meet our overall expenditure in spite of returning £375,000 to the sponsoring Department. The Statement of Cash Flows, as set out on page 45, which analyses net cash flow from operating activities, identifies cash spent on capital expenditure and shows grant in aid drawn down from the Department to finance our activities during the year.

Asset management

The main aim of VTS asset management is to ensure that appropriate fixed assets are held to meet our business objectives.

Outturn 2012-13

Net expenditure per the Statement of Comprehensive Net Expenditure for the year, shown on page 43, shows £7,280,000 on ordinary activities (£8,292,000 in 2011-12). Adjusted for pensions and revaluation, the total expenditure increases to £9,118,000 (increased to £13,089,000 in 2011-12).

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Financial summary

Expenditure for the financial year to 31 March 2013 was £7,860,000. This was held below the revised budget of £8,450,000 and also was less than the revised revenue grant in aid limit of £8,254,126. The actuarial loss on pension schemes was £1,271,000 (2011-12: £4,332,000).

Excluding the effect of pension movements from March 2012, our expenditure was contained within funding limits through the year. Revenue expenditure includes a dilapidation provision of £156,000, as required by International Accounting Standard (IAS) 37. The VTS continues to pay out of funding the cost of local government pension schemes' benefits accruing over the financial year, in addition to the separate pension costs charged under IAS 19 for pension liabilities.

Total grant in aid claimed and received from the sponsoring Department was £8,254,126.

Day to day responsibility for financial management of activities lies with the VTS's Strategic Management Group (SMG). In accordance with governance procedure, the SMG and the Board's Finance Committee conducted close monitoring of all financial activities.

Non-current assets

The total net book value of the non-current assets at 31 March 2013 was £1,612,000. The movements in non-current assets for the year (comprising property, plant and equipment assets and intangible assets) are set out in Notes 5 and 6 to the financial statements. There were no costs incurred on research and development during the 12 months ended 31 March 2013. Project costs relating to the development of council tax reduction appeals software totalled £809,000.

£8.25m

Total grant in aid claimed and received from the sponsoring Department was £8,254,126.

The VTS upholds the Government's five-day prompt payment target for suppliers' invoices and achieved 92% within the target cycle.

92%

During the year the VTS settled in full its liability for the Witham office and also paid off in full the balance due to the Royal County of Berkshire Pension Fund. In total these payments amounted to £588,000. In November 2012, the lease for the Doncaster office was renewed until 1 April 2015. Commitments at the Statement of Financial Position date for lease agreements in force at both offices due to be paid are shown in Note 13.

Pension liabilities

For the purposes of IAS 19, pension scheme liabilities of £20,225,000 have been recognised in the Statement of Financial Position. The net movement in liability from 2011-12 increased by £1,736,000. Pension entries in the Accounts represent non-cash items.

Financial risk

The VTS adheres to a policy of managing and monitoring significant risks, including financial risks, as an integral part of the management of the VTS. At 31 March 2013 there were no material financial liabilities other than those shown in these Accounts. The accounting for IAS 19 is dependent on the annual valuations of 31 pension funds administered outside the control of the VTS for which valuations are returned for the schemes by actuarial reports at the year end. Note 1.9 provides further explanation of VTS accounting for pension liabilities.

During 2012-13, the VTS eliminated its liability with one non-active pension fund. At March 2013 all local government pension schemes are actuarially revalued from the March 2010 valuations; this is likely to result in increased employers' contributions from 1 April 2014. The VTS will receive notification changes in contribution rates before March 2014 and will aim to mitigate any pension liability during 2013-14, where funds allow.

The VTS is an NDPB, sponsored by DCLG. As such, there is no risk that it will default on its Local Government Pension Scheme (LGPS) contribution payments in any way and the pension fund obligations are fully accounted for and protected at all times.

Events since the end of the financial year

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

Payments to suppliers

The VTS upholds the Government's five-day prompt payment target for suppliers' invoices and achieved 92% within the target cycle. There were no invoices in dispute at the year end nor was any intimation received of late charges on any invoice. In compliance with the Government's transparency agenda, the VTS continues to publish on its website and on DCLG's data.gov website, monthly spend data above a threshold of £250, revised down during the year from £500.

Going concern

The Statement of Financial Position shows net liabilities of £19,140,000. This reflects the inclusion of 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.

The grant in aid for 2013-14 takes into account the amounts required to meet the VTS's liabilities falling due in that year. This has already been included in the Department's estimates for that year. Funding for 2013-14 has been confirmed by the Department and therefore it has been considered appropriate to adopt the going concern basis in preparing these financial statements.

Auditors

The Accounts of the VTS are audited by the Comptroller and Auditor General under the Local Government Act 2003. Moore Stephens were our internal auditors for 2012-13 and will continue for 2013-14.

I confirm that, so far as I am aware, there is no relevant information of which the VTS's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the auditors have also received that information.

Antonio Masella

Chief Executive and Accounting Officer
Valuation Tribunal Service

6 June 2013

Remuneration report

Board Members' emoluments and expenses

The remuneration of the Chairman is determined by the Secretary of State. Five other Board Members, also appointed by the Secretary of State, are eligible to receive an annual fee which is non-pensionable and based on the fixed number of days in attendance at Board and other Board approved meetings. All member posts are non-executive and all Members' emoluments are non-pensionable. The VTE President is an ex-officio Member of the Board and is in receipt of a salary based on three days per week.

Senior Executives

The salary of the Chief Executive is reviewed annually and may be increased by the Board in line with guidance provided from the sponsoring Department. For the year commencing 1 April 2012, no pay awards other than those that were contractual were granted to staff, in accordance with the Government's freeze on public sector pay.

Proportion of remuneration subject to performance

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

Senior staff are appraised by the Chief Executive with additional comment from the Chairman. The incentive scheme for the Chief Executive and Finance Director is restricted to a maximum of 10% of gross salary. The Committee recommends the level of performance award to the Board. In respect of the Chief Executive, any recommendation for a performance award must have the approval of the sponsoring Department.

Chairman's, Chief Executive's and Directors' terms of office

In view of the uncertainty regarding the proposed direction of travel of the VTS, the Secretary of State gave the Chairman a fifth term of office to 31 October 2013.

The Chief Executive and Finance Director are appointed on permanent contracts.

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.

Name	Period ended 31 March 2013 £'000	Period ended 31 March 2012 £'000
Anne Galbraith CBE*	65	65
Peter Lawton	7	7
Ronald Barham	6	6
Margaret May	6	6
John O'Shea	6	6
Ian Tighe	6	6
Professor Graham Zellick CBE QC**	69	69
Total	**165**	**165**

* The Chairman's remuneration is inclusive of £7,000 employer's national insurance contributions paid each financial year.

** In addition to the VTE President's remuneration, £22,000 was paid as pension contributions (2012: £22,000).

The VTE President is appointed by the Lord Chancellor and paid by the VTS. The President is neither an employee of the VTS nor accountable to it; he is an ex-officio Member of the VTS Board.

The emoluments of the Chief Executive, Antonio Masella:		
– Basic salary	86	86
– London weighting	3	3
– Performance related pay[1]	8	8
– Employer pension contribution	25	25
Total emoluments	**122**	**122**

1 Performance pay refers to the sum paid during each financial year.

The emoluments of the Finance Director, Alan Begg:		
– Basic salary	63	63
– London weighting	3	3
– Performance related pay[1]	4	2
– Employer pension contribution	18	17
Total emoluments	**88**	**85**

1 Performance pay refers to the sum paid during each financial year.

Cash Equivalent Transfer Values (CETV)

Name	Real increase in accrued pension and related lump sum (nearest £k)	Total accrued pension at 31/3/13 and related lump sum (nearest £k)	CETV at 31/3/12 (nearest £k)	CETV at 31/3/13 (nearest £k)	Real increase in CETV after adjustments* 31/3/13 (nearest £k)
Antonio Masella					
Pension	0	38	564	599	0
Lump sum	-3	89			
Alan Begg					
Pension	2	20	325	413	24
Lump sum	3	42			

* Adjustments are for inflation and changes in transfer value calculation methodology, market investment factors, age and employee contributions paid over the year.

The calculations of accrued benefits and CETVs have been calculated by the administrators to the London Pensions Fund Authority in which both directors are members. The transfer values have been calculated on the Club Transfer Value basis adopted by the LGPS. The real increase in pension and lump sums earned over the year to 31 March 2013 and the real increase in transfer values have been based on the change in the level of the most recent published Retail Prices Index over the previous 12 months at 3.2%. The calculated net increase in CETV has taken out the effect of changes in the market conditions, changes in employees' ages over the year and employee contributions paid. The net increase in cash equivalent represents the on-cost to the VTS resulting from additional service and changes to salary. The real increase in transfer values of around 3% differs from accrued benefit changes for those in service over the year because a) the real increase omits the effect of inflation, which in turn reduces the difference between the values at the start and end of the year, and b) contributions paid by the employees are omitted thereby reducing the transfer values.

In the table above, the transfer value calculations are based on the salary data (including pensionable bonus) held by the Fund. The CETV values shown represent the value of the deferred benefits payable on a transfer of those benefits to another scheme and do not represent the liabilities for funding purposes.

The average increase in service is around 8.1%. Excluding personal additional voluntary contributions related benefits, the average drops to around 5%. Total salary increase over the year is around 1.5% (2011-12: increase 0.2%).

The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2013 exceeded £40,000 (excluding pension contributions and performance related pay but including any London weighting) was 20. There were no non-cash benefits in kind.

Two staff who received performance payments in addition to annual remuneration in 2012-13 are shown in the following table.

Remuneration band	**Period ended 31 March 2013 Number of staff**
£40,000 to £44,999	4
£45,000 to £49,999	9
£50,000 to £54,999	2
£55,000 to £59,999	3
£60,000 to £64,999	–
£65,000 to £69,999	1
£70,000 to £74,999	–
£75,000 to £79,999	–
£80,000 to £84,999	–
£85,000 to £89,999	1

Performance pay band (not included in remuneration band)	**Period ended 31 March 2013 Number of staff**
£0 to £4,999	1
£5,000 to £9,999	1

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their 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 2012-13 was £95,000-£100,000 (2011-12: £95,000-£100,000). This was 2.7 times (2011-12: 2.7 times) the median remuneration of the workforce, which was £35,053 (2011-12: £35,430). In 2012-13, Nil (2011-12: Nil) employees received remuneration in excess of the highest paid director. Remuneration for staff other than the highest paid director ranged from £17,000 to £70,000 (2011-12: £17,000 to £68,000).

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 of employee's pensions.

In both financial years the VTS abided by the Government's moratorium on awarding salary increases, other than payments for contractual increments to some staff.

Ratio of top to median staff pay as at 31 March 2013

Remuneration band of highest paid director (£)	**95,000-100,000**
Median total remuneration (£)	**35,053**
Ratio	**2.7**

Ratio of top to median staff pay as at 31 March 2012

Remuneration band of highest paid director (£)	**95,000-100,000**
Median total remuneration (£)	**35,430**
Ratio	**2.7**

Antonio Masella

Chief Executive and Accounting Officer
Valuation Tribunal Service

6 June 2013

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Statement of the Board's and Chief Executive's responsibilities

Under the Local Government Act 2003, the Board and the Chief Executive of the VTS are required to prepare a Statement of Accounts for each financial year, in the form and on the basis set out in the Accounts Direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the VTS and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing these 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, in accordance with the Local Government Act 2003, 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 or not applicable accounting standards as set out in the G*overnment Financial Reporting Manual* have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the VTS will continue in operation.

The Permanent Secretary of the Department for Local Government and Communities has appointed Antonio Masella, 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.

The maintenance and integrity of the VTS's website is the responsibility of the Accounting Officer. The work carried out by the auditors does not involve consideration of these matters and the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Governance statement

Scope of responsibility

As Chief Executive of and Accounting Officer for the VTS, 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 also have responsibility for safeguarding the public funds and the organisation's assets, for which I am personally responsible in accordance with HM Treasury's *Managing Public Money*.

I share responsibility with the Board for complying with the Management Statement and Financial Memorandum (both agreed in 2004) governing the relationship between the VTS and DCLG as the sponsoring government department, and in particular for providing the necessary assurances on the adequacy, effectiveness and efficiency, control and governance of systems and processes.

Whilst I have responsibility for the overall organisation, management and staffing of the VTS, for the formulation of strategy for the Board and for the successful delivery of results, 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 to the Vice-Presidents (a maximum of 39 days each per annum), 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. Nor do I have any role in the management, appraisal, or discipline of VTE members, nor the judicial processes of the VTE. These responsibilities lie with the President, although the financial impact of such matters lies firmly with the VTS.

The Government announced in October 2010 its proposal that the VTS was to be abolished (the VTS is included in the schedules to the Public Bodies Act 2011) with its functions transferred to HM Court and Tribunals Service (HMCTS) and that the VTE's jurisdiction would be transferred to a new First-tier Tribunal Property Chamber. Although the VTS and VTE have been in dialogue with DCLG, HMCTS and the Ministry of Justice since this announcement, dates for abolition/transfer have not been firm and some three years later the VTS continues to carry out its statutory functions. This continues to present the VTS with great challenges in maintaining a 'business as usual' environment in a period of great uncertainty. This initial direction of travel was very much linked with the creation of the Property Chamber. However, discussions on the VTS and VTE were de-coupled from that process in view of the fact that the Property Chamber will be established on 1 July 2013. Discussions will continue to review the feasibility of this abolition/transfer.

Equally critical is maintaining the engagement of the lay membership of the VTE during a time where the future direction is uncertain and the number of members is reducing whilst volumes are on the increase. Managing members of the VTE is a matter for the President. There are regular three-way meetings in place between the VTS Chairman, the President and me to discuss and address matters of mutual interest and concern. I ask the VTE President to maintain a risk register and submit it to me quarterly. This ensures that I am kept apprised of any issues affecting the proper functioning of the VTE.

Governance framework

Established under the Local Government Act 2003, and created on 1 April 2004, the VTS provides and arranges for the provision of the services required for the operation of the VTE and gives general advice about procedure relating to proceedings before the Tribunal. In providing this support, the VTS must ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively at all times. The VTS is governed by a non-executive Board of seven, the majority of which must be senior members of the VTE. We currently have three VTE chairmen on the Board as well as the President. Whilst the VTE President is ex-officio, the Chairman and other Members of the Board are appointed by the Secretary of State for DCLG in accordance with the Code of Practice of the Commissioner for Public Appointments.

The Board observes the Corporate Code of Governance and the Code's principles. The Management Statement and Financial Memorandum govern the relationship between the VTS and DCLG. As Chief Executive, I have quarterly accountability meetings with the sponsoring team, which the VTS Chairman and the Finance Director also attend. At these meetings financial progress against budgets, staffing resources, the risk register and achievement of objectives against our Business Plan are reviewed and discussed. In addition, I have regular email exchanges and dialogue with our sponsoring team, who also receive Board minutes. The quality of information used by the Board was measured by an internal audit report on Board assurance during the year, which achieved 'reasonable assurance'.

The Board is collectively responsible for decision making and sets the strategic direction of the organisation. Board agendas are structured to differentiate between reports for information and those for decision, and the Board receives regular reports on risk, performance against objectives and budget monitoring. The Board approves the budget and the Annual Report and Accounts. My Chief Executive's Report, prepared for each Board meeting, provides an honest description of key activities and outcomes and is an important source of information and assurance. The Finance Director and I attend all meetings of the Board.

The Board reviews its Corporate Governance Framework periodically to ensure it remains robust. The current framework was reviewed during the year and included the Board's Standing Orders, terms of reference for Board committees, Scheme of Delegations and Standing Financial Instructions. The Board met formally on seven occasions during the year and held a day of discussions on strategic matters focusing on preparations for the new jurisdiction (CTR appeals) and pensions. The Board comprises:

- Chairman, Anne Galbraith CBE, appointment extended until 31 October 2013, who attended all seven meetings during the year;
- Deputy Chairman, Peter J Lawton, appointed until 31 March 2014, who attended seven meetings during the year;
- Dr Ronald Barham, appointed until 31 March 2014, who attended four meetings during the year;
- Margaret May, appointed until 31 October 2014, who attended seven meetings during the year;
- John O'Shea, appointed until 31 March 2014, who attended seven meetings during the year;
- Ian Tighe, appointed until 31 March 2014, who attended six meetings during the year;
- Professor Graham Zellick CBE, QC (VTE President), an ex-officio Member of the Board, who attended five meetings during the year.

Board Members, with the exception of the VTE President, are appraised annually by the Chairman, who in turn is appraised by the sponsoring Department. These appraisals assess individual performance, which in turn translates in to the collective effectiveness of the Board. A register of Board Member interests is maintained by the Finance Director; it is reviewed annually and made available for inspection on request.

The Board also received feedback on external stakeholder perceptions of the service provided through a presentation of the findings of the independent survey of appellants, carried out during 2012. This feedback is important in providing a measure of the Board's effectiveness in the decisions it takes regarding the continuing improvement of service delivery.

The focus of the Board during this financial year has been very much on ensuring that normal business is maintained against an environment of moratoriums on recruitment. The impact of the Government's decision to introduce local council tax reduction (CTR) schemes and the implications for the VTS and VTE of dealing with appeals from as many as 326 different local schemes in England has very much directed the Board's attention. The VTS introduced the IT required for the successful implementation of CTR against very tight timescales following the passing of the required legislation and following a more detailed understanding of billing authority expectations as stakeholders.

The complications of operating numerous, legacy pension funds continues and, following legislative changes in October 2012, I continue to work with DCLG to manage the pension issue within a financially constrained environment.

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

The Audit Committee provides the Board with an independent view of the assurance framework, overseeing the risk management strategy through 'tests' of the various risk registers to ensure that processes in place are effective and robust. I attend the Audit Committee to provide update to the risk register and present various reports. Internal and External Auditors also attend meetings. 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 one independent member. A member of the Finance Committee attends as an observer. The Finance Director and Finance Manager also attend to present various reports. At the end of every meeting, the Committee has a private session with the auditors, with no staff present. There have been no matters of concern raised with me following these private sessions, which I would have expected had any issues arisen.

During the year, this Committee reviewed and recommended to the Board the adoption of the revised Standing Financial Instructions, Procurement Policy, Fraud Policy, Whistle-blowing Policy, Incident Response and Business Continuity Plan. The Audit Committee also considered all internal audit reports and monitored progress against management responses regarding the various recommendations. During the year there was a specific audit on Board assurances and risk management and the audit reported *'overall, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to attaining higher or best practice standards'*.

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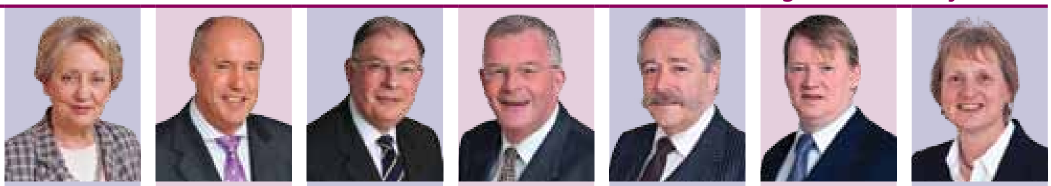
The Audit Committee also raised with the Board the updating of the Financial Memorandum between the VTS and our sponsoring Department, issued in 2004. The risk of an outdated governing financial memorandum now appears on our strategic risk register and I continue discussions with our sponsoring team regarding this.

The Finance Committee monitors all financial aspects of the VTS and supports me, as the Accounting Officer and provides assurance to the Board on financial planning and management. This Committee comprises three Board Members (including the VTS Chairman) and met four times during the year. The Finance Committee has made recommendations to the Board on the adequacy of financial reporting through the management accounts, budget management and the review of progress to mitigate our pension liabilities. During the year, the Committee focused on re-aligning our DEL funding in the light of the introduction of new legislation on council tax reduction, to meet expenditure for required IT development and additional staffing from existing financial resources.

The Remuneration and Terms of Service Committee determines policy on executive remuneration and terms and conditions of service. This Committee of three Board Members (including the VTS Chairman) also exercises general oversight on matters relating to staff pay and performance. During 2012-13 the Committee met once and recommended to the Board the level of performance awards considered appropriate for the Chief Executive and Finance Director.

The Members' Training Strategy Group advises the VTE President and Board on the formulation and evaluation of an annual training programme for VTE members. It is tasked with ensuring that VTS resources are committed appropriately in the provision of training. The Chairman of this Group is a Board Member appointed by the VTS Chairman. Members are appointed to this Group by the VTE President. The Committee met three times during the year to review training requirements for VTE members and developed a programme, which included training on appraising and awareness on the new appeal workstream of council tax reduction.

Board Members on Committees



Board Committees	Anne Galbraith	Peter Lawton	Graham Zellick	John O'Shea	Ronald Barham	Ian Tighe	Margaret May
Audit		Member		Chairman	Member		Observer
Finance	Chairman					Member	Member
Members' Training Strategy Group		Chairman					
Remuneration	Member	Chairman			Member		

■ Chairman
■ Member
■ Observer

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I meet with the VTS Chairman weekly, and the Chairman and I meet formally with the VTE President fortnightly in order to ensure effective partnership working. At such meetings, the focus is on current issues of performance, legislation and judicial matters, including the impact of various VTE Practice Statements.

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

- Strategic Management Group (SMG) – comprises the Chief Executive, Finance Director, Head of HR & Training and the Operations Manager. The SMG is responsible for advising me on implementing operational and strategic Board-approved plans, and to provide strategic direction to staff. The SMG met seven times during the year.
- Senior Operations Management Team (SOMT) – responsible for reviewing all operational activity and for supporting the Chief Executive to ensure delivery of VTS strategic business objectives, and for developing and implementing improved business processes to enhance service provision. The SOMT comprises the Operations Manager, the Registrar and our two Service Delivery Managers.
- Programme Management Group (PMG) – responsible for ensuring project activity is properly planned, structured and resourced, constantly assessing risk and benefits to ensure approved outcomes remain achievable. As Chief Executive, I chair the meetings of the PMG, which met eight times during the year. Membership is drawn from the SMG and other specialist staff depending on the project under evaluation, with the attendance of a Board Member who has particular experience in project evaluation scenarios. Project control papers are distributed at each meeting highlighting risk issues and activity monitoring reports.
- Change Approvals Board (CAB) – to maintain control over IT changes resulting from VTE requirements and changes in process I established the CAB so that any changes identified can be discussed, costed and evaluated and benefits analysed prior to implementation through the PMG. Other than me as chairman of this Board, the CAB is made up of the Operations Manager, the IT Manager and the IT Support Officer.

Monitoring performance

The VTS produces a rolling Forward Plan that outlines the vision and objectives for the organisation. The Board receives a performance report quarterly at its meetings. This report is aligned to our Business Plan objectives and details our performances in each of the key strategic areas, namely:

- support the VTE;
- improve the way we work and the quality and consistency of our service to all stakeholders;
- operate in ways which are efficient, economic and provide value for money;
- build capacity to deliver through our people.

Of the 20 objectives set in 2012-13, 16 were fully completed; two were completed in part; one was delayed and one was removed due to moratoria in place.

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 responsible for the detailed finance protocols, procedures, guidance and training to budget holders and other staff.

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Our two operational offices in Doncaster and London administer processes linked with the receipt, management and determination of appeals, and carry out other activities aligned to the Forward Plan. The teams in these offices, under the Operations Manager, also record myriad statistical data to enable performance reporting on all activity. We continue to maintain our peripatetic, home-based workforce to support hearings throughout England.

The VTS's budget is devolved to individual budget holders under written and signed delegated authority. The Finance Director and I hold meetings with budget holders, particularly after pre-planned budget revisions, to assess and monitor performance. In relation to my own functional areas of responsibility, I treat the control of allocated budgets in the same way. As Accounting Officer, I receive an annual assurance statement from the Finance Director on matters of financial compliance, security of information and compliance of procedure with fraud mitigation.

Risk management and assurance framework

The Risk Management Policy, published on the intranet, sets out the key features of risk management and provides guidance for staff on their role in the process. I am responsible to the Board for ensuring that the risk management strategy is managed effectively. There are a number of risk registers underpinning the strategic risk register, which acts as the strategic risk register for the VTS. 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 highlight the possibility of risk failure. The registers identify risk owners and control actions allowing risk owners to identify and respond to developments easily and in a timely fashion. Risk registers are submitted to me quarterly, at set times. I carry out my assessment of the overarching risk register in conjunction with the SMG at each meeting.

We have embedded a culture where risk management is not just a process but is integral to decisions we make. Risks are identified in a variety of ways, including by general and continuous review of operations and evaluation of new opportunities. All reports to the Board include a section, within the standard report template, on risk implications.

Review of the strategic risk register is a standing agenda item at Board and Audit Committee meetings. The Audit Committee maintains an overview of risk management and considers the risk profile in the strategic risk register. Annually, the Committee receives an Internal Audit report on the overall effectiveness of internal controls including risk management. No significant internal control issues have been identified in 2012-13 by Internal Audit.

During the year an awareness training programme was rolled out to all staff, and incident managers took part in a business continuity exercise overseen by an external examiner. The exercise involved a simulated incident of IT failure across our network, which allowed us to demonstrate in a live environment the effectiveness of the Business Continuity and Incident Response Plan involving the senior managers and other key staff. A lessons learnt following this incident resulted in revisions to this Plan and the creation of a pocket size VTS Incident Card to provide quick glance and accessible information to all staff.

The Board has appointed the Finance Director 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 and budget holder. 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 Act, as well as respecting the public access rights in the Freedom of Information Act. There have been no information and protective security breaches during the year and there were no significant control weaknesses during the year ended 31 March 2013 or up to the date of approval of our Annual Report and Accounts.

We continue to look at ways of further raising awareness to improve our data handling. During the year we revised our mandatory e-learning module on data handling and introduced a fraud awareness e-learning module to further support our policies in these areas. All staff were required to pass these modules at Level 1 and managers were required also to pass higher levels, in a process managed and monitored by our Head of HR & Training. Responsibilities regarding data handling are set out in employee contracts of employment to raise its importance.

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

Internal Audit: The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance on the system of internal control. All audit reports are considered at Audit Committee meetings to allow collective review to ensure corporate support and where appropriate challenge of audits. All audit recommendations are logged and progress against implementation is monitored and reported at every SMG and Audit Committee meeting.

Five audits were conducted in the 2012-13 internal audit plan, spanning the areas of service operations, financial management, VTE member allocation, member appraisal, Board assurances and risk management. Internal Audit provides an assurance level within each of their reports.

Internal Audit has provided me with confirmation that, on the basis of work completed, 'reasonable assurance' is given on the effectiveness of the VTS's risk management, control and governance processes reviewed as part of the 2012-13 internal audit plan.

Working with the Board: I meet frequently with the Chairman of the Board and keep in close contact with her on any significant issues and developments, ensuring she is both up to speed and able to provide appropriate challenge and support. I encourage and expect members of the senior management team to keep lead staff similarly briefed and to seek feedback.

Strategic Management Group (SMG): The SMG considers all strategic and policy issues affecting the delivery of VTS aims and objectives and has collective responsibility for advising me regarding the financial, performance and risk management of the organisation. SMG is presented with monthly performance reports. The SMG also considers the risk implications of all proposals that are brought before it.

Programme Management Group (PMG): This Group monitors any programme of projects in operation and considers risk implications of projects brought before it.

Personal Assurance: I have gained personal assurance through attending various meetings with operational staff. These meetings provide opportunities for informal, direct communication with staff at the coal face, and enable me to understand the operational delivery across both offices.

Significant risks and issues

The continuing uncertainty regarding whether or not the VTS will be abolished understandably presents a number of significant risks and issues. These risks are three-fold:

1. Maintaining a motivated staff in a period of uncertainty so that we continue to deliver. The lack of a definite decision regarding the direction of travel of the VTS has had a negative effect on staff. Continuing to manage a de-motivated workforce, especially when a new appeal workstream following welfare reforms is coming into force, will be a major challenge. It is one that we will face as discussions continue to find a solution which is agreeable to Cabinet Office, DCLG, HMCTS and the Ministry of Justice, and protects our specialist non-domestic rating and council tax knowledge built up over many decades.

2. The expiry of Board Member appointments prior to any transfer/abolition. Continuity at this stage of our development is important and it would be detrimental to everything that has been achieved to date to lose the valuable experience of the Chairman, whose term ends on 31 October 2013.

3. The as yet unknown impact of council tax reduction schemes may drastically affect the volume of appeals received. Use of fee-paid First-tier Tribunal (FTT) judges by the VTE President on cases that could have been resolved by existing VTE members could have a significant impact on our budget, and be at odds with DCLG's expectations. The impact of this new appeal workload will be kept under regular monitoring and a review group has now been established, comprising the VTS, DCLG, the Ministry of Justice and HMCTS.

Three on-going concerns remain, which I consider continue to present a risk to our operations. Firstly, the various Government moratoriums, coupled with the slimming down of Departmental personnel, have meant that securing any necessary approvals has been a slow and difficult process. Delays in getting decisions and specialist advice from our sponsoring Department naturally impact on our ability to administer appeals effectively whilst the approval mechanisms are being applied on a 'one size fits all' basis. The continuing loss of corporate knowledge of the VTS by those administering us also represents a risk.

Secondly, pensions continue to be an area of great concern for us, perhaps even more so given recent changes in pension legislation (October 2012). Any cessation valuations received from non-active funds will create accounting liabilities for us that would be unaffordable in the current funding environment. We continue to remain in dialogue with DCLG pension experts regarding this risk.

Thirdly, the VTS is required under the Local Government Act 2003 to provide services for the operation of the VTE. The Act also places a specific duty on the VTS to carry out its functions with respect to the VTE in the manner which the VTS considers best calculated to secure its efficient and independent operation. Meeting VTE expectations within current financial constraints and a new workstream coming into force requires fine balancing in terms of my role as an Accounting Officer. Therefore, harmonising judicial expectations with what is feasible will no doubt continue to present me with challenges.

We are determined to maintain the delivery of our service effectively during this continuing period of uncertainty regarding longevity. We will continue to manage closely our risks in this regard and to keep under review the implications of our pension liability for non-active pension funds. Our priority for 2013-14 will be to administer and bed in the newly introduced CTR appeals and to keep under review the use of FTT judge resource in this workstream, in terms of funding.

Antonio Masella
Accounting Officer
Valuation Tribunal Service
6 June 2013

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

I certify that I have audited the financial statements of the Valuation Tribunal Service for the year ended 31 March 2013 under the Local Government Act 2003. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related Notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, the Accounting Officer and auditor

As explained more fully in the Statement of the Board's and Chief Executive'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. My responsibility is to audit, certify and report on the financial statements in accordance with the Local Government Act 2003. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Valuation Tribunal Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Valuation Tribunal Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

Opinion on financial statements

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 2013 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 paragraph reflecting going concern uncertainty

In forming an opinion, which is not qualified, I have considered the adequacy of the disclosures made in Note 1.2 to the financial statements concerning the application of the going concern principle in light of the Government's announcement in the Public Bodies Act 2011 of its intention to abolish the Valuation Tribunal Service and transfer its functions to HM Courts and Tribunals Service. This is subject to further legislation. The proposal indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Valuation Tribunal Service to continue as a going concern. The financial statements do not include the adjustments that would result if the Valuation Tribunal Service was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Local Government Act 2003; and
- the information given in the Management Commentary 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 part of the Remuneration 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.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

13 June 2013

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2013

	Note	2012-13 £'000	2011-12 £'000
Expenditure			
Staff costs	2	3,478	4,236
Other expenditure	3	3,368	3,557
Staff costs and other expenditure		6,846	7,793
Depreciation and amortisation	4	434	499
Net expenditure		**7,280**	**8,292**
Finance charges arising from pension valuations	11a	580	468
Net expenditure after interest		**7,860**	**8,760**
Other comprehensive expenditure			
Net gain on revaluation of property, plant and equipment	5	(13)	(3)
Actuarial loss on pension schemes	11	1,271	4,332
Total comprehensive expenditure for the year ended 31 March 2013		**9,118**	**13,089**

All results are from continuing operations.

The notes on pages 47 to 64 form part of these accounts.

Statement of Financial Position
as at 31 March 2013

	Note	12 months to 31 March 2013 £'000	12 months to 31 March 2012 £'000
Non-current assets			
– Property, plant and equipment	5	385	302
– Intangible assets	6	1,227	702
Total non-current assets		**1,612**	**1,004**
Current assets			
– Trade and other receivables	7	343	271
– Cash and cash equivalents	8	3	1
Total current assets		**346**	**272**
Total assets		**1,958**	**1,276**
Current liabilities			
– Trade and other payables	9	(636)	(982)
– Provisions	10	(237)	(81)
Total current liabilities		**(873)**	**(1,063)**
Total assets less current liabilities		**1,085**	**213**
Non-current liabilities			
– Pension liabilities	11	(20,225)	(18,489)
Total non-current liabilities		**(20,225)**	**(18,489)**
Assets less liabilities		**(19,140)**	**(18,276)**
Taxpayers' equity			
– Net Expenditure Reserve		1,085	213
– Pension Fund Reserve	12	(20,225)	(18,489)
		(19,140)	**(18,276)**

The notes on pages 47 to 64 form part of these accounts.

The financial statements were approved by the Board on 5 June 2013 and were signed on its behalf by:

Antonio Masella

Chief Executive and Accounting Officer
Valuation Tribunal Service

6 June 2013

Anne Galbraith

Chairman
Valuation Tribunal Service

6 June 2013

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Statement of Cash Flows
for the year ended 31 March 2013

	Note	2012-13 £'000	2011-12 £'000
Cash flows from operating activities			
Net expenditure after interest		(7,860)	(8,760)
Depreciation and amortisation	4	434	499
Pension payments		465	(600)
(Increase) in trade and other receivables		(72)	(59)
(Decrease)/increase in trade payables		(346)	13
Increase in provision		156	–
Use of provisions	10	–	27
Prior year adjustment		–	(1)
Net cash outflow from operating activities		**(7,223)**	**(8,881)**
Cash flows from investing activities			
Net purchase of property, plant and equipment	5	(256)	(36)
Purchase of intangible assets	6	(784)	–
Proceeds of disposal of property, plant and equipment		11	–
Net cash outflow from investing activities		**(1,029)**	**(36)**
Cash flows from financing activities			
Grant in aid received from sponsoring department		8,254	8,915
Net financing			
Net Increase/(decrease) in cash and cash equivalents in the period		**2**	**(2)**
Cash and cash equivalents at 1 April 2012		**1**	**3**
Cash and cash equivalents at 31 March 2013	8	**3**	**1**

The notes on pages 47 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2013

	SoCNE Reserve £'000	Pension Reserve £'000	Total Reserve £'000
Balance at 31 March 2011	**656**	**(14,759)**	**(14,103)**
Changes in Taxpayers' Equity 2011-12			
Recognised in Statement of Total Comprehensive Net Expenditure	(13,089)	–	(13,089)
Movement on pensions	3,730	(3,730)	–
Grant in aid from sponsoring Department	8,915	–	8,915
Rounding	1	–	1
Balance at 31 March 2012	**213**	**(18,489)**	**(18,276)**
Changes in Taxpayers' Equity 2012-13			
Recognised in Statement of Total Comprehensive Net Expenditure	(9,118)	–	(9,118)
Movement on pensions	1,736	(1,736)	–
Grant in aid from sponsoring Department	8,254	–	8,254
Balance at 31 March 2013	**1,085**	**(20,225)**	**(19,140)**

The notes on pages 47 to 64 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The VTS first adopted IFRS 1 in 2010-11. 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 Government announced its intention in its Public Bodies Act 2011 to abolish the VTS and transfer its functions into HMCTS. This closure is dependent on the passage of legislation and therefore whether the VTS will be closed, and any resulting timetable for closure has yet to be decided. After the closure, it is proposed that all the VTS's functions will continue in HMCTS. The Ministry of Justice would become the sponsoring Department in respect of the transferred functions.

At the point of closure, it is proposed that the VTS, in its current legal form, will be abolished. As arrangements have yet to be confirmed there is a material uncertainty that casts significant doubt upon the VTS's ability to continue to operate in its current form and with its current functions.

Having considered the circumstances described above and from discussion with DCLG, management's expectation is that the VTS will continue to operate in its current form for at least the next eighteen months. As a result, management considers it appropriate to continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The Statement of Financial Position shows net liabilities of £19,140,000 at 31 March 2013. 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.

The grant in aid for 2013-14 takes into account the amounts required to meet the VTS's liabilities falling due in that year. This has already been included in the Department's Parliamentary estimates for that year. Funding for 2013-14 and 2014-15 has been confirmed ahead of the next Spending Review round. Liability for all pension payments will continue to fall on the sponsoring Department.

1.3 Standards adopted by the VTS

The VTS has applied International Accounting Standard (IAS) 1 Presentation of Financial Statements Amendment from 2009-10, as the amendment aims to assist users in their ability to analyse and compare the information given in the financial statements.

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.4 Future accounting developments

The VTS applies International Accounting Standards as set out in the FReM, interpreted as applying to Central Government (Public Sector) bodies.

A number of standards have either been issued or amended or have yet to come into effect. The VTS will apply the new and revised standards, where relevant, and consider in detail their impact once they have been adopted by the FReM. The VTS does conform to the IASB Practice Statement by providing a detailed Management Commentary in the report narrative.

Amendments to IFRSs

Such amendments are unlikely to have any significant impact on the VTS's financial statements.

IFRS 7/IAS32 – Financial Instruments: Disclosures and Reporting: the VTS need not comply with the current standard but further reference is made in Note 16 to the financial statements.

Major FReM changes for 2012-13

The VTS has reviewed the major FReM changes for 2012-13 and determined that only IAS 19 amendments will have a significant impact on the VTS's financial statements.

IAS 19 Post Employment Benefits (Pensions): the VTS recognises that disclosures in Note 11 (Non-current pension liabilities) will be significantly impacted by modifications to accounting for termination benefits. This change will affect the VTS's defined benefit pension schemes' accounting which VTS's professional advisers will adopt in its valuations for 31 March 2014.

IAS 24 Related Party Disclosures Amendment: the VTS interprets this amendment in accordance with Note 15 (Related party transactions), and discloses transactions with all other government related bodies in the financial statements.

1.5 Non-current assets

The VTS has elected to account for property, plant and equipment and intangible assets by depreciating historical cost adjusted for revaluation, as a proxy for the fair value because the difference between carrying value and fair value is deemed immaterial.

1.5a 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 excluding VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

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 2013.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition and implementation of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

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

Depreciation is charged in the month of acquisition except where this may fall at the month end in which case the charge falls in the following month, but depreciation is charged in the month of asset disposal.

The VTS is now required at each accounting year end to revalue property, plant and equipment in line with HM Treasury policy. For this purpose VTS applies indices appropriate to each class of assets and accounting standards. The assets' residual values and useful lives are revalued and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.6 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of identifiable and unique software products controlled by the entity, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred on software development and an appropriate portion of relevant overheads.

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 cost	5 years

Assets under construction are valued at the lower of cost or net realisable value. Cost represents the calculated charges by external developers for IT development based on a time and material basis. The costs associated with IT development are shown as 'development expenditure' in Note 6 when incurred, and will not be amortised until the assets are brought into use.

1.7 Inventories

The VTS aims to hold inventories at a level that is commensurate with immediate business needs. Therefore, inventory holdings are minimal and have no significant realisable value outside the VTS. Inventory has, therefore, been valued at zero for the year ended 31 March 2013 (2012: £Nil).

1.8 Grant in aid

Grant in aid (GIA) is accountable on a cash basis. GIA received is treated as financing because it is regarded as a contribution from the controlling party. This gives rise to a financial interest in the residual interest of the VTS as a non-departmental public body (NDPB).

GIA is treated for reporting purposes as an 'administrative budget' but allocated for expenditure purposes between Revenue and Capital. Total GIA is credited to the Net Expenditure Reserve.

1.9 Employee benefits

In compliance with its Accounts Direction and the FReM, the VTS has accounted for employee benefits under IAS 19. 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 Local Government Pension Scheme Regulations 1997, as amended. It is contracted out of the state second pension. The London Pensions Fund Authority administers the LGPS on behalf of the VTS but employees are members of 18 separate LGPS pension funds, each with their own employer contribution rate for VTS employees.

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 independent actuaries 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.

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.

IAS 19 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 2013 is £20,225,000. The assessment of current surplus or deficit arising from an IAS 19 valuation carries with it no additional payment requirement from the VTS to its LGPS pensions authorities as the separate LGPS actuarial valuation, carried out every three years, sets revised employer contribution rates and, in some funds, additional deficit payments for each employer, such as the VTS, to ensure that existing assets and future contributions will be sufficient to meet future pension payments.

During 2012-13 the VTS settled an outstanding liability with one non-active pension fund where it entered into such an arrangement in the previous financial year. The VTS will endeavour to reduce such liabilities where funds allow and agreements for full settlement to be entered into with the relevant local government pension scheme.

The VTS is an NDPB, sponsored by DCLG. As such, there is no risk at the present time that it will default on its LGPS contribution payments in any way and the pension fund obligations are fully accounted for and protected at all times.

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

The VTS provides for legal or constructive obligations which are of uncertain timing or amount at 31 March 2013 on the basis of the best estimate of the expenditure required to settle the obligation. This practice conforms to IAS 37.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate of 2.2% (2011-12: 3.0%) in real terms.

Property dilapidations are treated as provisions and are recognised in terms of the obligations within the VTS's leases on buildings where these have been vacated or the lease is about to expire. Where buildings have been vacated, these have been included in payables.

1.12 Third party assets

The VTS does not hold nor has it transacted any assets belonging to a third party. Transactions with third parties are consistently dealt with at arm's length.

1.13 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.

1.14 Taxation

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

1.15 Liquidity risk

The VTS's Revenue and Capital resource requirements are financed by resources voted annually by Parliament. The VTS is not, therefore, exposed to significant liquidity risks.

1.16 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.

1.17 Foreign exchange risk

The VTS is not exposed to any significant foreign exchange risk as all operations are carried out in the United Kingdom and denominated in GBP.

1.18 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 shows the provision recognised for the payment of dilapidations on the exit from leases, which are assessed on the best estimate of the liability which has been incurred.

Note 11 sets out the VTS's pension liability, and sets out the judgements, estimates and assumptions made in respect of this. Following the introduction of pension regulation changes on 1 October 2012, the VTS took legal advice, particularly on the liability position with its non-active schemes, and considered that no charge would arise other than on a basis already computed in accordance with IAS 19.

2 Staff numbers and related costs

	2012-13 £'000	2011-12 £'000
Staff costs comprise:		
Wages and salaries	2,520	2,533
Social security costs	222	222
Pension costs – current service cost	593	462
– loss on curtailments	–	811
– other	51	144
	3,386	**4,172**
Other staff costs		
Fringe benefits	4	4
Agency costs	88	60
	92	**64**
Total net costs	**3,478**	**4,236**

Note: Costs for current and former staff £3,478,000 (2011-12: £4,236,000) excluding past service gain.

There were no curtailments in 2012-13 (2011-12: £811,000). Curtailments are costs for early payments of pension benefits if an employee has been made redundant in the previous financial year.

The VTS is an admitted authority to the LGPS and pays employer contributions and additional sums each year according to the results from actuarial valuations arising from each scheme into which the VTS contributes.

Average number of persons employed

The numbers of full-time equivalent persons employed during the year, as an average, were:

	Permanent staff	Others	2012-13 Total	2011-12 Total
Directly employed	76	0	76	74
Other	0	2	2	2
Total	**76**	**2**	**78**	**76**

2.1 Reporting compensation schemes – exit packages

In 2012-13 no compensation payments were made nor were there any redundancies. The value of exit packages was £Nil (2011-12: £Nil).

3 Other expenditure

	2012-13 £'000	2011-12 £'000
3a Board expenditure		
Emoluments	95	95
Training	1	4
Travel and subsistence	20	20
Total Board expenditure	**116**	**119**

	2012-13 £'000	2011-12 £'000
3b Valuation Tribunal For England (VTE)		
Staff costs	135	130
Travel and subsistence	2	1
Financial loss allowance	52	55
Training	103	23
Members' meetings and expenses	206	302
Tribunal hearings	122	212
Other expenses	55	69
Total VTE expenditure	**675**	**792**

	2012-13 £'000	2011-12 £'000
3c Other administrative expenditure		
Travel and subsistence	119	147
Furniture and office equipment	9	4
Telecommunications and postage	350	345
Publications, printing and customer services	58	48
Recruitment, training and development	87	102
Meeting expenses	7	10
Pension fund interest	17	–
Office supplies	49	52
Subscriptions to professional bodies	10	9
Support services[1]	804	834
Information technology	286	393
Total other administrative expenditure	**1,796**	**1,944**
Internal audit fees	25	21
External audit fees	39	40
Total administrative expenditure	**2,651**	**2,916**

1 Includes legal fees and outsourced contracts, for example the accounting system, IT support, payroll.

	2012-13 £'000	2011-12 £'000
3d Estates expenditure		
Domestic services	23	29
Heating and lighting	21	18
Variable maintenance	39	31
Insurance	8	8
Professional services	7	5
Rates	103	107
Rent – paid as operating leases (buildings)	290	284
Security	1	6
Service charges	60	90
Office refurbishments	–	13
Dilapidations	156	–
Building risk assessments	9	6
Organisational change costs	–	44
Total estates expenditure	**717**	**641**
Total other expenditure	**3,368**	**3,557**

4 Depreciation and amortisation

	Note	2012-13 £'000	2011-12 £'000
Property, plant and equipment			
Depreciation and write-offs	5	171	180
Loss on disposal of assets		4	–
Intangible assets			
Amortisation for year	6	259	319
Total depreciation and amortisation charge for year		**434**	**499**

5 Property, plant and equipment

	Leasehold improvements £'000	Furniture and fittings £'000	Information technology £'000	Total £'000
Cost or valuation				
At 1 April 2012	349	79	253	681
Additions	–	64	192	256
Disposals, including assets written off	–	(23)	(48)	(71)
Revaluations	–	1	12	13
At 31 March 2013	**349**	**121**	**409**	**879**
Depreciation				
At 1 April 2012	(211)	(37)	(131)	(379)
Disposals	–	8	48	56
Charge for period	(83)	(16)	(72)	(171)
At 31 March 2013	**(294)**	**(45)**	**(155)**	**(494)**
Net book value at 31 March 2013	**55**	**76**	**254**	**385**
Net book value at 31 March 2012	**138**	**42**	**122**	**302**

No assets are held under finance leases.

Revaluation of assets is based on asset indices provided by HM Treasury.

6 Intangible assets

	IT development expenditure £'000	IT software and licences £'000	Total £'000
Cost or valuation			
At 1 April 2012	599	903	1,502
Additions	613	171	784
At 31 March 2013	**1,212**	**1,074**	**2,286**
Amortisation			
At 1 April 2012	(247)	(553)	(800)
Charge for period	(134)	(125)	(259)
At 31 March 2013	**(381)**	**(678)**	**(1,059)**
Net book value at 31 March 2013	**831**	**396**	**1,227**
Net book value at 31 March 2012	**352**	**350**	**702**

7 Trade receivables and other current assets

Amounts falling due within one year:

	2012-13 £'000	2011-12 £'000
Prepayments and accrued income	334	260
Season ticket interest free loans	9	11
Balance at 31 March	**343**	**271**

8 Cash and cash equivalents

	2012-13 £'000	2011-12 £'000
Cash at bank and in hand at 1 April	1	3
Increase/(decrease) in cash for the year	2	(2)
Cash at bank and in hand held at 31 March	**3**	**1**
The following balance at 31 March was held at:		
Commercial banks and cash in hand	3	1
Total balance at 31 March	**3**	**1**

9 Trade payables and other current liabilities

Amounts falling due within one year:

	2012-13 £'000	2011-12 £'000
Trade payables	83	28
Accruals and deferred income	553	954
Balance at 31 March	**636**	**982**

10 Provisions for liabilities and charges

	2012-13 £'000	2011-12 £'000
Balance at 1 April	81	54
Provisions utilised in the year	–	(17)
Provisions not required written back	–	(37)
Dilapidations based on third party valuations	156	81
Balance at 31 March	**237***	**81***

* Represented at beginning and end of year by property dilapidations.

Analysis of expected timing of discounted flows:

	2012-13 Dilapidations £'000	2011-12 Dilapidations £'000
Not later than one year	156	81
Later than one year and not later than five years	81	–
Later than five years	–	–
Balance at 31 March	**237***	**81***

* Represented at beginning and end of year by property dilapidations.

11 Non-current pension liabilities

	2012-13 £'000	2011-12 £'000
Net pension liabilities at 1 April	18,489	14,759
Addition in period	1,736	3,730
Net pension liabilities at 31 March	**20,225[1]**	**18,489[1]**

1 As shown in Statement of Financial Position on page 44.

A provision has been recognised for pension liabilities and their valuation has been determined by the VTS's independent actuaries, Hymans Robertson LLP.

Valuations of all 31 LGPS funds for which the VTS has pension obligations have been based on valuations rolled forward from the last formal valuation of funds at 31 March 2010. These funds have been adjusted for investment experience and cash flows between 1 April 2010 and 31 March 2013. During the year, the VTS settled in full its liability with one pension fund. For this fund the cessation payments and the liability as a settlement loss have been accounted for and the liabilities and assets of this fund have been removed as at 31 March 2013 following the settlement payment.

The pension disclosures at 31 March 2013 are in accordance with IAS 19, which allows for the use of approximate valuations, rather than full valuations, and therefore the latest funds' valuations take account of the different financial assumptions required under IAS 19 for the year to 31 March 2013. The last formal valuation of the funds was at 31 March 2010. Actual asset returns have been used for nine months and, allowing for index returns on each asset category between the date of the asset split and 31 March 2013, estimates of the return on assets over the period.

The financial assumptions taken from the VTS's professional advisers and used for purposes of the IAS 19 calculations for the two years to 31 March 2013 are shown in the table below.

Assumptions as at	31 March 2013 % p a	Real % p a	31 March 2012 % p a	Real % p a
Price increases	2.5	–	2.5	–
Salary increases	4.3	1.8	4.3	1.8
Pension increases	2.5	–	2.5	–
Discount rate[1]	4.1	1.6	4.6	2.1

1 Based on the gross redemption yield on the iboxx Sterling Corporate Index over 15 years for both years. At 31 March 2013 the yield was 4.1%.

Employer contribution rates vary between schemes, with the current contribution rate for future services ranging from 0.0% to 23.3%. Life expectancy assumptions also vary between schemes, with a male deferred pensioner life expectancy at age 62 on 31 March 2013 varying between 21.5 and 25.0 years. As per IAS 19, the projected unit method of valuation has been used to calculate the service cost.

Expected return on assets

The expected return on assets' assumption is based on the long-term future expected investment return for each asset class as at the beginning of the period (that is as at 31 March 2013 for the year to 31 March 2014).

As part of the changes to IAS 19, effective from 2013-14, this assumption should be brought into line with the discount rate applied to projections, therefore the 2012-13 return is 4.1%. This rate has been applied to all anticipated cash flows.

Asset class	Expected return at 31 March 2013 (% per annum)	Expected return at 31 March 2012 (% per annum)
Equities	4.1	6.3
Bonds	4.1	4.0
Property	4.1	4.4
Cash	4.1	3.5

11a Revenue account costs for the year to 31 March 2013

Analysis of amount charged to Statement of Comprehensive Net Expenditure

	31 March 2013		31 March 2012	
Year ended	**£'000**	**(% of payroll)**	**£'000**	**(% of payroll)**
Current service cost	593	25.3	462	20.0
Curtailment and settlements – loss	–	–	811	35.0
Interest cost	2,079	88.6	2,314	99.9
Expected return on employer assets	(1,499)	(63.9)	(1,846)	(79.7)
Total included in staff costs and finance charges	**1,173**	**50.0**	**1,741**	**75.0**
Actual return on plan assets	4,205	–	1,826	–

Movement in (deficit) during the year

Year ended	31 March 2013 £'000	31 March 2012 £'000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	45,876	42,578
Current service cost	593	462
Interest cost	2,079	2,314
Contribution by members	193	188
Actuarial losses	3,976	4,312
Losses on curtailments	–	811
Liabilities extinguished on settlements	–	(3,144)
Unfunded benefits paid	(96)	(100)
Benefits paid	(2,050)	(1,545)
Closing defined benefit obligation	**50,571**	**45,876**
Reconciliation of fair value of employer asset		
Opening fair value of employer assets	27,386	27,820
Expected return on assets	1,499	1,846
Contributions by members	193	188
Contributions by the employer	612	2,241
Contributions in respect of unfunded benefits	96	100
Actuarial gains/(losses)	2,706	(20)
Assets distributed on settlements	–	(3,144)
Unfunded benefits paid	(96)	(100)
Benefits paid	(2,050)	(1,545)
Closing fair value of employer assets	**30,346**	**27,386**

Statement of Financial Position disclosure as at 31 March 2013

The asset values as at 31 March 2013 and 31 March 2012 are shown in the table below:

Assets	Value as at 31 March 2013	Asset distribution	Value as at 31 March 2012	Asset distribution
Equities	22,420	73.9%	18,847	68.8%
Bonds	4,403	14.5%	5,740	21.0%
Property	2,533	8.3%	2,045	7.4%
Cash	990	3.3%	754	2.8%
Total	**30,346**	**100.0%**	**27,386**	**100.0%**

It is assumed that all unfunded pensions are payable for the remainder of the member's life. On the death of the member, any spouse will receive a pension equal to 50% of the member's pension at time of his/her death.

As at 31 March 2013 unfunded benefits amounted to £96,162 in total per year until death for 50 individuals, where either the VTS is paying directly to the pensioner or where the administering authority is acting as paying agent.

11b History of experience gains and losses

Year ended	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Fair value of employer assets	30,346	27,386	27,820	27,122	20,465
Present value of defined benefit obligation	(50,571)	(45,876)	(42,579)	(49,046)	(32,931)
Experience gains/ (losses) on assets	2,706	(20)	(315)	5,782	(6,998)
% of assets	8.9%	(0.1%)	(1.1%)	21.3%	(34.2%)
Experience gains/ (losses) on liabilities	46	(262)	2,323	63	63
% of liabilities	0.1%	(0.6%)	5.5%	0.1%	0.2%
Actuarial (losses)/ gains on liabilities	(4,022)	(4,050)	479	(14,876)	4,307
% of liabilities	(8.0%)	(8.8%)	1.1%	(30.3%)	13.1%

Note – the figures for 31 March 2009 are those recognised previously under FRS 17.

Projected pension expense for the year to 31 March 2014

Analysis of projected amount to be charged to operating profit for the year to 31 March 2014.

Year ended	31 March 2014 £'000	(% of payroll)
Service cost	699	28.6%
Interest cost	2,045	83.5%
Expected return on employer assets	(1,219)	(49.8)%
Total net revenue account cost	**1,525**	**62.3%**

Note – these figures are indicative, yet are based on the new IAS 19 regulations effective for 2013-14. They exclude the capitalised cost of any early retirements or augmentations which may occur during 2013-14.

12 Pension Fund Reserve

The Reserve represents the accumulated net movement on assets and liabilities across all 31 pension funds to which the VTS pays employer contributions. The actuarial valuations of all LGPS funds have resulted in accumulated liabilities exceeding assets thereby increasing the pension liabilities, with adjustments made for employer's contributions, annual charges for accrued benefits and early retirements.

13 Commitments under non-private finance initiative leases

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2012-13 £'000	2011-12 £'000
Buildings		
Not later than one year	243	305
Later than one year and not later than five years	49	196
Later than five years	–	–
	292	**501**

There were no annual commitments as at 31 March 2013 to pay rental on office equipment under lease agreements.

14 Capital commitments

There were no capital commitments authorised and not contracted for at 31 March 2013 (2012: £Nil).

15 Related party transactions

The VTS is an NDPB sponsored during 2012-13 by DCLG, which is regarded as a related party. During the reporting period the VTS had a number of significant related party transactions. In particular the VTS is dependent on two shared services – IT management service and software development – using capacities operated on its behalf by the Valuation Office Agency (VOA) and HM Revenue and Customs, and shared use of SAP accounting software provided by DCLG's Finance and Shared Services Division (FSSD).

The values of related party transactions are as follows:

- Grant in aid of £8,254,126 (2011-12: £8,915,300) was received from DCLG, the VTS's sponsoring Department. The VTS is an NDPB and during the year the VTS had various material transactions with the Department but not with any other entity for which DCLG is regarded as the parent Department.
- Payments of £975,853 (2011-12: £1,079,348) were made to VOA for IT support and maintenance services. The VOA reports also to DCLG.
- Payments of £78,000 (2011-12: £98,400) were made to DCLG's FSSD for accounting services. In addition, a rates rebate of £116,777 was transferred to DCLG Finance.
- Payments of £217,432 (2011-12: £920,252) were made to the LGPS pension fund representing employer's contributions for the year for funded and unfunded schemes, excluding settlements.
- Payments of £2,692 (2011-12: £179,075)* were made to local councils for business rates.
- Remittances to HMRC for social security costs of £847,747 (2011-12: £871,289).

* Represented by payments prior to 31 March for the following fiscal year.

None of the Board Members, senior management staff or other related parties has undertaken any material transaction with the VTS during the year.

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16 Financial instruments

IAS 32/39 Derivatives and Other Financial Instruments, requires disclosure of the impact financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way government agencies are financed, the VTS is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32/39 mainly applies. The VTS has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the VTS in undertaking its activities.

As permitted by IAS 32/39, trade receivables and trade payables which mature or become payable within 12 months from the Statement of Financial Position date have been omitted from the currency profile.

17 Events after the reporting period

The VTS's financial statements are laid before the Houses of Parliament by the Secretary of State for Communities and Local Government or HM Treasury. IAS 10 requires the VTS to disclose the date on which the accounts are authorised for issue. This is the date of certification.

The VTS reviewed with its sponsoring Department its overall pension liabilities ahead of a possible transfer to HMCTS, as outlined in the Public Bodies Act 2011. Whilst no transfer is imminent before autumn 2014 at the earliest, LGPS regulations require that an assessment is made of ongoing obligations in the 31 schemes to which the VTS contributes. Discussions continue with the sponsoring Department regarding the possibility of consolidating all the pension schemes into one. The VTS will continue to reduce its exposure as far as is practicable to any further pension deficits which may be communicated following the latest March 2013 triennial valuations across all pension schemes to which the VTS acts as the employer.

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 FReM'), 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

Notes

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